Olam

Re-imagining Olam

Offering tomorrow's products and services

Strategy Report

Olam International Limited
Annual Report 2018

About this report

Strategy Report

This chapter offers narrative about our strategy, our performance and key market factors and trends. It can be read independently as an Executive Summary or as part of the full report.

Governance Report

This section gives detailed information about our rigorous governance framework and those responsible for ensuring it is followed. Shareholder information is also held within this chapter.

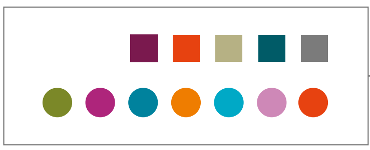
Financial Report

Our figures and respective notes are enclosed within this chapter. It should be read in conjunction with the Strategy Report to give a balanced account of internal and external factors.

Contents

Strategy report

Navigating the Strategy Report



Our Value Chain

Edible Nuts and Spices

Confectionery and Beverage Ingredients

Food Staples and Packaged Foods

Industrial Raw Materials, Infrastructure and Logistics

Commodity Financial Services

Our Capitals

Financial

Manufactured

Human

Social

Natural

Intellectual

Intangible

Front cover image:

At Olam Spices' Innovation and Quality Centre in Fresno, California, USA, Hein Tran creates innovative recipes for customers using our high quality spice ingredients.

Our Vision

To be the most differentiated
and valuable global food and
agri-business (by 2040)

Our Governing Objective

To maximise long-term intrinsic
value for our continuing shareholders

Our Purpose

Re-imagining Global
Agriculture and Food Systems

How we win

Our success has and always will come from innovating our business model 'The Olam Way'.

We have built deep industry expertise, distinctive capabilities and differentiated our business sufficiently to ensure profitable growth.

1

A focus on niche commodities and businesses with leadership positions

2

Defensible niche strategies in mainstream commodity categories

3

A unique African footprint and operating capability

4

A model to out-origin our competition

5

Differentiated value-added solutions and services to customers

6

A uniquely shaped portfolio

Where we operate

Farming and plantations

Selective upstream

- Perennial tree crops
- Broad acre row crops
- Forest concessions
- Dairy farming

Supply chain

- Global origination and sourcing
- Primary processing
- Inland and marine logistics
- Merchandising
- Trading
- Value-added solutions and services
- Risk management

Processing and ingredients

Selective mid/downstream

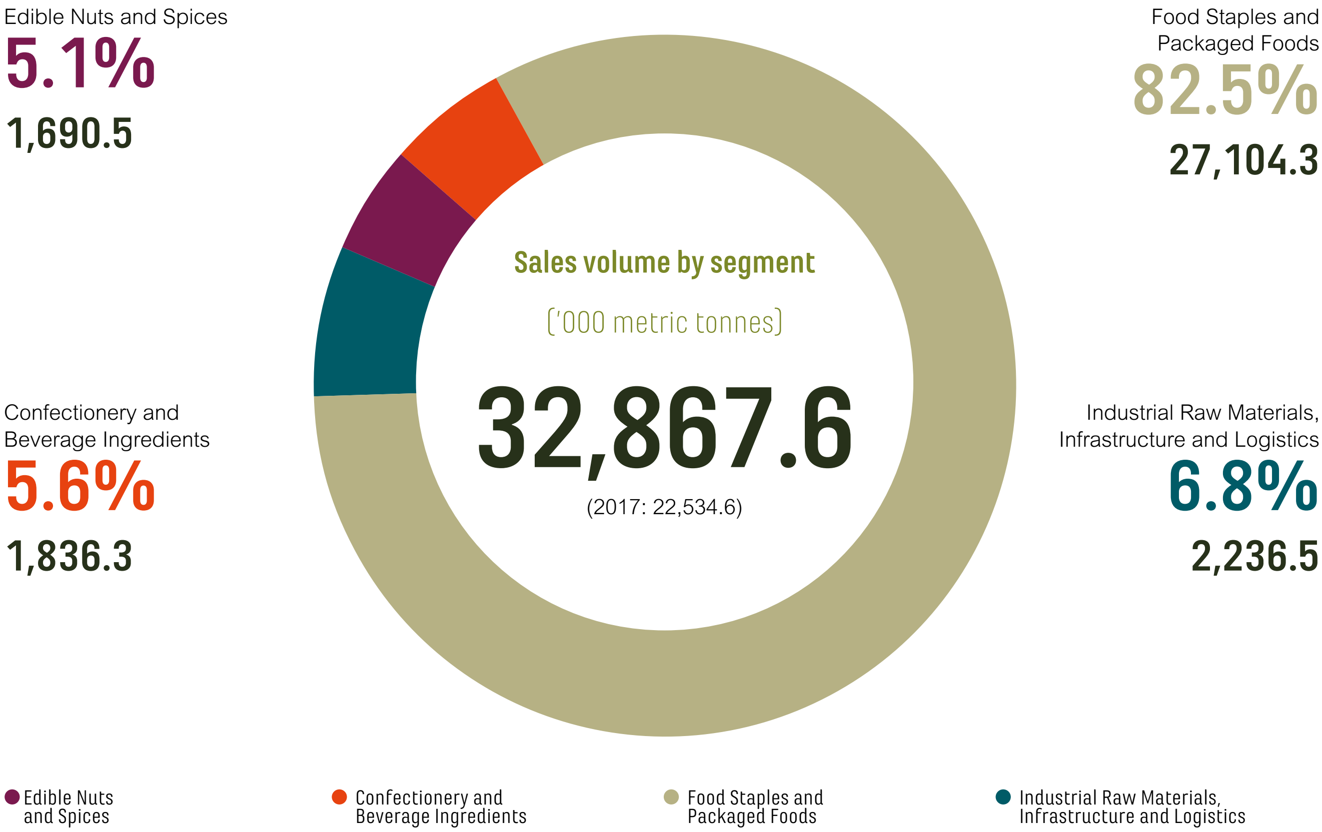
- Value-added manufacturing
- Branding and distribution (Africa)

As set out in our refreshed Strategic Plan, by 2024 we will be a **global food and agri-business** that **delivers food, feed** and **fibre along** with **innovative solutions** to **our customers.**

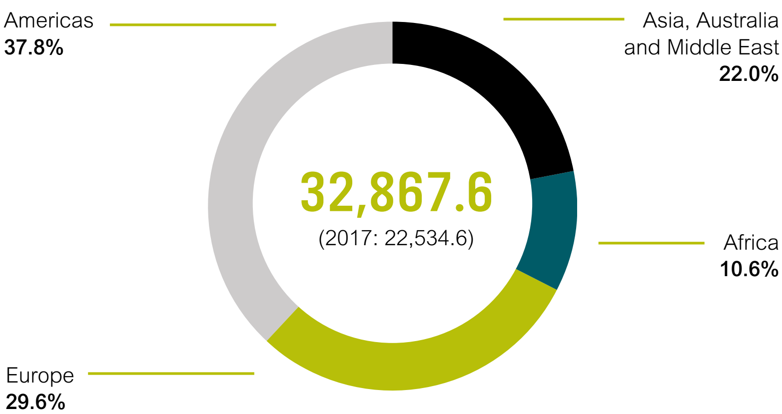
This supports our customers' growing need for **sustainable** and **transparent supply chains** with a clear focus on **tomorrow's consumer preferences.**

Our financial and performance highlights

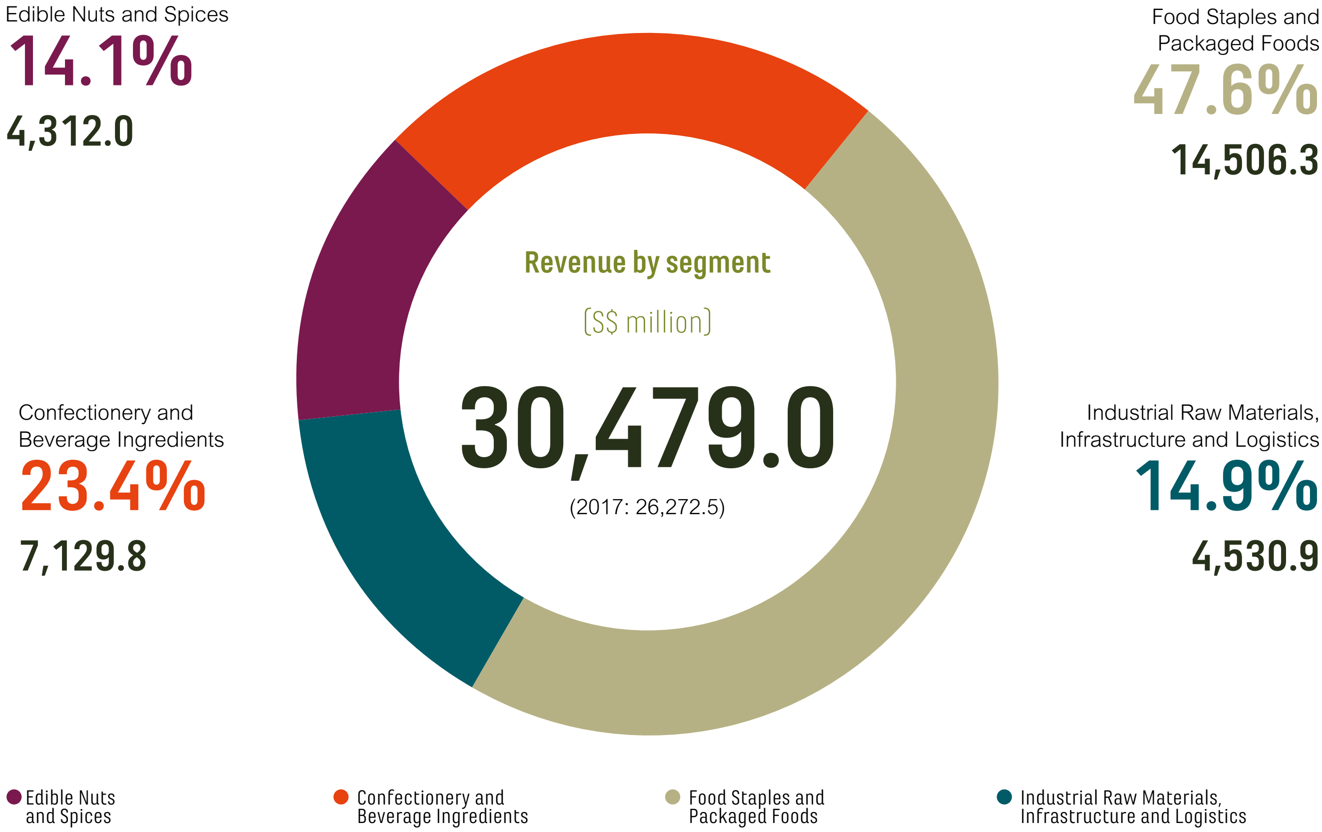
Volume



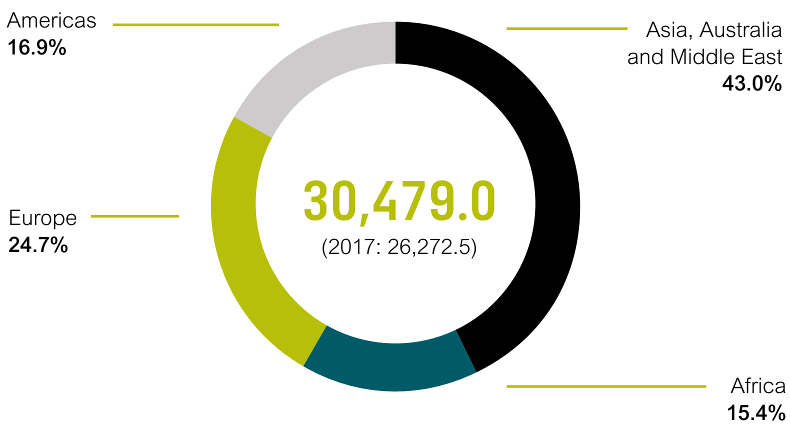
Sourcing volume by region ('000 metric tonnes)



Revenue



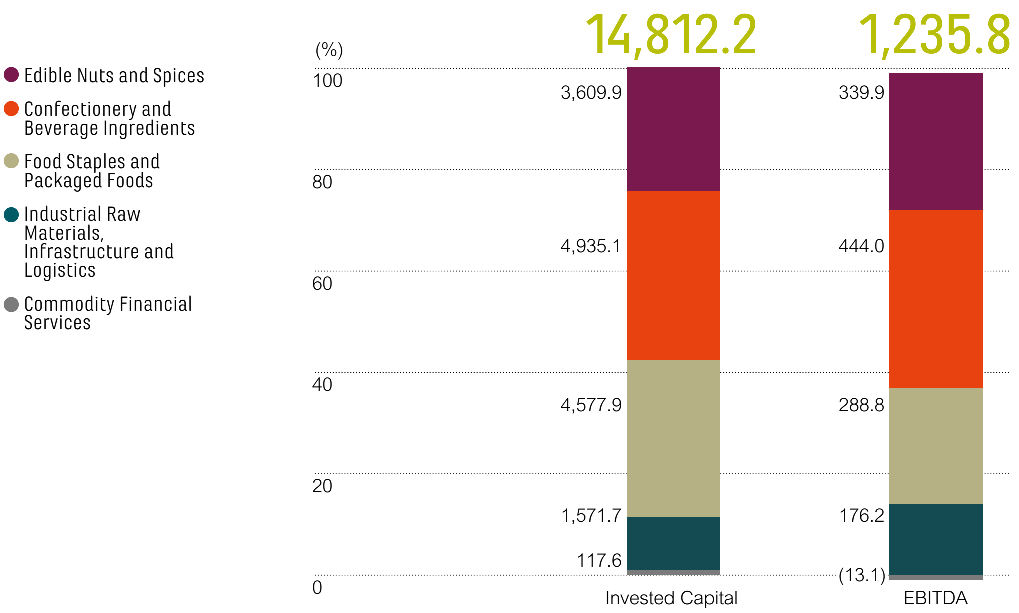
Sales revenue by region (S$ million)



Invested Capital and EBITDA

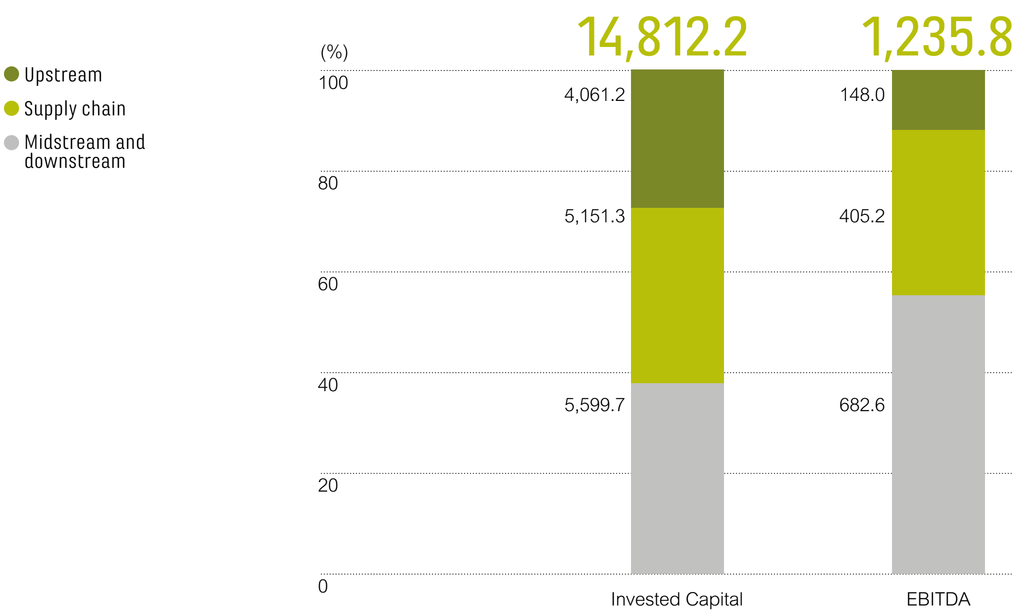
By business segment

(S$ million)



By value chain segment

(S$ million)



For the 12 Months Ended 31 December (S$ million)

	2018	2017	% Change
Profit and Loss Statement			
Sales Volume ('000 Metric Tonnes)	**32,867.6**	22,534.6	45.9
Sales Revenue	**30,479.0**	26,272.5	16.0
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) *	**1,235.8**	1,327.9	(6.9)
Earnings Before Interest and Tax (EBIT) *	**843.0**	947.2	(11.0)
Profit Before Tax *	**375.4**	630.8	(40.5)
Profit After Tax and Minority Interest	**347.8**	580.7	(40.1)
Operational Profit After Tax and Minority Interest *	**346.6**	431.5	(19.7)
Per Share			
Earnings Per Share basic (cents)	**9.2**	18.6	(50.5)
Operational Earnings Per Share basic (cents) *	**9.2**	13.3	(30.8)
Net Asset Value Per Share (cents)	**193.4**	200.1	(3.3)
Net Dividend Per Share (cents) ^	**7.5**	7.5	-
Balance Sheet			
Total Assets	**23,446.8**	22,298.5	5.1
Total Invested Capital	**14,812.2**	15,832.4	(6.4)
Total Debt	**11,268.2**	11,587.9	(2.8)
Cash & Cash Equivalents	**2,480.4**	1,986.4	24.9
Shareholders' Equity	**6,325.4**	6,443.6	(1.8)
Cash Flow			
Operating Cash Flow Before Interest and Tax	**1,154.7**	1,369.2	(15.7)
Net Operating Cash Flow After Changes in Working Capital and Tax	**2,085.3**	2,203.9	(5.4)
Free Cash Flow to Firm	**1,530.4**	1,484.4	3.1
Free Cash Flow to Equity	**1,066.3**	1,020.4	4.5
Ratios			
Net Debt to Equity (times) **	**1.32**	1.46	(0.14)
Net Debt to Equity (times) adjusted for liquid assets **	**0.29**	0.51	(0.22)
Return on Beginning-of-period Equity (%) ^^	**5.3**	10.8	(5.5)
Return on Average Equity (%) ^^	**5.3**	10.1	(4.8)
Return on Invested Capital (%)	**4.5**	5.4	(0.9)
EBITDA on Average Invested Capital (%)	**8.1**	8.2	(0.1)
Interest Coverage (times) #	**1.7**	2.2	(0.5)

* Excludes exceptional items

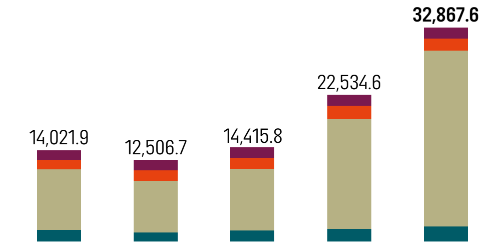
^ Proposed final dividend of 4.0 cents is subject to shareholders' approval at the 24th Annual General Meeting.

** Before Fair Value Adjustment Reserves

EBIT (including exceptional items) on total interest expense

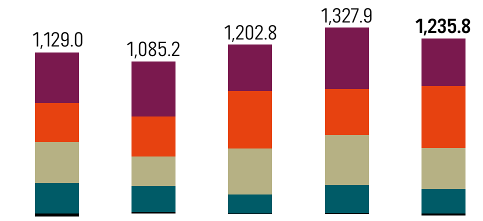
^^ Excludes impact of capital securities distribution on net income and capital securities on equity

Sales Volume
('000 metric tonnes)



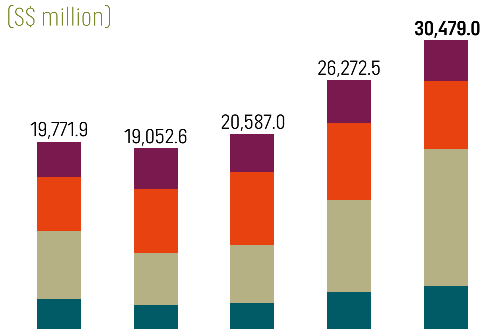
	2014 restated	2015 restated	2016	2017	**2018**
●	1,527.2	1,549.2	1,569.7	1,691.5	**1,690.5**
●	1,437.1	1,689.5	1,687.5	2,063.6	**1,836.3**
●	9,356.4	7,904.9	9,496.1	16,909.3	**27,104.3**
●	1,701.2	1,363.1	1,662.5	1,870.2	**2,236.5**

Earnings Before Interest, Tax, Depreciation and Amortisation
(S$ million)



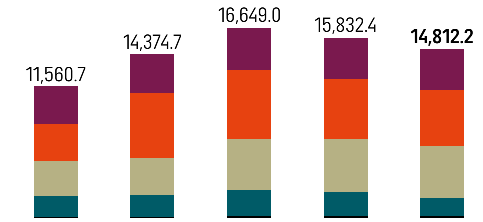
	2014 restated	2015 restated	2016	2017	**2018**
●	360.5	393.5	331.8	438.4	**339.9**
●	275.6	284.0	407.2	327.7	**444.0**
●	295.2	212.1	330.2	359.7	**288.8**
●	215.6	185.1	135.2	197.3	**176.2**
●	(17.9)	10.6	(1.6)	4.8	**(13.1)**

Sales Revenue
(S$ million)



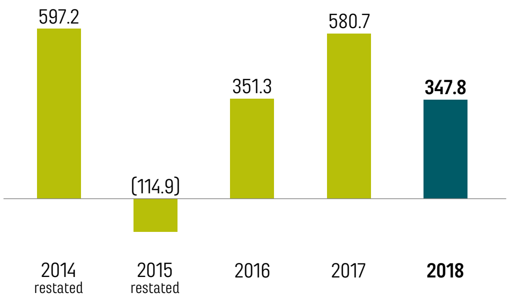
	2014 restated	2015 restated	2016	2017	**2018**
●	3,692.3	4,227.2	3,981.1	4,492.0	**4,312.0**
●	5,721.8	6,859.6	7,711.0	8,136.8	**7,129.8**
●	7,187.3	5,391.2	6,110.8	9,767.1	**14,506.3**
●	3,170.6	2,574.6	2,784.1	3,876.6	**4,530.9**
●	(0.1)	0	0	0	**0**

Invested Capital
(S$ million)

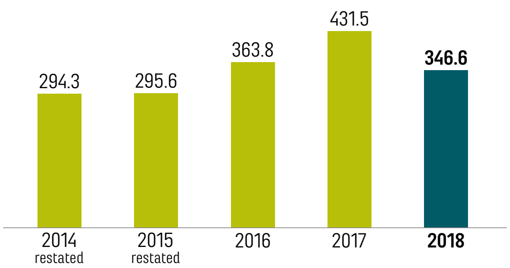


	2014 restated	2015 restated	2016	2017	**2018**
●	3,363.6	3,463.0	3,642.7	3,603.9	**3,609.9**
●	3,246.9	5,680.9	6,109.5	5,347.0	**4,935.1**
●	3,075.1	3,230.6	4,522.1	4,678.3	**4,577.9**
●	1,872.0	1,917.5	2,220.9	2,104.9	**1,571.7**
●	3.2	82.6	153.8	98.3	**117.6**

Profit After Tax and Minority Interest
(S$ million)

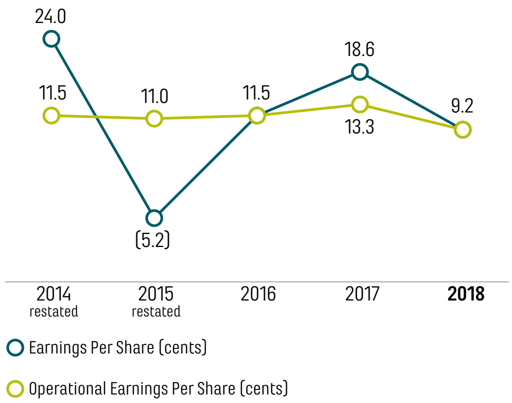


Operational Profit After Tax and Minority Interest
(S$ million)

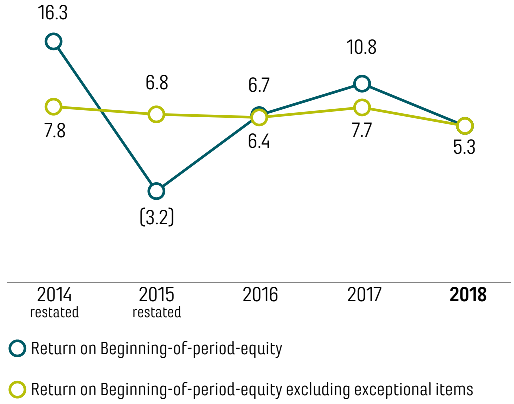


- ● Edible Nuts and Spices
- ● Confectionery and Beverage Ingredients
- ● Food Staples and Packaged Foods
- ● Industrial Raw Materials, Infrastructure and Logistics
- ● Commodity Financial Services

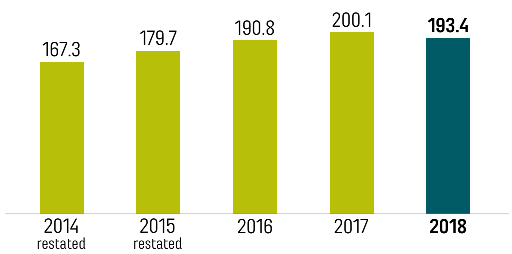
Earnings Per Share
(cents)



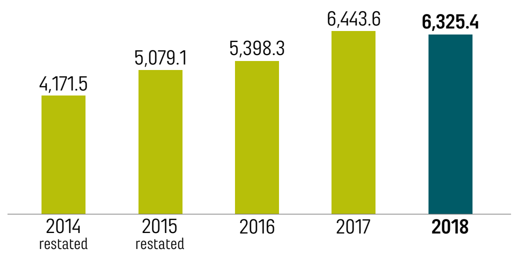
Return On Equity^^
(%)



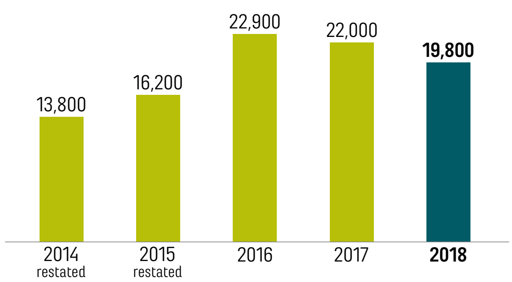
Net Asset Value Per Share
(cents)



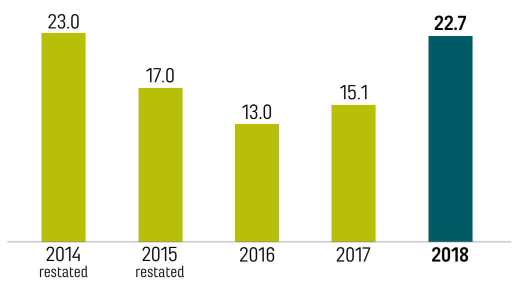
Shareholders' Equity
(S$ million)



Number of Customers**



Top 25 Customers' Share of Total Sales Revenue
(%)



^^Excludes impact of capital securities on net income and capital securities on equity

**Figures for 2014 (restated) are computed based on 30 June year-end basis.

Financial Performance

2018 was a year marked by ongoing macroeconomic and geopolitical uncertainty. While this inevitably impacted Olam's performance, the Company continued to grow profitably by capturing opportunities across the food and agri-business sector.

Compared with a particularly strong performance in the previous year, Olam's 2018 results across key metrics were lower year-on-year amid tougher market conditions than anticipated. This impacted the entire industry. Operational PATMI declined 19.7% to S$346.6 million while EBITDA was down 6.9% from the previous year to S$1,235.8 million. However, the Company's continued efforts to optimise working capital and capital expenditure while executing on planned divestments allowed it to deliver an improved Free Cash Flow to Equity of S$1.1 billion. Gearing also reduced to 1.32 times compared to 1.46 times as at the end of 2017. The Board of Directors has recommended a final ordinary dividend of 4.0 cents per share, maintaining the total dividend at 7.5 cents per share for 2018 – the same as the previous year.

Strategic Plan

In 2018, Olam completed its Strategic Plan for 2016-2018, as it remained focused on pursuing growth in prioritised platforms, worked to turn around underperforming assets and ensured gestating assets continued the journey to contribute to their full potential.

Looking ahead to the next 6-year planning cycle, 2018 was also a moment for the Company to consider how it can refocus on strengths and capitalise on new opportunities through its 2019-2024 Strategic Plan. With a winning business model honed over the past 30 years – developing expertise in farming and farm-gate origination, end-to-end traceability, sustainability, processing and manufacturing, as well as digital initiatives, Olam is well-positioned to help customers meet key trends now shaping the sector. These include an increasing demand for healthier foods, traceable and sustainable sourcing and e-commerce, driven by consumers and advances in technology.

"As a key player and leader in sourcing raw materials and transforming them to deliver food, feed and fibre to the world, Olam has laid the foundations that will balance near-term returns with long-term sustainable growth."

The Board worked closely with Management over the past year to review and finalise the latest Plan, launched in January 2019 with the Board's full endorsement and confidence. The Company has identified 12 prioritised platforms poised for higher growth and will invest US$3.5 billion to consolidate their leadership positions over these next 6 years. This will enable Olam to achieve its 2024 ambition of becoming a global food and agri-business that delivers food, feed and fibre while meeting customer demand for sustainable and transparent supply chains, and innovative solutions that satisfy their consumers.

During the review process, we took the hard but necessary decision to deprioritise some businesses no longer aligned with our strategic priorities. Olam will therefore look to responsibly divest or sell down our stakes in four businesses, namely Rubber, Sugar, Wood Products, Fertiliser, and other assets to recycle US$1.6 billion in cash to fund growth.

Based on the strategic priorities this Plan has identified, Olam will now seek to maximise value for continuing shareholders. The Company will appoint financial advisors to explore and propose various options within the boundaries of the new Plan to unlock intrinsic value within Olam's portfolio. This exercise is expected to be completed by Q4 2019.

Sustainability

Olam will continue to keep sustainability at the heart of the business. As befitting the Company's holistic approach to sustainability, Olam launched the Living Landscapes Policy last year, which aims to create 'net-positive' impact towards the creation and restoration of natural and social capital. The launch of Olam AtSource was a major milestone – a comprehensive sustainable sourcing solution for traceability and on-the-ground impact, unrivalled in the agri-business space and proof that sustainability can be a major commercial differentiator.

Indeed, the Company's various actions on sustainability continued to receive accolades in the year. A sustainability-linked club loan facility – the first such facility in Asia – won the Best Loan in Singapore in The Asset's Triple A Country Awards. Olam also took home the Best Sustainability Report for Established Reporters award at the Singapore Sustainability Reporting Awards 2018.

Governance

The Board has engaged regularly with both Management and stakeholders for more informed decision making and enhanced business performance. Members of the Board visited Vietnam last September as Olam Vietnam celebrated its 20th anniversary of operations there. During the visit, the Board met with regional and country management and employees on various aspects of Olam's core businesses and strategy in Vietnam, the fastest growing economy in Southeast Asia. The visit brought to life for the Board how Olam Vietnam has mirrored the Group's and the country's growth over the past 20 years to become a leading producer, processor and exporter of various commodities by fostering a close partnership with farmers. I also visited Gabon, Nigeria and USA operations with the One Olam ethos clearly visible from one continent to the other.

This culture has been essential to Olam's success, reinforced by the Company's values. However, every company needs to consistently reinforce ethical standards of conduct and throughout 2018 there was continued focus on Anti-Bribery and Corruption and Sanctions training.

Board Changes

In July 2018, Ms Rachel Eng stepped down as Non-Executive and Independent Director to pursue a new career and to focus on her responsibilities. In November 2018, Mr Mitsumasa Icho retired from the Board as aligned to his changing responsibilities within Mitsubishi Corporation.

I wish to thank Ms Eng and Mr Icho on behalf of the Board for their steadfast stewardship and contribution to Olam. I would also like to welcome Mr Kazuo Ito as Non-Executive Director, who was nominated by Mitsubishi Corporation to succeed Mr Icho. The Board at Olam now comprises 10 members, more than half of whom are independent.

Acknowledgements

On behalf of the Board, I would like to thank all of Olam's 74,500-strong team around the world for their dedication to doing things 'The Olam Way'. It is their drive, talent and hard work that will allow our Company to transcend boundaries (the meaning of 'Olam') and achieve the vision of becoming the most differentiated and valuable global food and agri-business by 2040.

I would like to also thank our investors for their ongoing trust and support. With this stable base of continuing shareholders, Olam has been able to take a long-term view of the business, balancing near-term returns with sustainable long-term growth. To the many other partners around the world, including loyal customers, farmers we work with and friends in civil society – thank you for your support as we continue to move forward and work in partnership to fulfil our purpose of Re-imagining Global Agriculture and Food Systems.

Lim Ah Doo
Chairman, Non-Executive and Independent Director

Embedding Olam 2.0: Building a Future-Fit Olam

2018 was a pivotal year for Olam marked by 2 key milestones:

Firstly, we made considerable progress in embedding the 6 key imperatives of Olam 2.0, our refreshed business model that forms the basis for the way we organise, lead, compete and grow in the market place.

Secondly, we developed a new Strategic Plan for the 6 year period (2019 to 2024), split into two 3-year cycles. This plan has helped us make clear choices on 'where to play' and 'how to win'. Our new strategy is on trend and involves a much greater focus on rapidly evolving consumer preferences for health and nutrition, clean labelling, authenticity, supply chain visibility and traceability, and sustainability – all of which are driving a greater pre-disposition on the part of consumers towards products that are 'Right-for-me', 'Right-for-the-planet', and 'Right-for-people/producers'.

Both these initiatives will make Olam Future-Fit and enable us to navigate the opportunities and challenges in our industry.

Sunny Verghese
Co-Founder and Group CEO

In 2018 the Olam team (74,500 of us worldwide) came together to deliver:

Sales volume:
32,867.6 ('000 mt)

EBITDA:
S$1,235.8m

PATMI:
S$347.8m

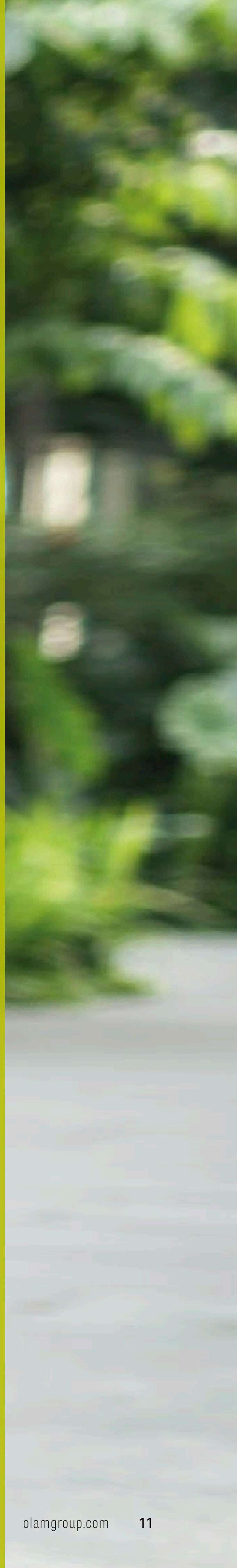
FCFE: S$1.1b

Significant progress against the 6 Olam 2.0 priorities detailed in 2017 Annual Report (page 12)

Value across non-financial capitals for stakeholders – Capitals (page 76)

A ground-breaking sustainability solution for B2B customers – AtSource (page 103)

Our new 2019 – 2024 Strategic Plan (launched January 2019) (page 20)



2018 – how far we have come

In November 2019, we will celebrate Olam's 30th anniversary. Over the course of these 3 decades, we have become a leading company operating in the food and agri sector, with a unique portfolio, distinctive footprint and differentiated capabilities.

We are proud to be known for sustainable agricultural production, origination and supply chain management of speciality, often niche agri-commodities and ingredients, having significantly grown our own upstream and midstream assets, while our direct and indirect network of 4.8 million farmers has given us a global edge.

Today, we are a 'Purpose-led company', focused on **Re-imagining Global Agriculture and Food Systems**. Our Purpose requires us to figure out ways of how we can help produce more food, feed and fibre to meet the demands of a growing population using significantly fewer resources.

2018 Financial Performance

The year in review was another turbulent and volatile year for the global economy and for the food and agri-industry. Unremitting uncertainty across the board resulted in tougher than expected market conditions. Unpredictability in the geopolitical sphere with protracted US-China trade tensions, depressed commodity prices, a rising interest rate environment, ongoing currency volatility in some countries and unpredictable climatic patterns all contributed to creating these headwinds. While these factors did impact our financial performance, our results were quite resilient under the circumstances.

Although we achieved continued top line growth with clear volume and revenue increase, allowing us to build relevant scale, our 2018 bottom line performance was below expectations, particularly in the second half of the year. Nevertheless, prudent management of our balance sheet, strong positive Free Cash Flow generation and improved net gearing, have positioned us well to embark on our refreshed 2019-2024 Strategy.

The lower financial performance in 2018 should also be viewed against a particularly strong showing in 2017, which also included significant one-off gains. In 2018, we grew our revenue and volumes by 16.0% and 45.9% respectively as we strengthened our leadership positions in many of our Business Units by delivering profitable growth. While our EBITDA was lower by 6.9% as improved performance from Cocoa, Packaged Foods and Wood Products was offset by lower contribution from Peanuts, Coffee, Rice and Dairy businesses, our operational discipline allowed us to maintain EBITDA/IC returns at 8.1%.

The lower EBITDA resulted in a decrease in Operational PATMI (PATMI excluding exceptional items) of 19.7%. Reported PATMI declined 40.1% versus the prior year, as 2017 PATMI included significant exceptional gains of S$149.2 million. Our continued profitability and strong free cash flow generation enabled us to recommend a final dividend of 4.0 cents per share, maintaining a total dividend of 7.5 cents per share for 2018.

Our targeted focus on capital optimisation and cash generation resulted in strong positive Free Cash Flow to Firm (FCFF) of S$1.5 billion and Free Cash Flow to Equity (FCFE) of $1.1 billion. We also strengthened our balance sheet by reducing net debt by S$813.7 million and gearing to 1.32 times.

We continued to balance short and long-term growth imperatives by investing in our prioritised businesses while exiting non-core and deprioritised businesses and related assets. Acquisition highlights in the year included taking a 30.0% stake in Vietnam's second largest cashew processor, Long Son. Divestments that released cash for reinvestment included our SIFCA joint venture in Africa and PT ACE in Indonesia.

So, as we look back on our 2018 performance, we can be proud of our achievements despite the challenges we faced.

We are also proud of the progress we made in driving our refreshed business model, Olam 2.0. We focused on embedding 6 priorities that will help us to stay ahead, and achieve our governing objective of maximising long-term intrinsic value for our continuing shareholders.

1. Greenhouse gas

Olam 2.0 priorities: summary achievements

1 The development of a pioneering Integrated Impact Statement to help us **focus on a broader set of drivers** of long-term value beyond Financial Capital

2 **Putting sustainability at the heart of our business** by embedding our new Purpose through the Re-imagineers programme; the launch of Olam AtSource, a differentiated customer proposition; as well as securing Asia's first sustainability-linked club loan (US$500 million)

3 **Focusing on driving Operational Excellence** across the company; these efforts have helped us develop and track 'metrics-that-matter', achieve significant cost savings and working capital efficiencies along with improved business controls

4 **Leading the sector's digital disruption**, with up to 40,000 farmers and micro-collectors benefiting from 'Olam Direct', our digital origination model. The digital transformation of the Company in 2018 has also yielded strong results in the area of building end-to-end digital supply chains for food, feed, and fibre products that we deliver to our customers

5 **Further enhanced our culture, values and spirit** by investing in and embedding 'Founder's Mentality'™ across the Company

6 **Strengthened alignment to strategy** and enhanced coherence across the organisation through 4 cross-cutting Communities of Practice (Upstream, Trading, Customer Engagement & Founder's Mentality™); and 4 Task Forces (Sustainability, Digital, Cost Efficiency, Capital Productivity and Integrated Reporting)

Embedding Olam 2.0 – progress to date on the 6 priorities

1

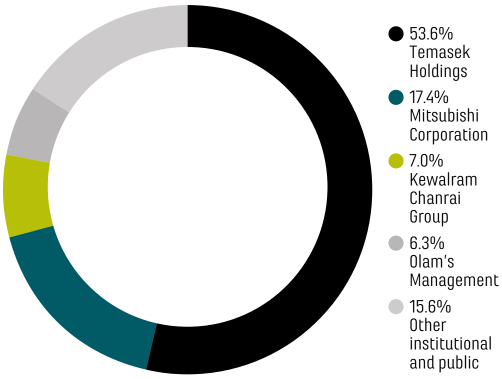
Focus on drivers of long-term value

As I outlined in my CEO Review in the 2017 Annual Report, we believe that to create value over the long-term, it is clear that we need to actively manage a broader set of drivers beyond Financial and Economic Capital (equity, debt, tangible assets) that includes **Manufactured Capital** (the stock of the company's factories, farms, equipment, etc.), **Intellectual Capital** (R&D, patents, copyrights, etc.), **Intangible Capital** (brand, reputation, know-how etc.), **Human Capital** (motivation and engagement of employees, attrition rates, capability development, culture, spirit, capacity to innovate, etc.), **Social Capital** (relationship between the company and all its stakeholders including communities, government relations, customers and other supply chain partners) and **Natural Capital** (including the company's carbon, water, waste footprint and the cost of these externalities).

Understanding and impacting value across both financial and non-financial Capitals is even more important today, particularly in a world where businesses must meet the increasing expectations of stakeholders. They expect us to be Purpose-led, a force for good, an agent of change, and a company that puts social and environmental issues at the centre of our strategy, and not as a separate sustainability or CSR initiative.

In 2017, in our first Integrated Annual Report, we began reporting against all 6 non-financial Capitals described above. This has helped us understand both the financial capital we derive as a company, the strategic assets that we are building by investing in these capitals which will in turn build future value, and the value we create for all our stakeholders. This approach and measurement proved to be useful internally while also helping external stakeholders to better understand our business.

Our shareholders – a diversified, supportive shareholder group with long-term investment horizon



Despite this progress, our reporting assessments are still focused on measuring outputs, rather than outcomes or impacts. This makes it more difficult to articulate any trade-offs between the various capitals when we evaluate a particular investment choice or capital allocation decision. During the course of the year, the Integrated Impact Statement Task Force (a cross functional team), collectively worked to develop the **Integrated Impact Statement (IIS)** detailed in pages 108 to 110. To improve our IIS approach and methodology, we benchmarked against other companies who are also looking at measuring these broader forms of capitals. The 2 main forms of measurement that these companies have undertaken include the 'Value Added Statement' (VAS) and Integrated Profit and Loss Statement (IP&L). While these statements are useful in terms of a short-term snapshot, these approaches do not consider their impact and dependencies on the capitals over the long-term.

Our objective is to broaden our focus beyond the short-term flows (e.g. environmental footprint over a year) to the stocks and dependencies (e.g. impact on the local/regional ecosystem over time and within the Planetary Boundaries). The IIS therefore provides a template for both a P&L and a Balance Sheet for any given operation, enabling us to see whether we are adding to, or eroding the capital stocks we depend upon for creating future value when measured against concepts like Living Income and the Planetary Boundaries. In 2019 we intend to roll out the IIS to more Business Units within Olam.

> "The ability of organisations to create sustainable value is dependent on nature and society. Through the Integrated Impact Statement, Olam has taken important steps to measure the business's dependencies and impacts on the Natural, Social and Human Capital upon which future success relies."

Jessica Fries
Executive Chair, The Prince's Accounting for Sustainability Project (A4S[1]). Established by His Royal Highness, The Prince of Wales

2

Putting sustainability at the heart of our business

At Olam, our business strategy and our sustainability strategy is combined into one. In 2017 after extensive internal and external consultations with our key stakeholders, we redefined our Purpose as 'Re-imagining Global Agriculture: Growing Responsibly'. In 2018, as we refreshed our strategy for the next 6 years, we have re-articulated our Purpose to '**Re-imagining Global Agriculture and Food Systems**'. By this we mean how we, as a company, can help produce more food, feed and fibre with significantly fewer resources, reduce food waste, enhance biodiversity, tackle climate change and transform farmer livelihoods.

In our new CR&S[2] Framework (see page 15), we have linked our Purpose to the 3 outcomes we want to generate, the 10 material areas that we will focus on, the impact of each on specific UN SDGs[3] and the various policies and standards that will underpin our actions.

I believe the global Food and Agricultural System is broken. Today, agriculture, forestry and other land use accounts for around 25% of GHG emissions[4] caused by human activities. Agriculture also accounts for 71% of our fresh water withdrawals[5], while the WWF Living Index cites that "of all the plant, amphibian, reptile, bird and mammal species that have gone extinct since AD 1500, 75% were harmed by overexploitation or agricultural activity or both."

And yet 1 in every 9 people still go to bed hungry every day (821 million people) – a number that has been rising for the past 3 years[6], while a third of the food that we produce is wasted (valued at just under US$1 trillion)[7]. Nearly 2 billion people suffer from micro-nutrient and vitamin deficiencies[8], and over 1.9 billion people are overweight or obese[9], with high prevalence of stunting and wasting amongst young children in developing countries – these are all manifestations of this problem. In addition, we do not price in the cost of externalities (the benefits that we derive from nature) incurred in producing our food. I had explained this context in more detail in my review in our last Annual Report.

In 2018 and 2019, a number of milestone reports called for greater urgency in tackling these issues:

- **Three reports[10] provided compelling evidence that there is a major difference between 1.5º and 2ºC global warming on climate impact.** Once a certain threshold is crossed, feedback loops could push the planet's climate towards a 'hothouse earth' scenario with temperatures potentially rising between 4 to 5ºC with a devastating impact on global food security.

Our Sustainability Framework

Purpose	Re-imagining Global Agriculture and Food Systems		
Purpose Outcomes	Prosperous Farmers and Food Systems	Thriving Communities	Regeneration of the Living World

Material Areas	Impact on UN SDGs
Economic Opportunity	1 No Poverty; 2 Zero Hunger
Safe and Decent Work	8 Decent Work and Economic Growth; 1 No Poverty
Education and Skills	4 Quality Education
Health and Nutrition	3 Good Health and Well-being; 2 Zero Hunger
Diversity and Inclusion	5 Gender Equality; 10 Reduced Inequalities
Climate Action	13 Climate Action; 7 Affordable and Clean Energy
Healthy Eco-systems	15 Life on Land; 13 Climate Action
Healthy Soils	15 Life on Land; 2 Zero Hunger
Water	6 Clean Water and Sanitation
Reduced Waste	12 Responsible Consumption and Production; 6 Clean Water and Sanitation

Enablers: 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals

Policies Standards	Health and Safety	Quality and Food Safety	Labour	Living Landscapes
Farmers	Olam Livelihood Charter			
Plantations	Olam Plantations, Concessions and Farms Code			
Suppliers	Supplier Code			
Factories and worksites	QEHS Standards			

- **The World Economic Forum's 2019 Global Risks Report** found that environmental risks accounted for 3 of the top 5 risks by likelihood and 4 out of the top 5 risks by severity of impact.
- **Warnings on threats to biodiversity, critical for maintaining eco-systems and the world's food supply.** The FAO report on biodiversity stressed the over-reliance on a few species of flora and fauna with others under threat of extinction: "Less biodiversity means that plants and animals are more vulnerable to pests and diseases...the increasing loss of biodiversity for food and agriculture puts food security and nutrition at risk".

  As an industry dependent on insects for pollination, we cannot ignore the dire warning that "At present, a third of all insect species are threatened with extinction"[11]. Only decisive action can avert a catastrophic collapse of nature's ecosystems which must include the restoration of wilderness areas and a drastic reduction in the use of pesticides and chemical fertiliser.
- **More than 30 world-leading scientists from across the globe under the Eat Lancet Commission** reached a scientific consensus to define a healthy diet within the boundaries of a sustainable food system and reverse the rising trend of illness and death rooted in nutrient-poor diets and environmentally unsustainable production systems. The science based targets, for example, dramatically limited animal-based protein for certain populations and recommended a significant reduction in sugar consumption.

The launch, therefore, in March 2018 of our **Living Landscapes Policy (LLP)** could not have been timelier. Implementation of the Policy aims to achieve our 3 Purpose outcomes that support the **co-existence of prosperous farmers and thriving communities with regeneration of the living world**. We believe the LLP to be a pioneering approach for our sector, applying across products, and covering our plantations and farms, as well as our extensive third-party sourcing network. Developed with multiple stakeholder inputs, it represents a step-change in our ambition to put back more into food and farming systems than is taken out. Read more about this in the Natural Capital section pages 92-100.

1. Established in 2004 to make sustainable decision making business as usual and to scale up action across the global finance and accounting community.
2. Corporate Responsibility and Sustainability Report.
3. United Nations (UN) Sustainable Development Goals.
4. IPCC: https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter11.pdf
5. FAO: http://www.fao.org/3/a-i7959e.pdf
6. The State of Food Security and Nutrition in the World 2018: https://www.who.int/news-room/detail/11-09-2018-global-hunger-continues-to-rise---new-un-report-says
7. Food, Loss and Waste Protocol: http://www.flwprotocol.org/why-measure/
8. FAO: http://www.fao.org/3/x0245e/x0245e01.htm
9. WHO: https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight
10. Nature Geoscience, July; study released in the Proceedings of the National Academy of Sciences, co-authored by 16 Earth System scientists: IPCC Report, October.
11. Francisco Sanchez-Bayo of the University of Sydney and Kris Wyckhuys of the University of Queensland in Australia.

A key initiative under the LLP was the work by the CR&S team and expert partners to develop a risk-based approach to prioritise action on supply chain deforestation. Many recent efforts by the private sector to address tropical deforestation rely upon retroactive information on tree loss. Our **Forest Loss Risk Index (FLRI)** approach presents a methodology to shift the focus onto future risk of deforestation, so that action can be taken before trees are lost.

Both the LLP and FLRI will contribute to **AtSource** (launched in April 2018) – which we believe to be the most comprehensive sustainable sourcing solution on the market for B2B customers. It has the ability to track the environmental and social impact of a single product at each stage of its journey. Putting the extensive structures in place to provide this data has been challenging but generated much Intellectual and Intangible Capital, bringing together teams from across different supply chains to offer customers an ability to improve and secure their supply chains in partnership with Olam, with extremely positive feedback.

Our Re-imagine blueprint

In order to bring our Purpose to life, a major initiative was launched by our Corporate Communications team supported by our Human Resources and Corporate Responsibility & Sustainability Functions when they launched a company-wide **Re-imagineers Programme** which aims to reach all **38,000** full-time employees with brainstorming workshops on how we can **Re-imagine Global Agriculture and Food Systems**.

Led by more than 500 Re-imagineer millennials this has kick-started a greater sense of inclusion, inspiration and pride, where even colleagues not involved in sustainability initiatives, such as those in trading, accounting, logistics and other roles, feel they are contributing to front-line improvements for farmers, communities and our planet. All ideas are being curated and assessed to produce our Re-imagine Play Book for launch later this year.

Much more to be done

Despite these achievements, we know we are far from perfect. Indeed, about 10 years ago, we had a Vision to have end-to-end sustainable supply chains by 2020. But now the world has given us a deadline – 2030 when we are all to achieve the 17 UN Sustainable Development Goals.

Our sustainability framework and 10 material areas provide us with our road map but we are still grappling with issues including living versus minimum income, and how to improve human rights in third party supply chains where we have no visibility. Our Supplier Code now covers over 80% of all priority volumes but this is still dependent on the integrity of our suppliers. Our Compliance team is currently working with Business Units and the CR&S Function to strengthen training and auditing.

A recent trip to West Africa produced mixed emotions. We can be proud of the impact of our programmes on farmer livelihoods – around 445,900 smallholders globally are benefiting from programmes to increase yields and income – but remain frustrated that so many are still living in homes with no running water, sanitation, and with malnourished children.

A recent agri-business scorecard was launched by Oxfam[1] in which Olam received the highest scores in 4 out of 5 categories amongst our peers. However, although ranked first for the smallholder category, with the Olam Livelihood Charter being acknowledged, our scores were still very low due in part to a lack of indicators on living income and measurement of value going to farmers, especially when prices are so low and the cost of production is high. Our Social Capital section and the Business Review segments in this Report explore Supply Demand dynamics and highlight the many ways we seek to improve farmer incomes. Even though we are already providing a multitude of social, financial and infrastructure services to help communities thrive, we recognise we need to better understand impact and not just report the outputs achieved.

1. https://www.oxfamamerica.org/press/press-releases/top-agribusiness-companies-have-room-improve-meet-industry-sustainability-standards-sourcing/

Collaboration and co-creation

We cannot Re-imagine Global Agriculture and Food Systems on our own. We need to co-design and co-create partnerships and approaches to help all farmers become more resilient. Each landscape and supply chain is different and needs a bespoke approach underpinned by our mutually agreed environmental and social aspirations, alongside an understanding of the needs of the farmers. Olam already has over 50 partnerships helping us to achieve this.

> "Nothing short of systemic change will help us prepare for the future and sustain the agricultural systems we all rely on. Quite simply, it must be 'Re-imagined'."

We also need to galvanise those beyond the food and agri sectors, which is why I began my 2-year term as Chair of the World Business Council for Sustainable Development in January 2018. Action needs to happen at every level:

- Industry needs to change by building coalitions such that each participant in either the food and agri-sector, or the energy sector, or the automobile sector etc. can develop sectoral roadmaps to reduce our environmental footprints.
- Then civil societies, NGOs and the private sector also have to form unusual collaborations to work together to enhance impact, such as the Food and Land Use Coalition which draws on the expertise of a number of core groups and organisations including the EAT Foundation, the World Business Council for Sustainable Development (WBCSD), and the World Resources Institute (WRI).
- We also need scientists and researchers to innovate solutions which are practical and solutions based, that can solve for these intractable problems and I am delighted that the 2018/2019 Olam Food Prize for Innovation in Food Security has attracted more than 40 entries.
- Finally, government and policymakers have to create an enabling environment that will change the behaviour of corporates and individuals through policy interventions including mandatory foot printing disclosure, carbon pricing etc as we have seen in Singapore.

3

Driving Operational Excellence across the company

Over the course of the last 3 decades, the transformation of Olam has been phenomenal: from a small trader, to global supply chain manager, then to one of the world's largest planters and today a major processor of speciality agri-commodities. We are also providing more value-added services and solutions to our customers. Building Operational Excellence as a core competency is vital to our ability to execute our strategy and deliver consistent performance.

In 2018, we focused on 4 aspects: i) developing metrics-that-matter for each of our profit centres; ii) driving sustained cost efficiency programmes; iii) improving working capital productivity, and iv) strengthening business controls.

We have developed digitally enabled performance dashboards to help review and monitor our businesses. We also developed a revised Risk Appetite Framework covering the boundary conditions and guidelines for each risk category and the constituent risk events. The Group Risk Dashboard and the Enterprise Risk Scorecard are key reports for the Management Team, the Board Risk Committee and the full Board to monitor and track the risks that the company takes and manages in the course of its business. The Integrated Assurance Framework overseen by the Board's Audit and Compliance Committee has also been very instrumental in further improving the control framework in the company.

Also contributing significantly to Operational Excellence, our Compliance, Internal Audit, IT, Information Security, Legal and Risk functions provide guidance for our businesses and safeguards for our people and operations. New trading and privacy regulations such as MIFID II and the EU's GDPR were a major focus, as was further strengthening of our Sanctions and Anti Bribery and Corruption (ABC) training – also one of the 10 Principles under the UN Global Compact of which we are a signatory.

The above initiatives have helped us create a sense of urgency and continuous improvement. This helps reduce errors, increases speed, frees up bandwidth, compounds our learning and improves predictability of performance, all of which reduces cost and drives profitable growth.

4

Leading the sector's digital disruption

In 2018 the digital transformation of the company continued at an accelerated pace across 3 areas – Olam Direct, Olam Inside and Olam Forward.

The initiatives under Olam Direct were focused on 5 projects, namely: i) Digital Procurement; ii) Digital Warehouse; iii) Olam Traceability; iv) Digital Origination; and v) Olam Farmer Information System (OFIS). The objective of the Digital Origination project is to lead the sector's digital disruption. In 2018, up to 40,000 farmers and micro-collectors benefited from 'Olam Direct', our digital origination model. Once we integrate these 5 projects, we would end up digitalising our supply chain end-to-end over time.

In the Olam Inside segment, the 2 initiatives that were digitalised include: i) AtSource (described in the earlier segment); ii) Customer Digital Engagement Portals, an E-Commerce initiative launched in 4 businesses including Edible Nuts, Spices, Cocoa and Coffee. These e-Commerce portals are enabling us to access a new set of small and medium scale customers.

On Olam Forward, we worked on 3 initiatives including: i) Smart Factories; ii) Smart Farms; iii) Smart Supply Chain. The handheld AgriPal and Agri dashboards which are data management tools have helped us in performance data driven decision making in our upstream farming and plantation operations, using drone data, planting, fertiliser usage, weather and climate, production and harvesting information to take better quality farm management decisions. Preventive and predictive maintenance using IoT[1] sensors on the motors in our factories is already resulting in considerable cost and efficiency advantages.

5

Enhance our culture, values and spirit

At the heart of our success is our people. We believe we have some of the best talent in our industry with deep insights and expertise in both speciality and mainstream agri-commodities. We are focused on developing our employees to their full potential across every level of the organisation.

We have long been proud of our culture in Olam, cherishing our spirit of entrepreneurialism, rewarding stretch and ambition, and encouraging disruption and innovation to keep us ahead. We were therefore pleased to see engagement scores improve in 2018 compared to 2017. We believe that if we can move our employee population from being satisfied to engaged and inspired, we will see significant improvements in productivity, motivation and ownership. Our Purpose is the primary vehicle through which we expect our employees to become inspired as they see meaning in their work and the difference they can make. The Re-Imagineers programme described earlier to embed our Purpose is critical to this plan.

A Re-imagine workshop in Ghana, where volunteers were trained across the business to brainstorm ways to Re-imagine Global Agriculture and Food Systems.

Retaining our Founder's Mentality™ spirit is extremely important to build an inspired organisation. In 2018 a dedicated CoP engaged a wide cross-section of our managerial talent pool to assess the state of Founder's Mentality™ in the company. 96% participated in the survey which was followed up by 112 intensive group discussions spanning all our countries, Business Units, Functions, roles and levels. Based on these surveys and group discussions, 8 focused group discussions were conducted as part of a qualitative survey to do a deep dive on the main themes and key issues that emerged. The summary output of this exercise showed that Olam has a very high score on its insurgency.

1. Internet of Things

There are 3 crucial elements that drive Founder's Mentality namely: i) Insurgency; ii) Frontline obsession; and iii) Owner mindset.

Insurgency is driven by having i) a bold mission; ii) building 'spikiness'; and iii) having limitless horizons. Olam's scored in the top quartile on Insurgency with 88% of the employees being inspired by our Purpose and 94% being inspired by our Vision. We also received top quartile scores on 'spikiness' or edge, where Olam was regarded to have distinctive world class capabilities.

Frontline obsession is driven by: i) having frontline empowerment; ii) willing to do relentless experimentation; and iii) having customer and supplier advocacy. We scored very highly on frontline empowerment with 72% assessing that we hired the right talent for front line roles and they are supported by adequate resources. We also had top quartile scores on relentless experimentation as Olam's culture encourages risk taking and experimentation. Supplier / farmer advocacy was assessed to be very good, however, only 57% believe that the voice of the customers are represented in our key decisions.

Owner mindset is driven by 3 factors: i) having cost and cash focus; ii) having bias for action; and iii) having an aversion to bureaucracy. We scored well on cost and cash focus and received declining scores from the last survey done in 2015 on bias for action and aversion to bureaucracy.

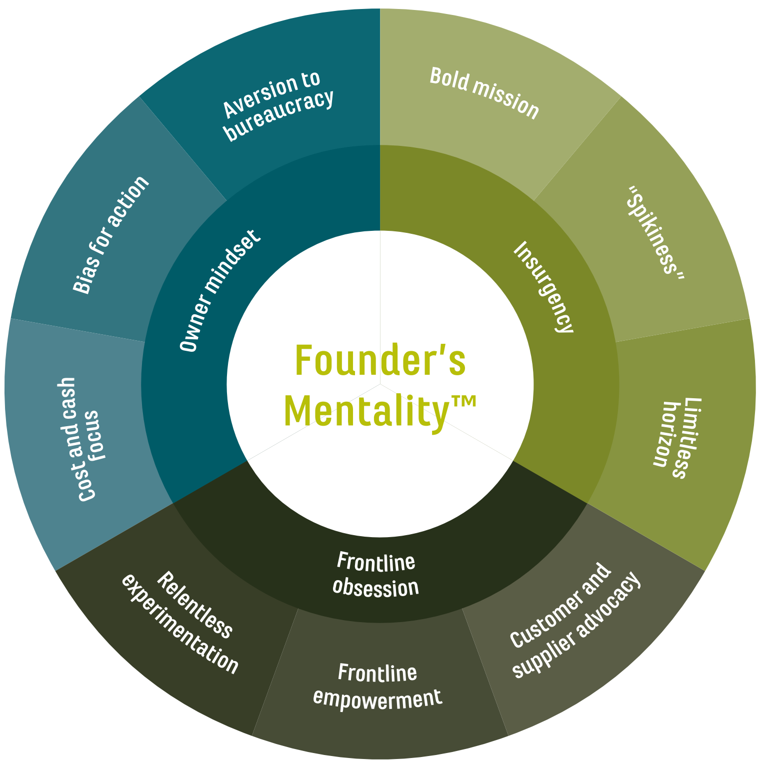
While we are pleased that Founder's Mentality™ overall in Olam remains strong, based on these insights, we have identified key themes to improve. We have therefore designed specific interventions and developed 18 'micro-battles' to be rolled out with the prototype being deployed during the period March to May 2019. Based on those learnings, we will scale and replicate the model across Olam.

6

Strengthening alignment

In 2018, we focused on enhancing organisational coherence across the company through 4 cross-cutting Communities of Practice 'CoPs' (on Upstream, Trading, Customer Engagement & Founder's Mentality) and 4 Task Forces (Sustainability, Digital, Cost Efficiency, Capital Productivity & Integrated Reporting). The various functions in the company (including HR, Finance & Accounts, Treasury, Corporate Tax, Internal Audit, Risk, Market Compliance, Insurance, Manufacturing and Technical Services (MATS), CR&S, Corporate Communications, Legal & Compliance, Investor Relations, Corporate Affairs, Strategic Investments & Business Development, IT, Olam Global Business Services) have all focused in 2018 on partnering the businesses and making the businesses successful.

Our top Management Teams, including the ExCo, OpCo and ManCom[1], have all improved their effectiveness and aspire to do even better in stewarding the company going forward.



1. Executive Committee; Operating Committee; Management Committee

Re-imagining Olam:

New 6-year strategy to create value from tomorrow's consumer landscape

Building towards 2024 and beyond

As part of a regular cadence, every 3 years we review and refresh our strategy, developing a 6 year plan split into two 3-year cycles. In 2018, we therefore undertook a comprehensive review of the business and in January 2019 announced our 2019-2024 Strategic Plan.

The Plan builds on the pivotal role we play in agri value chains – sourcing raw materials from origins across the world, transporting and processing them into speciality agri-products and ingredients for manufacturers, multinational brands, retailers and others. In particular, it has been developed in direct response to a number of rapidly evolving consumer preferences, as well as the technology advances influencing both purchasing behaviour and food and fibre production.

Consumer preferences include increasing demand for healthier and nutritious foods, and a desire for the 'simplification' of ingredients and 'clean labels' ('Right-for-Me'); concerns about supply chain provenance, and whether a product is both environmentally and socially sustainable, and an increasing demand for 'Purpose' brands (Right-for-the-Planet and Right-for-the-Producer). Meanwhile e-commerce and 'out-of-home' eating/drinking is changing the face of 'How I live and consume'.

> "The Plan has been developed in direct response to a number of rapidly evolving consumer preferences, and technology advances."

Finally, the way food and fibre is being produced is also changing dramatically. From our plantations to our factories, the Internet of Things (IoT) helps achieve a precision in resource use or operational excellence unprecedented in previous years – we now have long wingspan drones at our disposal to map plantations and orchards so we can recognise where to intervene for disease infestation or nutritional deficiency – a process far faster than inspecting trees on foot.

Taken together, these consumer trends and technology advances have a very large impact on our customers, and therefore on our business, our strategy and our business model. They will require us to rethink the way we supply agri products and food ingredients, a 'Re-Imagining' of Olam.

Our strategic plan is on trend

Right-for-me Page 28

Right-for-the-planet Page 30

Right-for-the-producer Page 32

How I live and consume Page 34

How it is produced Page 36

Deciding where to play and how to win

Against this backdrop, we therefore needed to answer 2 central questions to develop our strategy i) where to play; and ii) how to win.

We need to determine which areas of the business we want to prioritise and invest in, and which we want to deprioritise and exit. This applies to specific businesses as a whole, as well as to SBUs, profit centres and related assets within individual businesses.

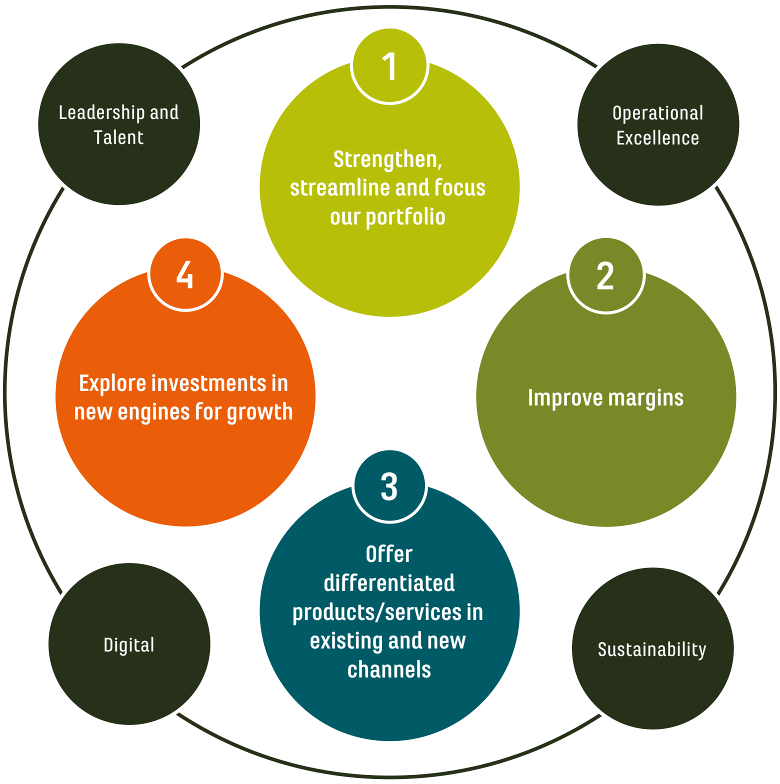
In addition, we need to decide in which geographies we want to stay invested, as well as in which parts of the value chain we want to invest, and how much. Finally, in terms of where to play, we should also be clear on the proportion of our capital to be allocated to businesses contributing to our bottom line, and to those still gestating.

Based on attractiveness, differentiation, leadership and cost position, execution capability and control over scarce resources and choke points, we have therefore decided to:

- **Remain in 12 strong businesses with leading positions in attractive market segments, with clear differentiation and competitive advantage, and in line with the identified consumer trends.** These include businesses involved in global food ingredients, global agri-supply, Africa packaged foods (the only region where we produce consumer brands), and Africa Infrastructure and logistics. Over the course of the 6 year Plan, this will therefore mean de-prioritising 4 businesses - Sugar, Rubber, Wood Products, Fertiliser and other assets that no longer fit with our strategic priorities. The result is a more focused, streamlined and stronger portfolio
- **Balance capital allocation with selective integration in the value chain, including a special thrust on midstream and added-value ingredients** (~50% of our Invested Capital allocated to midstream/ingredients in 2024 from the current 38%)
- **Ensure we have a global presence and leadership to serve global customers.**

On the second question, of how to win, we set out 4 strategic pathways and 4 supporting enablers as outlined in the graphic below.

Our strategic priorities and enablers

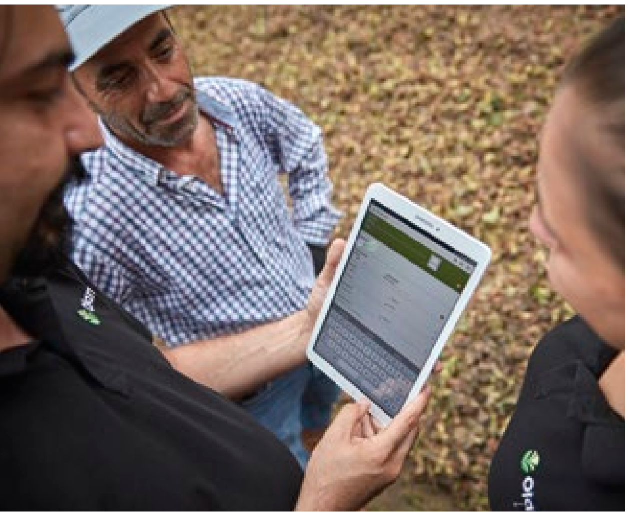


Read more about our Strategic Plan at:
https://www.olamgroup.com/content/dam/olamgroup/files/uploads/2019/01/Strategic-Plan-2019-2024.pdf

Achieving our Strategic Plan

4 strategic pathways:

- Strengthen, streamline and focus our portfolio
- Improve margins
- Offer differentiated products/services to existing and new customers, as well expand into new customer channels and segments
- Explore investments in new engines for growth



The Olam Farmer Information System (OFIS) is a revolutionary tech platform used for collecting and analysing smallholder farm data as seen here in Turkey. With this data we can now provide personalised farm management plans.

1. Strengthen, streamline and focus our portfolio

Twelve Business Units out of 16 have been identified as having significant potential for future growth. Over the 6 years we plan to invest US$3.5 billion to enhance our leadership position in these businesses. Out of this US$3.5 billion, US$1 billion will be for maintenance Capex and US$2.5 billion will be new growth Capex.

This refreshed strategy has meant making some tough choices regarding the de-prioritised businesses of Sugar, Rubber, Wood Products, and Fertiliser. While they remain good businesses, which can be seen is this Report, they no longer fit with our strategic priorities. As a result of this process, we expect to release about US$1.6 billion of cash to redeploy in chosen businesses.

However, we will only divest from a position of strength, and in a responsible and orderly manner at the right time, over the next 6 years. Indeed, the pathway to exit might be a partial sell down and then full exit. Until then, we will be supporting these businesses to be in the best possible position and making any transition as smooth as possible. We will be looking for responsible buyers who will provide effective environmental stewardship, particularly given the concessions in the Republic of Congo and Republic of Gabon. We are also looking to redeploy as many people as possible, as was the case with the Fundamental Fund and the Sugar desk which have already closed.

2. Improve margins

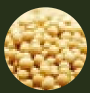
Our aim is to extract maximum value by improving cost competitiveness and optimising capital productivity. Over the course of the Plan, through sustained cost management and One Olam standardisation, we aim to take out ~US$200 million from different costs heads, including overheads and interest costs etc.

Equally, we will optimise capital productivity, reducing our cash to cash cycle, and working capital productivity. In 2018, we reduced this to 76 days from 97 days the previous year.

Business Unit (BU) Strategies

Edible Nuts

Maintain global leadership and expand almond and pistachio upstream, ingredients and co-manufacturing business



Grains and Animal Feed

Expand destination processing: flour milling in West Africa, and animal feed operations. Continue to build an asset-light global trading business

Cocoa

Continue to grow business as the most integrated cocoa ingredient company providing solutions and innovations to customers worldwide

Coffee

Maintain global leadership in the green coffee business and further expand the soluble coffee business

Cotton

Maintain global leadership in the supply chain business while expanding integrated ginning and farming footprint

Spices

Expand onion, garlic, tropical spices business in major origins. Invest in midstream spice processing to create further value

Edible Oils

Increase yield and cost efficiency in upstream palm oil business and invest selectively in the midstream refining business

Infrastructure and Logistics

Extract full value from our existing Gabon operations and selectively expand into other markets in Africa

Dairy

Expand dairy farming in Russia. Grow midstream footprint to become a supplier of high quality dairy ingredients

Rice

Expand Asian origination and African distribution including branded packaged rice

Packaged Foods

Achieve leadership in selected categories in Nigeria and Ghana and expand into adjacent markets in West Africa

Commodity Financial Services

Focus on quantitative strategies and embedded Risk Management Solutions (RMS)

3. Offer differentiated products/services in existing and new channels

Critical to our strategic roadmap, this pathway will see us position Olam to capitalise on the emerging consumer and technology trends I have outlined, offering more differentiated products and service solutions to our current and new customers, via existing and new channels. We already have initiatives in play but want to scale across the broad spread of our portfolio. Focus areas include:

- **AtSource:** launched in April 2018, new products and origins will rapidly be coming online.
- **Risk management solutions:** our aim is to extend our ability to offer both suppliers and customers customised risk management solutions, for example by offering a maximum guaranteed price contract – valuable for our customers.
- **Value-added services and offerings:** these extend from offering certified products such as Rainforest Alliance and Organic, while a major focus will be to push further into ingredients manufacturing with customised grades, qualities and formats. We are also investing significantly in product development capabilities, working with our customers to create ingredients and applications for new products and recipes.

Further we are focused on generating revenue via new customer segments/channels through co-manufacturing; food service and e-commerce. Brand owners, for example, are out-sourcing their manufacturing to Olam because they want to focus on brand building, and no longer see the manufacturing process as a core activity. As for food service, we feel we have not even scratched the surface of this huge industry. With specialist teams, we can reach new customers, not only international but small and medium sized too.

And finally e-commerce. Previously, the cost to service medium and small companies was very high. Now with having developed digital engagement channels for Spices, Edible Nuts and Coffee, we are able to serve these customers all over the world and this will be a large part of our growth.

4. Assess new engines for future growth opportunities that align with key consumer trends

With our supply chain reach and competencies, Olam is in a sweet spot of being able to meet all of these evolving consumer trends and needs. So we will have an engine for growth that will develop new opportunities with customers and other partners.

Similarly, at the supplier end, we are looking to get closer to farmers by launching a Farmer Services platform. We already have pilots running, where we create a marketplace platform, connecting our customers to the farmers, as well as the wider agri eco-system. For example, connecting farmers to agri-input partners, fertiliser and seed companies, micro-finance and crop-insurance companies.

All of this will be underpinned by the enablers already identified under Olam 2.0: Operational Excellence, Sustainability, Digital and Leadership and Talent.

> “By 2024 we aim to be a global food and agri-business supporting our customers’ growing need for sustainable and transparent supply chains, with a clear focus on tomorrow’s consumer preferences. In turn, this will help us achieve our Vision of being the most valuable and differentiated agri-business by 2040.”

Our Goals

We aim to achieve 4 specific goals in this Plan:

- **Return on Equity – achieve minimum of 12% and above by 2021**
- **At least 13% EBITDA on Invested Capital from 2021 onwards**
- **Free Cash Flow to Equity positive after investments from year 2 of the Plan**
- **Gearing (defined as Net Debt: Equity) of less than or equal to 2 every year**

Maximising value for our shareholders

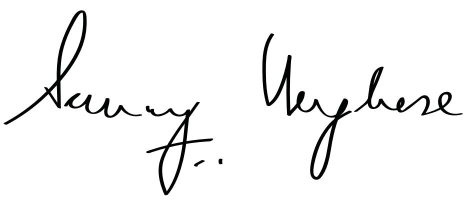
Having already embarked on the Strategy we are also committed to exploring all options to maximise value for our shareholders. We are in the process of appointing financial advisors to explore various options, for example by organising and repositioning our portfolio so that it is more easily understood by investors and analysts, and unlock the hidden value of the business. This exercise is expected to be completed by Q4 2019.

A collaborative effort

But of course, we can only generate long-term value with the dedication of Olam's 74,500 strong team worldwide. 2018 was not an easy year and yet our people have remained resilient, engaged and focused, with much discretionary effort. I also want to call out the teams in the businesses that have been deprioritised – their continuing hard work and motivation to succeed is recognised and we reiterate that we will be supporting them over this Plan horizon for the best possible outcome.

I thank our shareholders for their continuing support and endorsement of our refreshed Strategy. I also thank our Board for their counsel, with particular thanks to Ms Rachel Eng and Mr Mitsumasa Icho who have stepped down from the Board – their expertise has helped us to become the company we are today. At the same time we welcome Mr Kazuo Ito as Non-Executive Director, as nominated by Mitsubishi Corporation.

As we embark on this new Strategy, there are many challenges in our sector but there are also huge opportunities for those companies willing and able to re-position themselves and respond ahead of the curve to this rapidly changing landscape. We will offer a unique combination to our customers, a huge portfolio and network of upstream and supply chain sourcing, coupled with food and fibre manufacturing to the highest food safety and quality standards. Truly a global food and agri-business. Together with our many partners, from customers to capital providers, NGOs to government agencies – who also all deserve our extended thanks - we have a bright and re-imagined future ahead of us.



Sunny Verghese
Co-Founder and Group CEO

Our business model

Where we participate and the value we create across our 7 Capitals

What we do

What sets us apart

Our businesses

Farming and plantations

Selective upstream

e.g. almonds, black pepper and palm oil

We have expanded upstream where we see the grower having an increasing share of the profit pool. These are also areas where we can build a significant cost advantage resulting in attractive returns.

Our vision is to be the 'world's best planter' and we are applying the highest standards in sustainable development, with the aim of creating 'net positive impacts' for Olam, communities and the living world.

Supply chain

e.g. cashew, cotton, garlic and rice

The breadth and depth of our origins and our closeness to farmgate: in 30 years we have built an enviable network of farmers and cooperatives, working with them on the ground to improve yields, quality and incomes. This is coupled with expert teams, skilled in logistics, risk management and securing supplies for customers.

Processing and ingredients

Selective mid/downstream

e.g. cocoa powders, tomato pastes and fortified biscuits

We have invested in processing facilities around the world that are close to source and close to customers, supported with R&D and backed by market insights.

Our Packaged Foods Business in Africa stems from the strength of our unique capabilities related to the management of food supply chains and the common distribution network that we have built over nearly 3 decades for related commodities across the continent.

Edible Nuts and Spices

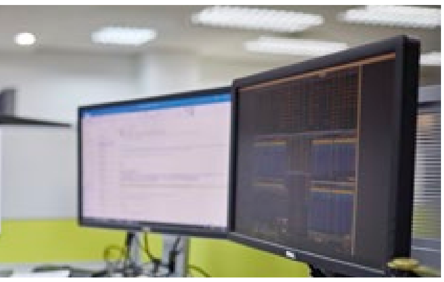
Confectionery and Beverage Ingredients

Food Staples and Packaged Foods

Industrial Raw Materials, Infrastructure and Logistics

Commodity Financial Services

The value we are creating long-term



Financial Capital

An enduring business where profits and Purpose are aligned, delivering strong returns for shareholders.

S$5.3B

tangible book value

see page 40

Manufactured Capital

Safe products from safe environments.

S$852.8M

total gross cash capex

see page 76

Human Capital

An inspired and high-performing workforce that is re-imagining the agri sector for the better.

397,000

hours of training for employees

see page 80

Social Capital

Sustainable supplies for customers from prosperous farmers boosting rural economies.

445,900

smallholders supported

see page 85

Natural Capital

A regenerated living world that is able to support the needs of the future within Planetary Boundaries.

599,000

hectares protected[1]

see page 92

Intellectual Capital

A talented and agile business finding solutions for customers and the sector.

AtSource

pioneering sustainability solution

see page 101

Intangible Capital

A reputable partner of choice to those who can help scale programmes and achieve our vision.

50+

sustainability programme partners

see page 104

1. Includes forestry, palm, almonds, coffee and other plantation/farming operations

Jill Houk is corporate research and development chef for Olam Spices, and has written books including *The Essential Dehydrator* and *The Complete Soda Making Book*

Key trends driving our strategy

1. Right-for-me

Olam spices up ingredients with natural flavours

“Spices are punching above their weight. Americans and Europeans are embracing heat and unusual flavour combinations.

Take ‘sweet heat’ Mexican hot chocolate made with cinnamon and guajillo pepper, a lightly spiced chilli that accentuates the cinnamon without overwhelming it. We’re even seeing spice perk up more traditional meals like breakfast, such as jam infused with cayenne or spiced maple syrups, even garlic.

Authenticity is valued especially in ethnic street food dishes – with such a broad and integrated sourcing portfolio we can offer ‘deep indigenous spices’ – the high spice level found at the heart of countries of origin.

But ‘authentic’ spices can come with manufacturing challenges. The R&D team responded to customer requests for a more palatable high-heat chilli pepper ingredient for sauces by reducing the heat measurement of Scorpion chillies from 1 million to 50,000 Scoville Heat Units. The milder blend ensures better heat consistency and customers no longer have to wear respiratory equipment during the handling process!

Then you have customers looking for innovation. Plant proteins like pea are growing in popularity but they often have flavours that may need some masking and would benefit from some onions, garlic and cumin.

Also the reduction and replacement of sugar with spices versus artificial sweeteners is very much on-trend. The sugar content in rich and sweet Thousand Island Dressing can be reduced by substituting red pepper purée for the chilli sauce and ketchup.

As for colour, we have such a vibrant natural palette to choose from – which can be sold with a ‘clean label’. With plant-based proteins, like a cashew cheese, colouring with turmeric and paprika can bring it closer to the dairy-based equivalent which attracts the consumer.

And with ownership or active engagement from the Olam Spices team at every stage of the supply chain, our integrated involvement helps to ensure comprehensive food safety and integrity for our many customers.”

Olam Spices: Real ingredients. Grown responsibly

20

product lines for spices and herbs

#1

global supplier for dried onion, garlic and chilli

50+

years of proprietary seed research and plant breeding

5

countries with manufacturing operations – China, Egypt, India, Vietnam and USA

Read more: COO Review, Edible Nuts and Spices on page 54

Read more: Olam Investor Insights: Olam Spices: Replicating Success Across Regions: https://www.olamgroup.com/investors/investor-library/olam-insights/issue-2-2017-olam-svi-replicating-success-across-regions.html

Read more: Olam Spices Women in Ag series https://olamspices.com/

Ufuk Özongun, Country Head Turkey, and co-founder of Progida Hazelnut Processing Company acquired by Olam in 2011. He is a board member of the Istanbul Hazelnut Exporters Association

Key trends driving our strategy

2. Right-for-the-planet

Global consumption of nuts needs to double

"Edible Nuts were already an exciting category to be in before we even read the report from the Eat Lancet Commission earlier this year.*

*The authors are looking to set the first scientific targets for a healthy diet that can be grown within the earth's available resources given they are already under so much pressure: "Transformation to healthy diets by 2050 will require substantial dietary shifts. Global consumption of fruits, vegetables, nuts and legumes will have to double". And this is on the back of tree nuts consumption growing around 60% between 2006 and 2016 according to INC**.*

The major drivers? Firstly, a continuing recognition of the health benefits by consumers – almonds are relatively well known, but take hazelnuts, they are a source of vitamin E, manganese, copper, omega-6 and antioxidants. Secondly, manufacturers are innovating with exciting ingredient formats – from snacking to low glycaemic cereal bars, butters to milks – almond milk is now joined by cashew milk. Consumers are also increasingly willing to pay a premium for nuts with a low environmental and high social impact.

Olam is unique in being able to offer the largest variety of nuts from all major origins, all-year-round and backed by extensive farmer and worker livelihood programmes as we have in Turkey for hazelnuts under Olam Progida and cashew. The Cashew team can offer traceability right from the Raw Cashew Nut farms to the shelf and are the largest supplier of Organic and Fairtrade. We also provide extensive processing capabilities, turning raw nuts into customised ingredient formats using advanced technologies to keep the flavour and nutritional values intact. Our new almond blanching and ingredients facility in Vietnam is hitting quality, yield and efficiency targets. In the USA, our Peanuts team is producing peanut pastes, granulated ingredients and dry roasted peanuts from a unique configuration of shelling, blanching and manufacturing assets. As for walnuts, we offer hand cracked walnut halves from both northern and southern hemispheres for that year round supply, then they are processed and packed in modified air packaging to ensure they get to our customers without losing quality.

Within the portfolio, we have edible seeds, last year adding 'super foods' chia and quinoa. Sesame is also processed in Turkey under Olam Progida.

Truly, with our portfolio, we have a strong opportunity to give consumers what they want: products Right-for-the-Planet, Right-for-the Producer and Right-for-Me."

Olam Edible Nuts: Largest variety, all-year-round

9

nuts and superfood varieties

19,000 HA

of orchards operated

75,440

smallholders receiving sustainability support

30

manufacturing plants

300+

years in leadership team industry experience

Read more: COO Review, Edible Nuts and Spices on page 54

Read more: Olamgroup.com/products/edible-nuts.html

Notes:

* https://eatforum.org/eat-lancet-commission/

** International Nut and Dried Fruit Council

Key trends driving our strategy

3. Right-for-the-producer

Increasing farmer resilience

"Cocoa has been a part of who I am since my first job in a cocoa processing factory over 35 years ago. I've come to know cocoa farmers across every continent and lead the development of a business in my native country with the largest procurement network for sustainable cocoa.

Côte d'Ivoire accounts for over 40% of world cocoa bean production. The trees are grown by around a million smallholder cocoa farmers, on tiny farms, where running water and electricity are luxuries. Deforestation is a major issue facing the industry but it's inherently bound up with poverty as farmers encroach to grow more. We must ensure that we tackle both together – to source cocoa that is both Right-for-the-Producer and Right-for-the-Planet. We are therefore focused on 3 key areas:

***Sustainable production and farmer livelihoods** – we have many long-standing programmes across the world but technology today is driving greater impact potential. As part of our goal to achieve 100% traceable cocoa volumes from our global, direct origination supply chain by 2020, we have scaled up our range of digital mapping tools. By recording data like labour and agricultural practices, as well as farm size and distance to infrastructure, we can issue farmers with tailored Farm Development Plans, delivering advice based on data about their farm – something they just never had.*

***Forest protection and restoration** – this includes helping to preserve and rehabilitate 460,000 ha of classified forest here in Côte d'Ivoire.*

***Social inclusion and community engagement** – such as partnerships to improve access to education for children.*

We also shouldn't under-estimate the importance of investing in processing in countries where cocoa is grown. Our year-round presence on the ground and our processing facilities give farmers visible market access. Having managed cocoa processing facilities in Europe, I'm pleased to now be closer to the farmers.

From our ultra-modern factories in Abidjan and San Pedro, we produce single origin cocoa cake, cocoa masses and cocoa butters under our Unicao brand. These ingredients, with their distinctive West African flavour, become part of recipes worldwide. And this journey is one that we can now map for customers across multiple sustainability metrics for more informed interventions – Côte d'Ivoire being the first cocoa origin on AtSource."

Olam Cocoa: Creating a sustainable cocoa supply

#1

originator of cocoa beans and leading processor of cocoa ingredients

650,000

cocoa farmers in global sourcing network

228,000+

cocoa farmers in sustainability programmes

11

cocoa processing facilities worldwide

6

cocoa and chocolate ingredient brands (deZaan, Macao, Joanes, Britannia, Unicao and Huysman)

Read more: COO Review, Confectionery and Beverage Ingredients, page 60

Read more: https://www.olamgroup.com/products/confectionery-beverage-ingredients/cocoa.html

Catalina Gonzalez, Head of Sustainability and Differentiated Coffee, Olam Agro Colombia S.A.S.

Key trends driving our strategy

4. How I live and consume

Coffee: The story behind every cup

"As a native Colombian, coffee runs through my veins. And that's before I start my job each day looking for the most outstanding Colombian coffee to sell to our discerning customers. Our Colombian portfolio includes regional and own brands from our famous Dulima profile to exotic and complex varieties like Geisha, which find their way into homes, cafés and restaurants around the world. In fact, the trend for specialty coffee is driving out of home consumption with an emphasis on experience. In 2017, 46% of coffee in the USA was consumed outside the home while 59% of all coffee consumed by North Americans is specialty.*

Brands and coffee shop roasters are therefore looking to Olam to cater to multiple consumer demands, but this can impact cost and earnings variability. So Olam's Big Data Analytics team employs algorithms to analyse both historical purchase data and social media posts on trending coffee flavours. We can then respond quicker to shifts in buying behaviour as well as recommend alternate grades or aromas.

Specialty Coffee is also characterised by the direct relationships with the farmers that grow the crop – offering a story behind every cup, bringing the origin closer to consumers. With more people drinking coffee that comes at a higher price premium, the credit extends beyond the barrister, to the roaster and producer too.

This was exactly the rationale behind the initiative 'Tip the Farmer', launched last year in partnership with ELAN RDC, Bean There Coffee Co., and Motherland Coffee Co. Tips, payable at the till or online, allow coffee drinkers to recognise the role of the farmers behind their cup. For the smallholder farmers in Democratic Republic of Congo and Burundi, it provides a necessary financial boost, with the aim of increasing their revenue and funding better education, agronomy and community developments.

Our coffee customers will be able to track the impact of social programmes like this, as well as the environmental footprint of their products, through Olam's new sustainable sourcing solution AtSource. We are proud that coffee from Brazil and Vietnam, are 2 of the first supply chains available on AtSource. Colombia will come online soon!"

* Specialty Coffee Association (SCA)

Olam Coffee: Connecting roasters to the finest green coffee

20

sourcing origins with direct presence

56,000

farmers receiving sustainability support

4

single estate plantations certified by Rainforest Alliance/UTZ and 4C (Brazil, Laos, Tanzania and Zambia)

2

major instant coffee processing plants (Spain and Vietnam)

Read more: COO Review, Confectionery and Beverage Ingredients, page 60

Read more: https://www.olamgroup.com/products/confectionery-beverage-ingredients/coffee.html

Supramaniam Ramasamy, President and Global Head of Plantations

Key trends driving our strategy

5. How it's produced

Precision palm production

"The past year marked key progress on our palm plantations in Gabon since we first began our development 7 years ago. Olam Palm Gabon[1] has become the first RSPO[2] certified new planting producer of palm oil in Africa. We anticipate our certified volumes will double in the year ahead as more trees reach maturity. At the same time, we are focused on implementing practices to optimise productivity.

The scale of opportunity brought by advances in digital and big data, mean that we can respond to variables more accurately and more swiftly by adopting precision agriculture practices that improve yields, make best use of resources and reduce impacts. Digital apps and dashboards enhance worker productivity and provide timely management intervention.

From automated weather stations located across the plantations, we linked up climatic forecast data with a tensiometer system on a 126-hectare drip irrigated trial plot, and this prescribes exactly the right amount of water and nutrition for the trees giving us an impressive 89% improvement in yield.

Meanwhile, our trial of a mechanised spraying and fertiliser application has seen a 3-fold and 14-fold increase in productivity and uniformity respectively. We are now aiming to reach more than 10,000 ha by end-2019.

Access to aerial imagery via drones has been a game changer – we are seeing the benefits of this technology on our almond orchards, as well as on our palm plantations. Our GIS team monitors crop health, as well as our protected High Conservation Value areas (HCV) of forest and savannah – about the size of Singapore – and can alert our 64-strong HCV team in Gabon to control illegal activity. The drones are also monitoring the integrity of riparian buffer in the conservation area – critical for securing clean water resources for all users and creating corridors for wildlife.

These innovations and best practices are shared via our global Plantations Community of Practice – with almonds, black pepper, palm, rice, coffee and rubber all learning from each other. This Community's ambition is to see Olam become the 'world's best planter' – it drives our every move, getting more crop from less land and essentially re-imagining agriculture for the better."

Olam Palm Gabon: Sustainable plantations

1st

certified new planting producer in Africa

55,385 HA

RSPO certified to date

31,500 MT

of certified sustainable palm oil in 2018

2

palm oil mills, 1 kernel crushing plant, 3 refineries, 1 processing unit

72,000 HA

protected as High Conservation Value areas

Read more: COO Review, Food Staples and Packaged Foods, page 64.

Read more: 2018 Palm Annual Progress Report: www.olamgroup.com/content/dam/olamgroup/products/food-staples/edible-oils/edible-oils-pdfs/sustainable-palm-annual-progress-update-feb-2018.pdf

Notes
1. Olam Palm Gabon is a joint venture with the Republic of Gabon (RoG), 60:40 Olam:RoG
2. RSPO: Roundtable on Sustainable Palm Oil

Olam Direct is a disruptive digital initiative of Olam which is challenging the status quo. Through digital tools, Olam is disintermediating complex agriculture supply chains by directly reaching smallholder farmers. In Indonesia, where there are over 80 collection centres and over 800 micro collectors, Olam Direct reached up to 40,000 farmers in 2018. Here, an Olam farmer lead is receiving cocoa at Banjar Negeri collection centre in Pesawaran, Lampung, Indonesia, through digital scales which capture data directly on the Olam Direct mobile phone app for greater reliability.

Delivering value through the Capitals

This is our second integrated Annual Report using the Financial and Non-Financial Capitals approach through which we aim to communicate to our stakeholders the full range of factors materially affecting our ability to create value over time, and our stewardship of those factors. In doing so, we aim to show how we recognise the connectivity and interdependencies between the Capitals, and the importance of integrated Capitals thinking to minimise negative trade-offs which may affect our business and stakeholders in the near or long-term.

We have accordingly aligned our Human, Social and Natural Capital reporting with the 10 Material Areas under our Sustainability Framework which seeks to deliver the 3 outcomes of our Purpose to **Re-imagine Global Agriculture and Food Systems**. In turn, these Material Areas are aligned to the UN Sustainable Development Goals to which companies are increasingly being asked to demonstrate their contribution (see page 15).

This section begins with our Financial Capital creation – the COO review of 2018. Please also refer to our Financial Statements Report with comment from our CFO, Muthukumar N.

Our Capitals

Financial

page 40

The value we derive for our shareholders and the investments we make

Manufactured

page 86

The equipment, tools and infrastructure to serve our customers safely, consistently and efficiently

Human

page 80

The talent, skills, dedication and inspiration of our workforce, and our responsibility to keep them safe

Social

page 85

The relationships we forge and nurture with suppliers as well as communities where we operate

Natural

page 92

The land, water, biodiversity and other ecosystem services for crops to grow

Intellectual

page 101

The knowledge and IP that we create and use to keep us ahead

Intangible

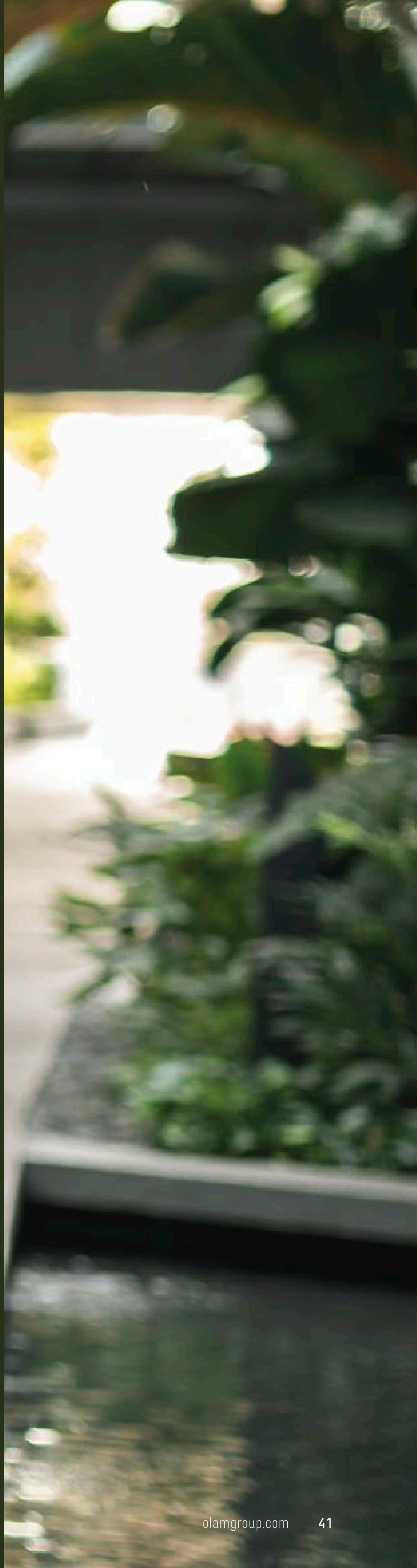
page 104

The trust in our brand and our reputation which helps establish multiple stakeholder partnerships

Stronger balance sheet and cash flow position

We have grown our volumes and revenues, whilst managing our balance sheet very prudently. Our continued working capital optimisation initiatives, along with disciplined and targeted capital expenditure, while executing on planned divestments, have enabled us to deliver significant free cash flow to equity of S$1.1 billion and improve net gearing to 1.32 times.

A. Shekhar
Executive Director and Group COO



Summary of financial and operating results

We grew volumes 45.9% year-on-year from 22.5 million tonnes to nearly 33 million tonnes in 2018.

Our financial performance in 2018 was below our expectations and was lower as compared with our strong financial and operating performance in 2017. This was amid tough market conditions, particularly in the second half.

PATMI in 2018 declined 40.1% to S$347.8 million primarily due to the S$149.2 million one-off exceptional income we recorded in 2017 on the sale of 50.0% stake in our sugar refinery business in Indonesia, as well as the sale of farmland assets in the USA. On an Operational PATMI basis without the exceptional income, we were at S$346.6 million, down 19.7% from 2017.

In terms of volume, we grew 45.9% year-on-year from 22.5 million tonnes to nearly 33 million tonnes in 2018 with most of this growth coming from Food Staples and Packaged Foods segment, particularly from Grains trading volumes.

Our Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) declined 6.9% to S$1.2 billion in 2018 as improved performance from Cocoa, Packaged Foods and Wood Products was offset by lower contribution from Peanuts, Coffee, Rice and Dairy businesses. Segment wise, all but the Confectionery and Beverage Ingredients segment posted lower EBITDA in 2018 compared with the prior year. A review of the segmental performance is on pages 54 to 75.

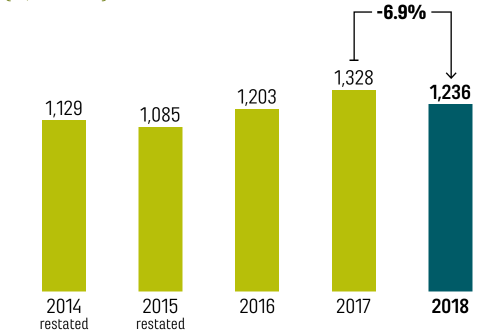
“Improved performance from Cocoa, Packaged Foods and Wood Products was offset by lower contribution from Peanuts, Coffee, Rice and Dairy businesses.”

Financial Performance

S$ million	2018	2017	% Change
Volume ('000 MT)	**32,867.6**	22,534.6	45.9
Revenue	**30,479.0**	26,272.5	16.0
Net gain/(loss) in fair value of biological assets	**61.3**	(15.3)	n.m.
EBITDA	**1,235.8**	1,327.9	(6.9)
Depreciation & Amortisation	**(392.8)**	(380.7)	3.2
Net Finance costs	**(468.8)**	(465.6)	0.7
Taxation	**(52.3)**	(79.2)	(34.0)
Exceptional items	**1.2**	149.2	(99.2)
PAT	**323.1**	551.6	(41.4)
PATMI	**347.8**	580.7	(40.1)
Operational PATMI	**346.6**	431.5	(19.7)

Known for its blue packaging, richness of milk, unique biscuit design and great taste, Perk Milk Shortcake has become a household name with Ghanaians.

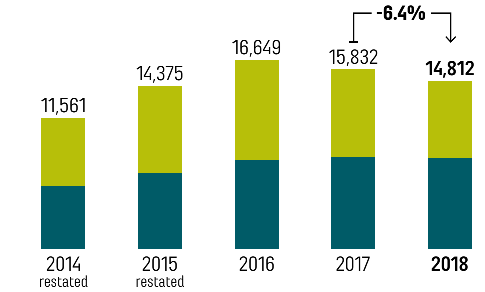
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
EDITDA/IC	9.8%	8.4%	7.7%	8.2%	**8.1%**

However, there was a significant reduction in Invested Capital by 6.4% or S$1.0 billion to S$14.8 billion in 2018 compared with the previous year on lower fixed capital and working capital. We reduced fixed capital by S$159.5 million due to very disciplined and targeted capital spending on prioritised businesses while we executed on the planned divestments, which released S$435.8 million of cash during the year. We also reduced working capital by 11.2% or S$860.7 million, a significant achievement despite the 45.9% and 16.0% increase in volumes and revenues respectively. Our continued capital optimisation initiatives, together with a change in product mix as we traded higher Grains volumes and improved access to supplier credit, helped reduce our working capital usage during the year. As a result, we were able to maintain our EBITDA to average Invested Capital (EBITDA/IC) at 8.1%.

Invested Capital[1]
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
Working capital	6,017	7,653	8,853	7,705	**6,844**
Fixed capital	5,544	6,722	7,796	8,128	**7,968**

1. Invested Capital excludes:
(a) Gabon Fertiliser Project (2018: S$245.4 million; 2017: S$248.0 million) and
(b) Long-term Investments (2018: S$135.8 million; 2017: S$257.5 million)

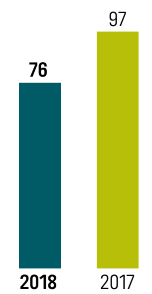
Uses of funds
(S$ millions)

	2018	2017
Fixed capital	**8,349.3**	8,633.2
Working capital	**6,376.4**	7,280.3
Cash	**2,480.4**	1,986.4
Others	**526.2**	309.0

Source of funds
(S$ millions)

	2018	2017
Long-term debt	**6,491.1**	6,927.7
Short-term debt	**4,777.1**	4,660.2
Non-controlling interest	**138.7**	177.4
Equity & reserves	**6,652.9**	6,574.4
Fair value reserve	**(327.5)**	(130.8)

Cash-to-cash cycle
(Days)



Balance sheet analysis

In 2018, our total assets of S$17.7 billion comprised S$8.3 billion of fixed assets, S$6.4 billion of working capital and S$2.5 billion of cash. These were funded by S$6.7 billion of equity, S$4.8 billion of short-term debt and S$6.5 billion of long-term debt.

Compared with 2017, our overall balance sheet shrank by S$476.6 million with a reduction in both fixed capital and working capital. As explained, our working capital came down substantially on continued optimisation initiatives which, along with the change in product mix as we did more bulk volumes with shorter cash-to-cash cycles and improved access to supplier credit, led to our overall working capital cycle reducing from 97 days a year ago to 76 days in 2018.

Cash flow analysis

S$ million	2018	2017	Change
Operating Cash flow (before Interest & Tax)	**1,154.7**	1,369.2	(214.5)
Changes in Working Capital	**930.6**	834.7	95.9
Net Operating Cash Flow	**2,085.3**	2,203.9	(118.6)
Tax paid	**(137.9)**	(82.1)	(55.8)
Capex / Investments	**(417.0)**	(637.4)	220.4
Free cash flow to firm (FCFF)	**1,530.4**	1,484.4	46.0
Net interest paid	**(464.1)**	(464.0)	(0.1)
Free cash flow to equity (FCFE)	**1,066.3**	1,020.4	45.9

Net operating cash flow for 2018 was a healthy S$2.1 billion. We incurred a lower gross capital expenditure (Capex) of S$852.8 million in 2018 compared with S$970.6 million in 2017. Net Capex after disposals and divestments amounted to S$417.0 million in 2018, a reduction from the previous year by S$220.4 million. This led to an improvement in Free Cash Flow to Firm (FCFF) and Free Cash Flow to Equity (FCFE) of S$1.5 billion and S$1.1 billion respectively.

In India our Olam Spices team works with over 1,000 chilli farmers to ensure a traceable supply chain, while also providing training on Good Agricultural Practices.

Our Vietnam cashew processing facilities have shortened process times, minimised control points and incorporated precision grading and sorting. Delivering consistent quality cashews, customised grades and ingredients, as well as kosher and organic certified varieties.

Reduced net debt, gearing

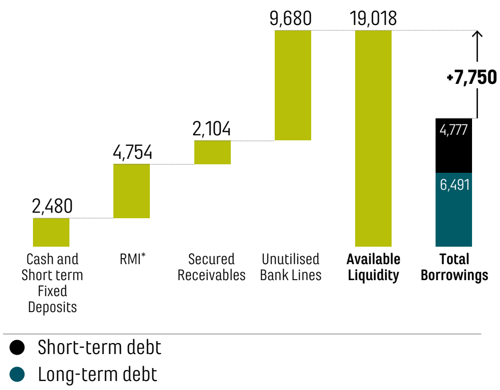
S$ million	2018	2017	Change
Gross debt	**11,268.2**	11,587.9	(319.7)
Less: Cash	**2,480.4**	1,986.4	494.0
Net debt	**8,787.8**	9,601.5	(813.7)
Less: Readily marketable inventory	**4,754.1**	4,539.6	214.5
Less: Secured receivables	**2,103.5**	1,714.8	388.7
Adjusted net debt	**1,930.2**	3,347.1	(1,416.9)
Equity (before Fair Value Adjustment Reserves)	**6,652.9**	6,574.4	78.5
Net debt / Equity (Basic)	**1.32**	1.46	(0.14)
Net debt / Equity (Adjusted)	**0.29**	0.51	(0.22)

Compared with a year ago, net debt came down by S$813.7 million with a significantly lower working capital, reduced gross Capex as well as cash release from divestments. Our net gearing improved to 1.32 times by the end of 2018. Adjusting for readily marketable inventories and secured receivables, our net gearing would be a very healthy 0.29 times compared with 0.51 times in 2017.

Liquidity

We remain comfortable in our liquidity position at S$19.0 billion as at end-2018 including unutilised bank lines of S$9.7 billion, which means a headroom of almost S$7.8 billion over and above our borrowings to meet our repayment and Capex obligations.

Total borrowings and available liquidity
(S$ million as at December 31, 2018)



*RMI: inventories that are liquid, hedged and/or sold forward.

Refinancing and diversifying sources of funds

We kept net finance costs flat at S$468.8 million in 2018 (2017: S$465.6 million) as lower net debt and higher finance income reduced the impact from higher interest rates even as benchmark rates increased.

We continued to refinance our loans at favourable market conditions and diversify our sources of funding. A notable achievement during the year was our breakthrough, innovative US$500.0 million sustainability-linked revolving credit facility – the first of its kind in Asia – that was supported by 15 banks. Unlike a syndicated loan where there is usually a lead bank which structures and arranges the financing, in this club loan format, we self-arranged the 15 participating banks and work in collaboration with them on achieving pre-set sustainability targets. Under this facility, Olam is committed to meet improvement targets for a comprehensive range of environmental, social and governance (ESG) metrics, as assessed by Sustainalytics, a global leader in ESG and corporate governance research and ratings. The metrics are tested on an annual basis and if the pre-set improvement targets are achieved, the interest rate on the facility will be subsequently reduced.

We hope to continue to secure a larger share of our financing from such sustainable channels, while continuing to ensure we remain on target to cover 25.0% to 35.0% of working capital needs through medium and long term sources of funds.

Refinancing in 2018

Date	Description	Tenor	Effective Coupon
26 March	US$500.0 million sustainability-linked RCF	3-year due 2019	–
28 March	US$83.0 million term loan	5-year due 2023	
	US$80.0 million term loan	7-year due 2025	
19 July	US$100.0 million notes	5-year due 2023	4.35%
20 September	JPY20.7 billion (US$183.0 million) term loan	3-year due 2021	
	JPY9.3 billion (US$82.0 million) term loan	5-year due 2023	
28 September	US$570.0 million RCF	1-year due 2019	–
	US$427.5 million RCF	2-year due 2020	
	US$427.5 million RCF	3-year due 2021	

Borrowing mix[1]

(%)

	2018	2017
Bilateral banking lines	**11.3**	33.6
Bank syndication	**50.4**	28.7
Debt capital markets	**38.3**	37.7

1. Excludes capital securities

Strategic Plan update

During the year, we completed the last leg of our 2016-2018 Strategic Plan and executed the following initiatives, which were mainly targeted investments to strengthen our market positions, as well as divestments to release cash:

- Acquired a 30.0% stake in Vietnam's second largest cashew processor Long Son Joint Stock Company for US$20.0 million. The transaction allows us to meet customers' growing requirements for supply of sustainable and traceable cashews across all grades.
- Sold entire 50.0% interest in Nauvu Investments to Wilmar International for US$148.0 million.
- Sold wholly owned subsidiary PT ACE Dalle Kokoa Manufaktur, a company incorporated in Indonesia which held land as primary asset, to PT Mega Khatulistiwa Propertindo for US$14.0 million.
- Acquired 100.0% interest in Inversiones Andinas J&V S.A.C (Andinas) for US$3.5 million. Based in Peru, Andinas is involved in origination, processing, packaging and marketing of quinoa and chia, adding new adjacent products to our Edible Nuts portfolio.
- Announced our intention to acquire 60.0% interest in Cotontchad SN, a state-owned company with exclusive rights to procure, process and sell Chadian cotton and by-products, for US$16.5 million. Currently, this transaction is subject to completion of conditions precedent as per the agreement.
- Acquired 100.0% interest in Ruyat Oil Limited (Ruyat) for US$4.4 million. Ruyat is incorporated in Nigeria with principal activities in sourcing of crude vegetable oil, refining and marketing of refined, bleached and deodorised olein.

Post our announcement of our 2019-2024 Strategic Plan (see pages 20 to 25 for details) in early 2019, we disposed of our entire 51.0% shareholding in Collymongle Ginning Pty Ltd (CGPL) through our subsidiary Queensland Cotton Corporation Pty Ltd (QCC) in Australia, to PJ & PM Harris Pty Ltd (Harris) following an exercise of option for approximately A$4.1 million. (QCC had in 2014 sold down its shareholding in CGPL from 100.0% to 51.0% to Harris.)

Through wholly owned subsidiary Olam Argentina S.A., we also divested of our entire 100.0% equity interest in Olam Alimentos S.A, the company which had been involved in peanut shelling and blanching, to Adecoagro, for US$10.0 million.

We recently acquired 85.0% equity interest in YTS Holdings Pte Ltd, which owns 100.0% of Indonesia's largest cocoa processor PT Bumitangerang Mesindotama (BT Cocoa), from its founding members, Piter Jasman and family, for US$90.0 million. This will expand our processing platform in Asia and enhance our product offering in the region.

These transactions are in line with the new Strategic Plan by divesting select businesses and redeploying capital into proven and high potential growth businesses, such as our peanut shelling, blanching and ingredients business in the USA, integrated Cotton ginning in Africa and the Cocoa ingredients business.

Olam supports cotton farmers in Africa to improve crop yields and product quality, provide seeds, training services, access to agri-inputs and social investments, which in turn improves livelihoods.

> "During 2018, we executed targeted investments to strengthen our market positions, as well as divestments to release cash."

Value chain review and analysis

Overview

	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		EBITDA/IC (%)	
S$ million	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Upstream	**755.2**	584.6	**1,780.3**	1,707.2	**148.0**	188.3	**4,061.2**	3,915.4	**3.7**	4.9
Supply Chain	**27,827.9**	17,089.3	**19,475.8**	15,208.7	**405.2**	450.9	**5,151.3**	5,803.8	**7.4**	7.3
Mid / Downstream	**4,284.5**	4,860.7	**9,222.9**	9,356.6	**682.6**	688.7	**5,599.7**	6,113.2	**11.7**	11.1
Total	**32,867.6**	22,534.6	**30,479.0**	26,272.5	**1,235.8**	1,327.9	**14,812.2**	15,832.4	**8.1**	8.2

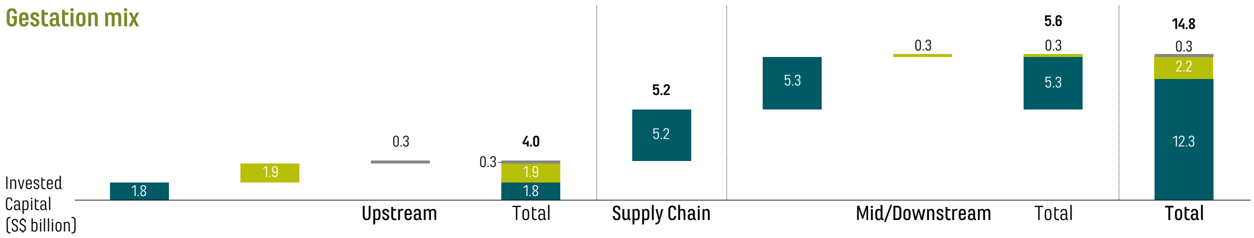
Note:
IC excludes:
(a) Gabon Fertiliser Project (2018: S$245.4 million, 2017: S$248.0 million); and
(b) Long Term Investment (2018: S$135.8 million, 2017: S$257.5 million)

Of the total Invested Capital of S$14.8 billion in 2018, S$2.5 billion was either gestating or partly contributing, which implies that these investments are expected to achieve incremental earnings over time as they grow to full potential.

In terms of value chain activity, S$5.6 billion or 37.8% was invested in the Mid/Downstream segment of the value chain. This compares with Upstream at S$4.0 billion or 27.4% of total Invested Capital and Supply Chain at S$5.2 billion or 34.8%, clearly reflecting that the largest part of our investments is in the Mid/Downstream segment of the value chain.

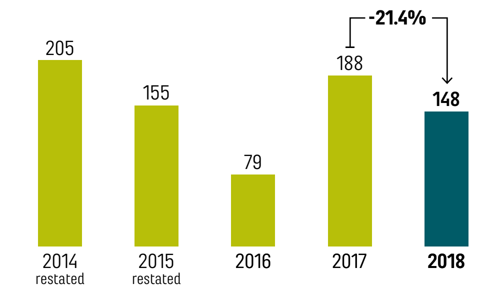
This falls in line with our new Strategic Plan of focusing our growth on the midstream processing and ingredients businesses over the next 6 years even as we continue to balance out the capital that is allocated across the Upstream, Supply Chain and Mid/Downstream segments. We expect capital invested in this segment to increase from the current 37.8% to around 50.0% by 2024.

Gestation mix



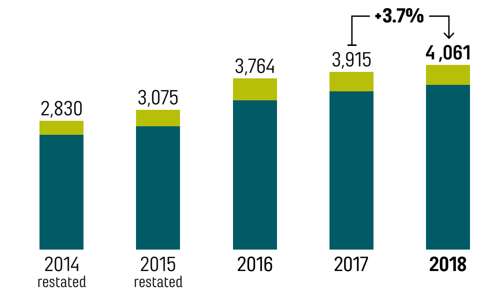
	Upstream Invested Capital (S$ billion)	Upstream EBITDA/IC (%)	Supply Chain Invested Capital (S$ billion)	Supply Chain EBITDA/IC (%)	Mid/Downstream Invested Capital (S$ billion)	Mid/Downstream EBITDA/IC (%)
Gestating	0.3	(1.0)	–	–	–	–
Partly contributing	1.9	1.2	–	–	0.3	0.5
Fully contributing	1.8	6.8	5.2	7.4	5.3	14.6
Total	4.0	3.7	5.2	7.4	5.6	11.7

EBITDA
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
EBITDA/IC	6.6%	5.2%	2.3%	4.9%	**3.7%**

Invested Capital
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
Working capital	304	359	481	429	**436**
Fixed capital	2,526	2,716	3,283	3,487	**3,625**

Upstream

The Upstream segment registered a year-on-year volume growth of 29.2% in 2018. This came mainly from higher volumes in Rice and Dairy farming in Nigeria and Russia respectively, as well as the increase in partially yielding acreage in palm plantations in Gabon. Revenue grew by 4.3% in 2018 on higher volumes.

However, EBITDA fell by 21.4% on lower contribution from peanut farming in Argentina, dairy farming operations in Uruguay, as well as the increased period costs incurred on our partially yielding palm plantations in Gabon, partly offset by better performance in Wood Products from its forestry concessions in the Republic of Congo.

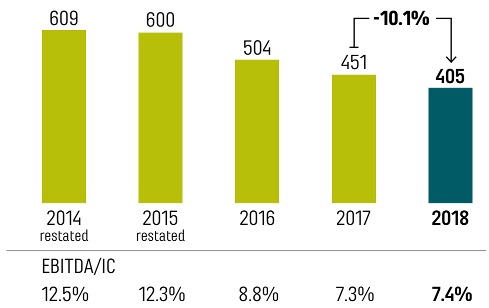
Invested Capital in the segment rose by S$145.8 million from the end of last year, mainly due to the increase in fixed capital with continued investments in the palm plantations. As a result, EBITDA/IC declined from 4.9% in 2017 to 3.7% in 2018.

Of the S$4.0 billion of Invested Capital in Upstream, about S$2.2 billion was partially contributing or gestating. The S$300 million of gestating assets were mainly our rubber plantations in Gabon, which are expected to come into production by 2022.

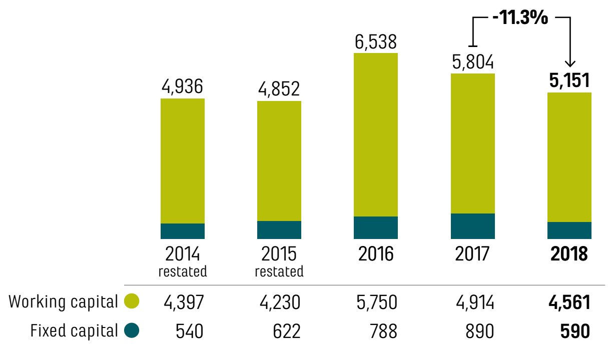
Olam Palm Gabon, a Joint Venture partnership with the Republic of Gabon, is committed to sustainable palm oil production and sourcing, establishing a traceable and transparent palm supply chain.

In Australia, we procure our grain directly from farmers. These grains are traded from our Melbourne office and sold into various Asian and Pacific destinations.

EBITDA
(S$ million)



Invested Capital
(S$ million)



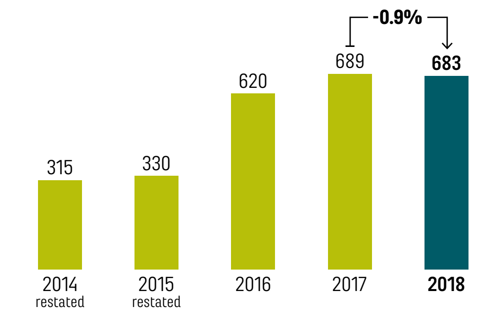
Supply Chain

The Supply Chain segment recorded a 62.8% volume increase in 2018, driven mainly by the significant increase in trading volumes in Grains compared with 2017. Revenue was up 28.1% on higher volumes, moderated by lower commodity prices.

EBITDA, however, declined 10.1% largely due to the reduced contribution from Coffee, Rice and Dairy supply chain businesses.

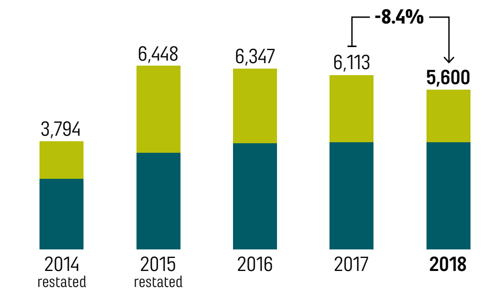
Invested Capital in the segment reduced by a further S$652.5 million in 2018 compared with 2017. This was due to positive impact from the working capital optimisation programme, the change in product mix and better access to supplier credit. EBITDA/IC was steady at 7.4% in 2018 (2017: 7.3%).

EBITDA
(S$ million)



EBITDA/IC				
8.2%	6.5%	9.7%	11.1%	**11.7%**

Invested Capital
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
Working capital	1,317	3,064	2,622	2,362	**1,847**
Fixed capital	2,477	3,385	3,725	3,751	**3,753**

Mid/Downstream

The Mid/Downstream segment saw volumes decline by 11.9% in 2018. This was primarily caused by the normalisation of Cocoa volumes as well as lower peanut shelling volumes in the USA. Revenues were down by only 1.4% as the increase in selling prices of products, such as cocoa ingredients and tomatoes, compensated for the impact of reduced volumes.

The segment held up its EBITDA performance in 2018 as higher contribution from Cocoa, Soluble Coffee, Spices and Packaged Foods was offset by a lower share of results from PT DUS and GSEZ, and reduced contribution from peanut processing, Edible Oils and the Animal Feed business.

Invested Capital was down from 2017 levels by S$513.5 million in 2018, largely arising from the reduction in working capital due to inventory optimisation initiatives for Cocoa and wheat milling. With the reduction in Invested Capital, EBITDA/IC improved from 11.1% in 2017 to 11.7% in 2018.

Filling glass jars with soluble coffee at the SEDA Villamuriel packaging plant in Palencia, Spain.

Segmental review and analysis

Segment	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		EBITDA/IC (%)	
S$ million	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Edible Nuts and Spices	1,690.5	1,691.5	4,312.0	4,492.0	339.9	438.4	3,609.9	3,603.9	9.4	12.1
Confectionery and Beverage Ingredients	1,836.3	2,063.6	7,129.8	8,136.8	444.0	327.7	4,935.1	5,347.0	8.6	5.7
Food Staples and Packaged Foods	27,104.3	16,909.3	14,506.3	9,767.1	288.8	359.7	4,577.9	4,678.3	6.2	7.8
Food Category	**30,631.1**	**20,664.4**	**25,948.1**	**22,395.9**	**1,072.7**	**1,125.8**	**13,122.9**	**13,629.2**	**8.0**	**8.1**
Industrial Raw Materials, Infrastructure and Logistics	2,236.5	1,870.2	4,530.9	3,876.6	176.2	197.3	1,571.7	2,104.9	9.6	9.1
Commodity Financial Services (CFS)	N.A.	N.A.	–	–	(13.1)	4.8	117.6	98.3	(12.1)	3.8
Non-Food Category	**2,236.5**	**1,870.2**	**4,530.9**	**3,876.6**	**163.1**	**202.1**	**1,689.3**	**2,203.2**	**8.4**	**8.8**
Total	**32,867.6**	**22,534.6**	**30,479.0**	**26,272.5**	**1,235.8**	**1,327.9**	**14,812.2**	**15,832.4**	**8.1**	**8.2**

Note:
IC excludes:
(a) Gabon Fertiliser Project (2018: S$245.4 million, 2017: S$248.0 million); and
(b) Long Term Investment (2018: S$135.8 million, 2017: S$257.5 million)

Products from our Packaged Food Business – like Tasty Tom tomato paste and Royal Feast Rice – are sold in stores and markets throughout West Africa.

Through our subsidiary, Queensland Cotton, Olam has built strong relationships with growers in Australia for whom we provide marketing, ginning, classing, warehousing, logistics and seed marketing.

Edible Nuts and Spices

"EBITDA fell by 22.5% against the strong results achieved by the Edible Nuts business in 2017."

The Edible Nuts and Spices[1] segment reported similar sales volumes in 2018 as in the previous year. Its revenues however declined 4.0% mainly due to lower prices across multiple products in the segment.

EBITDA fell by 22.5% against the strong results achieved by the Edible Nuts business in 2017. During the year under review, the Edible Nuts business had a lower EBITDA primarily due to lower contribution from the peanut business. The peanut farming operations in Argentina were adversely impacted by drought conditions during the crop season and floods at harvest, which significantly affected yield. The operating conditions were also exacerbated by currency devaluation. The peanut business in the USA recorded lower shelling volumes amid an oversupplied market. With the sale of the peanut shelling operations in Argentina to Adecoagro in early February 2019, we will therefore cease peanut farming operations in the country.

The Spices business posted a higher EBITDA in 2018 compared with 2017 as our USA dried onion and garlic, pepper grinding in Vietnam, spices trading in China and India as well as our dried onion processing in Egypt, did well. The tomato processing business, while still in negative territory, reported lower losses during the year.

2018 volume

1,690.5
('000 metric tonnes)

EBITDA

339.9
(S$ million)

Revenue

4,312.0
(S$ million)

Invested Capital

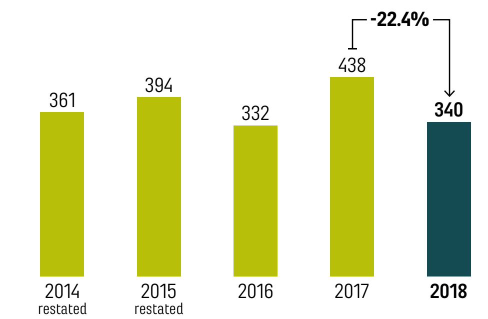
3,609.9
(S$ million)

1. Renamed from Edible Nuts, Spices and Vegetable Ingredients

Invested capital in the segment was relatively unchanged compared with 2017. The increase in working capital on higher Edible Nuts inventory was compensated by a reduction in fixed capital. Fixed capital declined with the sale of land assets in the USA, partly offset by our investment in cashew processor Long Son in Vietnam.

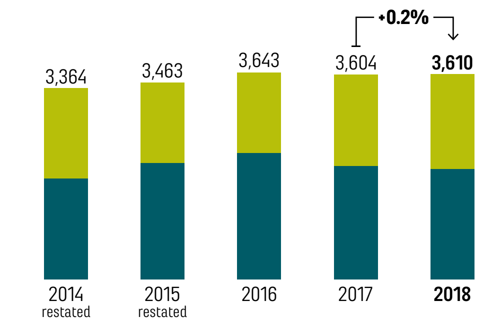
EBITDA to average invested capital (EBITDA/IC) for the segment declined from 12.1% in 2017 to 9.4% in 2018 on lower EBITDA.

EBITDA
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
EBITDA/IC	10.3%	11.5%	9.3%	12.1%	**9.4%**

Invested Capital
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
Working capital	1,587	1,415	1,421	1,608	**1,666**
Fixed capital	1,777	2,048	2,222	1,996	**1,944**

Investing in our Capitals for long-term value

Farming and plantations

Australian almonds grow with the wind

Natural Capital

- In one of the first agreements of its kind in Australia, Olam is harnessing wind power for its planted almond orchards which covered almost 12,000 ha in 2018
- A 10-year deal for access to secure cost-effective renewable power offsets Olam's grid electricity consumption, reducing emissions and costs.

'Carb currency tool' for California nuts

Natural and Intellectual Capital

- The California almond, pistachio and walnut agronomists are undertaking an agri first by working with UC Davis Carbohydrate Observatory to better understand non-structural carbohydrates (starch and sugar) and how they behave within the tree during specific growing periods
- Ascertaining a way to measure immediately available carbohydrates, versus stored non-structural carbohydrates, can help improve yields from a physiological perspective by better predicting bloom time, production levels, and cultural practice/chemical input impacts.

> "Measuring the 'carb currency' of a nut-producing tree gives us a huge advantage in making the right calls and providing our trees with exactly what they need."

Kaushal Khanna, Sr. Vice President
Olam Edible Nuts

Farming and plantations

Pepper planting for living landscapes

Natural, Social and Human Capital

- In Brazil, black pepper vines grow across more than 350 ha in rural Bahia. A 'cover crop' is grown specifically between the vines for its ability to conserve the physical and biological aspects of the soil, reducing pesticide and herbicide use, and is a natural mulch for weed control. The plantation also uses the most technologically advanced drip irrigation in the world, achieving major water and energy savings compared to a central pivot irrigation system
- In Vietnam, as in Brazil, the 150 ha plantation is creating significant employment opportunities in a very rural area – the 350-strong workforce will be scaled up to 1,000 by 2021 (about 35% are women). The Brazil plantation has also been voted 2 years in a row as a Great Place to Work Certificado Brazil 2018. Meet some of our experts in the Women in Ag series here: https://vimeo.com/303403307
- To regenerate the surrounding landscape in Vietnam, 450 ha of forest tree species will be planted by 2020.

First almond yield map for improved financial and natural resources visibility

Intellectual and Natural Capital

- Mapping variability in yield across the almond orchards in California has been a key part of the strategy to improve yields while conserving water and reducing chemical inputs. Traditional methods of collecting this kind of data include 'load cells' being installed on harvesters and calibrated to send gross weight data up to the 'Cloud'. This 'direct' method, although feasible, is costly and includes highly sensitive load cell technology to work in a harsh environment
- Instead, cumulative stress analytics were achieved through a trial at an Olam ranch in 2018 where flights were scheduled over the season and used to correlate the cumulative stomatal conductance (water stress) to potential yield losses in the field
- Using Ceres imagery the team was able to produce the first ever yield map, identifying low performing areas caused, for example, by over or under irrigation, or changes in soil structure. Solutions included adjustment of pressure valves in the field, manipulation of irrigation schedules tailored to specific areas of the orchard, and variable rate application of soil amendments to target areas that need the most help.

We are committed to reducing our environmental footprint and supporting the communities where we operate. This includes investing in state-of-the-art irrigation systems and creating pollinator habitats for orchards like this one in California, USA. We are also working with the Almond Industry Boards of both Australia and California to participate in industry-wide sustainability initiatives.

AtSource Plus Garlic and Onion helps overcome consumer 'Big Ag' concerns

Olam Spices was one of the first 4 Business Units to launch AtSource in 2018 with onions and garlic from large-scale contract growers in California.

While many Olam supply chains and linked sustainability initiatives support smallholders in developing countries, there is still a need to step up improvements on farms, in farming communities and processing facilities in more highly developed nations.

Equally, customers and consumers still look for reassurance about farming practices in their country. There are misconceptions that all large-scale farmers pollute the planet with overuse of pesticides and other chemicals, as well as an impression that farms are nameless and faceless industrial entities. AtSource allows Olam Spices to tackle these issues head on and tell the true story of their USA farm suppliers, as well as what makes Olam operations unique.

AtSource Plus offers onion and garlic customers 100% traceability. The digital dashboard packages the environmental and social impact information surrounding the supply chains and presents it in a useful, customised format that customers can draw on in their marketing efforts and annual reports. Olam Spices can also use this information to shine a light on the efforts being undertaken to make farming in the USA more resilient and sustainable in the face of changing environmental conditions.

Read more: www.atsource.io

Improving cashew yields and income

- By providing training focused on tree density, pruning, good weed management, bush fire prevention and optimal post-harvest techniques, Ivorian farmers in the Sustainable Cashew Growers Programmme (SCGP) have improved yields from an average of 509 Kg/Ha in 2015 to 620kg/ha in 2018
- Since 2011, over 19,000 farmers have been trained with the support of Olam, Fair Match Support and IDH – The Sustainable Trade Initiative. The SCGP Programme is amongst the first AtSource supply chains.

> "Olam was the first organisation to provide training to us about cashew production. Thanks to the techniques learned, we have been able to considerably increase our farm yields and the quality of our production. In the 2010 years, it was hard to even get 300kg/ha."

Kini Datie, 61 year old cashew farmer from Tchêlêkro village, Côte d'Ivoire

Supply chain

USA onions in Egypt meet EU traceability and taste needs

Social and Intellectual Capital

- With Egypt supplying the EU with dried onions, Olam Spices is replicating the success of its California operations by developing a fully traceable and sustainable supply in the country, using the proprietary, high solids white onions developed in the USA
- Providing an Onion Grower Guide to farmers, the team monitors the crop, with support provided to grower field staff on plant science, soil improvement, food safety, good labour practices and more. Climate resilience is enhanced through mini weather stations.

An agri labour contract first for Turkey

Social and Human Capital

- Turkish hazelnut farmers are dependent on a large workforce but significant labour rights issues occur. Since 2014, Olam Progida has worked with the Fair Labor Association (FLA), and others, to improve standards with FLA monitoring
- Following FLA recommendations, Olam Progida instigated contractual agreements between farmers, labour contractors and seasonal migrant workers – a first not just for the hazelnut industry but for Turkish agriculture
- This achievement was linked to the Esmahanim Role Model Sustainable Village, a hazelnut village in the Black Sea region, which also focused on improved living conditions for workers, female empowerment, environmental stewardship by the farmers and improved income for farmers
- Olam Progida's target is to convert most of its sourcing villages to Sustainable Villages by 2030. This is essential given that in the combined supply chains of Olam and another hazelnut company, the FLA 2017 assessment still "found that 12% of workers at the visited farms were underage (younger than 16) – similar to FLA findings in 2016 (11 percent)." The FLA said: "… the results show the challenges in improving deeply rooted systemic issues, especially with a largely migrant family workforce. The results suggest that company efforts must continue and must be strengthened." Read more here: http://www.fairlabor.org/sites/default/files/documents/reports/hazelnut_executive_summary_turkey_2017.pdf
- Also read the 2018 report on the US Department of Agriculture Guidelines for Eliminating Child Labor and Forced Labor in Agricultural Supply Chains: www.fairlabor.org/report/lessons-learned-during-flas-pilot-project-turkey

Processing and ingredients

Mock trial for almonds safety awareness

Human Capital

- Olam Almonds Australia took part in an intense mock court session aimed at reinforcing safety awareness and culture
- The mock trial, covering a simulated fatal forklift injury, saw qualified prosecutors and lawyers drilling participants on their knowledge and execution of safety standards.

Sesame team awarded for safety

Human, Intangible and Manufactured Capital

- The Nigeria sesame processing plant was conferred the National Safety Award by the Federal Ministry of Labour and the National Industrial Safety Council. The plant recorded 3.3 million man hours without incident since 2015
- In Turkey, the Samsun plant achieved BRC certification. An R&D centre is being established to make correlations between the characteristics of various varieties of sesame seeds for the best possible end use. This includes making 'tailor made' recipes and blends for Tahini clients. Widespread origin reach means Olam Sesame is able to offer the best value Tahini to customers, without compromising on profile. Further the team made significant progress on producing 'non browning' varieties without processing agents for the bakery industry. Olam Sesame also continues to lead on lowering water consumption.

Energy grants for Spices and Tomatoes

Natural and Manufactured Capital

- Olam Tomatoes received a grant from the California Energy Commission to fund a renewable solar hot water project, resulting in an annual reduction of 332 MT CO_2e
- Olam Spices also received a grant for an electric onion toaster project at the Firebaugh facility. The project supports California's electrification efforts and will replace the current natural gas fired toasting capability.

Tomatoes innovation goes rustic

Intellectual, Manufactured and Natural Capital

- Responding to customer demand, the Olam Tomatoes team designed and launched a premium pasta sauce using fresh vegetables as a differentiator in the cluttered USA market
- Over 12 weeks, the team designed and produced 5 variants, introducing a special thermal process route to ensure food safety of fresh vegetables. The 'Rustic Cut' range achieved a significant profit increase in its second year.

Spices and Tomatoes derive Financial Capital from better waste management

Natural Capital

- Over the last 3 years, the California-based plants for Olam Spices and Olam Tomatoes have achieved a 95% waste to landfill reduction through a robust waste management initiative that has resulted in cost savings of US$900,000. 2,875 tonnes of organic waste was reused for livestock feed, dog food and compost/fertiliser.

In the USA, Olam Edible Nuts provides peanut toll-processing services and manufactures peanut ingredients such as dry roasted peanuts, dry roasted peanut granules, peanut paste, peanut butter, and peanut butter variegate in their 4 process locations that are strategically located in the 3 key peanut production regions. In this picture, members of the R&D/ Technical Team at the Edenton, NC location analyse a sample of peanut butter for both consistency and fineness of grind.

World Bank and Olam trial helps female cashew workers increase savings and provides greater incentive to work

Human, Social and Manufactured Capital

In Côte d'Ivoire, Olam partnered with the World Bank to create financial autonomy for workers at the Dimbokro and Toumodi cashew processing units. Many female workers in Sub-Saharan Africa feel pressured to share their income with family networks – a forced or pressured redistribution known as a 'kin tax'. Knowing they will not be able to keep their full earnings, many experience low motivation in the workplace.

Initial results from the study show this effect can be reversed when workers have access to personal bank accounts where they can discretely save a portion of their earnings and thus protect it from familial pressure. The World Bank Policy Brief states: "Workers offered the direct-deposit commitment savings account increased labour and productivity earnings by 10%, which translates into an 18% increase for workers who opened an account."

In addition to the personal employee benefits, the study indicates that tackling forced income redistribution through the use of financial services can benefit the employer and the economy as a whole. Finding the trial a success, Olam is now identifying other facilities around the globe where workers, particularly women, could benefit from a similar initiative. Read more: http://documents.worldbank.org/curated/en/119451545023411016/pdf/132959-BRI-PUBLIC-ProductivityBriefFINAL.pdf

Overcoming processing challenges

Despite Africa being a major origin for cashew, processing occurs primarily in Asia due to lack of infrastructure, skills shortage and other challenges.

In addition to providing sustainability support to more than 56,000 cashew smallholders in Africa to improve yields, quality, environmental stewardship and livelihoods, Olam is the only major processor to have invested heavily in dedicated cashew processing facilities in Africa, including Côte d'Ivoire, Nigeria and Mozambique. In Côte d'Ivoire the team advocates for other processors to set up facilities and help the Government achieve its ambition of processing 100% of its cashew crop domestically.

> **"We need to continue supporting companies such as yours that add value in several ways to local products. You are at the forefront of quality in cashew processing. We would always like to be aware of the challenges you face so we, as Government, can timely intervene."**

Victor Borges, Governor of Nampula Province, Mozambique, visiting the processing facility which employs up to 1,400 people

Confectionery and Beverage Ingredients

The Confectionery and Beverage Ingredients segment recorded a 11.0% reduction in volumes on normalised Cocoa volumes in 2018 versus higher sales throughput in 2017 due to a significant working capital optimisation exercise undertaken during that year.

Revenues for the segment also went down by 12.4% due to the reduction in Cocoa volumes and historically low coffee prices.

In spite of lower volumes and revenues, the segment recorded a substantially improved EBITDA, growing by 35.5% during 2018 as the Cocoa business performed exceptionally well, both in supply chain and processing operations, compensating for the weaker results from Coffee. The deep downcycle on green coffee prices, which started in the second half of 2017, led to difficult market conditions that impacted the Coffee supply chain business adversely throughout the year. Meanwhile, our Soluble Coffee business in Vietnam and Spain continued to do very well as increased capacity was fully sold out during the year.

> “The Cocoa business performed exceptionally well, both in supply chain and processing operations.”

Invested capital in this segment continued to ease in 2018 by a further S$411.9 million compared with a year ago in 2017. This was primarily due to both Cocoa and Coffee reducing their working capital by better optimisation and good inventory management as well as lower prices during the year.

With an improved EBITDA on lower invested capital, EBITDA/IC for the segment increased from 5.7% in 2017 to 8.6% in 2018.

2018 volume

1,836.3
('000 metric tonnes)

EBITDA

444.0
(S$ million)

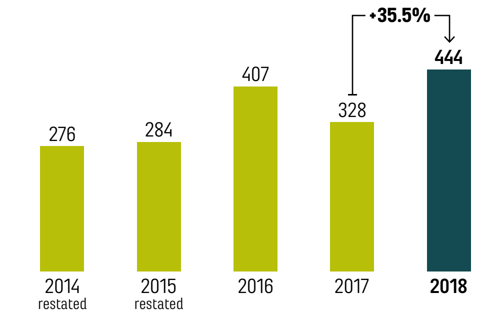
Revenue

7,129.8
(S$ million)

Invested Capital

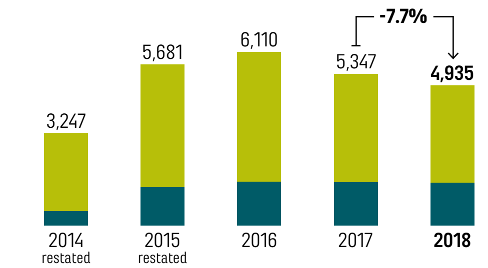
4,935.1
(S$ million)

EBITDA
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
EBITDA/IC	9.9%	6.4%	6.9%	5.7%	**8.6%**

Invested Capital
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
Working capital	2,745	4,330	4,569	3,819	**3,434**
Fixed capital	501	1,351	1,541	1,528	**1,501**

Investing in our Capitals for long-term value

Farming and plantations

Olam Coffee helps develop Cool Farm Tool for reduced GHG emissions in agriculture

Natural Capital

- Conventional management of residue (i.e. water, pulp) from washed coffees causes large greenhouse gas emissions (GHGs). Rather than store wet pulp in heaps, Olam Coffee plantations in Laos, Tanzania and Zambia, now return it directly to the field for (i) soil organic matter build up, (ii) improved nutrient recycling, and (iii) decreased GHG emissions. Organic-rich water from the washing station will be irrigated back on to fields for reduced GHGs and mulching
- Olam Coffee supported research partners (Sustainable Food Lab, CCAFS-CGIAR, NUI-Galway) as part of the Cool Farm Alliance to understand and map the importance of these material flows for GHG emissions. Olam's input helps strengthen the Cool Farm Tool which is the industry's standard for carbon foot-printing.

Brazil Coffee Rainforest Alliance award

Natural Capital

- The Milano plantation in Brazil was awarded "High-Performance Sustainability Farm" by Rainforest Alliance. The plantation protects 1,175 ha of High Conservation Value area. The audit covered biodiversity and resource conservation, livelihoods and welfare
- Also, at Milano, the team reduced chemical fertiliser through combining coffee husks with chicken manure from a nearby farm, reducing costs and increasing the organic matter. Equally, when regenerating some areas, the team studied the nutrient profile of the soil and broke down the old coffee stock, incorporating a total of 20 MT per hectare of organic carbon, improving nutrient availability for the newly planted bushes.

Supply chain

Brazil and Vietnam Coffee go AtSource

Social and Natural Capital

- As 2 of the first supply chains in Olam to launch AtSource, Brazil and Vietnam will serve international coffee customers for both AtSource Entry Level and AtSource Plus
- In Daklak, Vietnam, 100% of the farmers earn additional money from producing at least 2 crops, compared to just 24% at the start. By training farmers on intercropping coffee with trees like durian and passion fruit, farmers build resilience to unstable coffee prices and rising temperatures. In the last 2 years, thousands of non-coffee saplings have been distributed and market access facilitated by connecting farmers with fruit buyers.

Nespresso ad features Indonesia co-op

Social and Natural Capital

- Coffee smallholders from Aceh, Indonesia, were stars in Nespresso's Master Origin advertising campaign. The Fairtrade cooperative was established in partnership with Nespresso's AAA Sustainable Quality Programme, with 1,800 farmers. As implementation partner, Olam Specialty Coffee provided training in Good Agricultural Practices in order to achieve the consistent high quality and sustainability expected by Nespresso's consumers. Watch more here: www.youtube.com/watch?v=K6W9vl3dQX0
- Meanwhile, farmers in West Java have learned how coffee can help protect forests and mitigate climate impacts through the Nespresso AAA Programme. Read more here: www.olamgroup.com/news/all-news/blog/how-coffee-can-protect-people.html

Photo credit: Will Horner

Olam Specialty Coffee manager, Dadang Hendarsyah, with farmers in West Java, Indonesia

A stepwise coffee approach in Uganda

Social and Natural Capital

- Despite much training, many smallholders are still finding it difficult to implement Good Agricultural Practices and extract full value from them. The Stepwise Climate Smart Investment Pathway (CSIP) unwraps recommended best practices into smaller phased packages, making it more affordable and less overwhelming for farmers
- In Mt. Elgon, Uganda, Olam Coffee is therefore taking this longer-term perspective. Rather than adopting a blanket approach independent of the farmers' readiness for adoption of practices, a tailor-made package of services is likely to better guide farmers and structure their way to invest in their plantations. Given the advances in digitalisation, such assistance will become easier as Olam Coffee progresses in this field
- Read more about the Stepwise approach and its partners here: https://ccafs.cgiar.org/blog/learning-exchange-improved-extension-coffee-farmers#.XJDKgfZ2vTM

Seeing is believing for cocoa farmers

Social and Natural Capital

- Despite viewing Olam Cocoa's demonstration plots, many cocoa farmers lack the confidence to prune their own trees or believe it will reduce crop volume. As well as impacting incomes, a lack of pruning can lead to deforestation as farmers seek more land to increase yields
- The One Farmer, One Acre programme in Ghana arranges for young adults within the farming community to prune an acre of a cocoa farm for a farmer with the labour costs covered by Olam Cocoa and Mondelēz
- At the end of 2018, over 4,800 acres had been pruned involving more than 2,670 farmers. Improvements in yield have also resulted in farmers paying for extra acres to be pruned, which supports the young adults in work. Hear from the farmers on pruning: https://www.olamgroup.com/content/olamgroup/en/home-page/news/all-news/blog/things-i-learned-this-year-pruning-is-emotional.html

Halting deforestation in cocoa supply chains

Intellectual and Natural Capital

- Olam Cocoa is committed to ending deforestation and forest degradation. To date, the business has achieved 100% traceability of its sustainable cocoa supply chain in Ghana and Côte d'Ivoire, and is on track to achieve full traceability of its direct origination supply chain worldwide by 2020
- Olam Cocoa will now be implementing the Olam Forest Loss Risk Index (see Natural Capital section). As defined in the Olam Living Landscapes Policy, within high risk areas, the response will include a blend of:
  - On-the-ground investigation
  - Detailed mapping of farms in each area using the Olam Farmer Information System, while working alongside Global Forest Watch to detect any illegal activity
  - Farmer support and training
  - Increased monitoring, both spatial and temporal
  - Ceasing business with suppliers operating illegally or who continue (legal) deforestation in contravention of the Olam Supplier Code
- As a founding signatory to the Cocoa & Forests Initiative (CFI), Olam Cocoa was the first cocoa company to sign a Letter of Intent with the Ivorian Ministry of Forests and Water, followed by a Memorandum of Understanding, supporting the preservation and rehabilitation of 460,000 ha of forêts classées Rapides Grah and Haute Dodo
- In Ghana, Olam Cocoa is implementing a Partnership for Livelihoods and Forest Landscape Management programme in 5 districts around the Sui River with the local authorities, the Ghana Cocoa Board and Partnerships for Forests
- Read Olam Cocoa's CFI Action Plan (March 2019) here: https://www.olamgroup.com/products/confectionery-beverage-ingredients/cocoa/cocoa-sustainability/case-study1.html

> "Olam Cocoa is taking a leadership position within the cocoa industry by engaging in a collaborative approach to forest restoration in the supply chain in Côte d'Ivoire. The company brings a high level of technical knowledge and an extensive on-the-ground understanding that is critical for balancing the protection of this sensitive area around the Taï National Park with the livelihoods of smallholder cocoa farmers. We look forward to developing the joint plan of action to accelerate our progress towards solving these complex issues."

Alain-Richard Donwahi, Minister of Water and Forests, Côte d'Ivoire

Processing and ingredients

Instant coffee investment in Spain

Manufactured Capital

- In Spain, SEDA Outspan Iberia, Olam's soluble coffee processing facility in Palencia, increased spray-drying capacity for private label instant coffee by 58%. This included replacing 2 extraction batteries with one modern battery
- SEDA also worked closely with the Vietnam instant processing facility Café Outspan, to develop several freeze-dried coffee blends that could be produced in either Spain or Vietnam to better serve global customers
- Further in Spain, SEDA successfully followed new EU legislation to reduce the acrylamide content of soluble coffee while maintaining the coffee's flavour profiles and consumer experience. Applying across multiple food and beverage categories, the new EU legislation aims to mitigate possible health risks as acrylamide is a suspected carcinogen. It is produced when starchy foods are roasted at a high heat.

Consumer trends drive cocoa investments

Manufactured Capital

- Following a 3 year Business Collaborative Agreement, Olam Cocoa finalised preparations to acquire Indonesia's largest cocoa processor, BT Cocoa, with the acquisition finalisation planned for Q1 2019. This will add 120,000 MT of cocoa bean processing capacity and 30,000 MT of cocoa mass pressing capacity. It will also strengthen Olam Cocoa's brand portfolio by adding strong Indonesian national brand BT Cocoa and enable the further development and growth of the Huysman brand. The acquisition will underpin Olam's Cocoa's ability to support growing customer demand in Asia for cocoa ingredients, especially cocoa powder, that meet specific recipe and manufacturing requirements
- Investment in Olam Cocoa's Singapore processing facility further expanded powder milling capacity. Using the best cocoa from origin, this upgrade increases the production capacity of the premium deZaan cocoa powders for supply to the Asia Pacific market
- Meanwhile in Africa, additional steps to streamline and strengthen the supply chain for deZaan TrueDark natural cocoa powder means that TrueDark is both crafted from Ivorian cocoa beans and processed in origin in Côte d'Ivoire
- In response to the growing global preference for non-allergenic ingredients in product recipes, in 2018 Olam Cocoa also completed the process of replacing soybean lecithin in lecithinated cocoa powders with non-allergen sunflower lecithin.

Food Staples and Packaged Foods

Food Staples and Packaged Foods segment posted volume and revenue growth of 60.3% and 48.5% respectively in 2018. This was primarily driven by the growth in Grains trading volumes.

EBITDA was, however, lower by 19.7% compared with a strong 2017 performance. This was mainly due to reduced contribution from the Dairy, Rice and Edible Oils businesses. While the upstream operations in Russia did well, the farming operations in Uruguay experienced drought conditions, leading to higher feed costs. The Rice business reported lower earnings as it reduced merchandising volumes into Africa due to intense competitive pressures in the market. Edible Oils had higher period costs charged on our partially matured palm plantations in Gabon, an absence of income from Nauvu after the sale of the joint venture as well as margin compression in its processing operations in Mozambique.

Sugar had a steady performance in 2018 despite recognising only 50.0% share of refining income from joint venture PT DUS after we sold half of our stake. It overcame the difficult trading conditions which persisted for most of the year with higher trading income.

“Volume and revenue grew 60.3% and 48.5% respectively in 2018, primarily driven by the growth in Grains trading volumes.”

2018 volume

27,104.3
('000 metric tonnes)

EBITDA

288.8
(S$ million)

Revenue

14,506.3
(S$ million)

Invested Capital

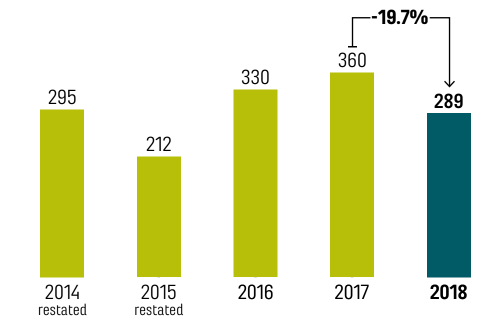
4,577.9
(S$ million)

While the wheat milling business had a better year, the Animal Feed business in Nigeria had a lower than expected EBITDA due to competitive margin pressures. Packaged Foods turned the corner in 2018 with strong positive EBITDA and market share gains in both Nigeria and Ghana.

Invested capital came down by S$100.4 million compared with 2017 mainly due to continued optimisation initiatives, change in product mix and improved access to supplier credit, all of which reduced the impact on working capital despite the nearly 10 million-tonne increase in Grains volumes.

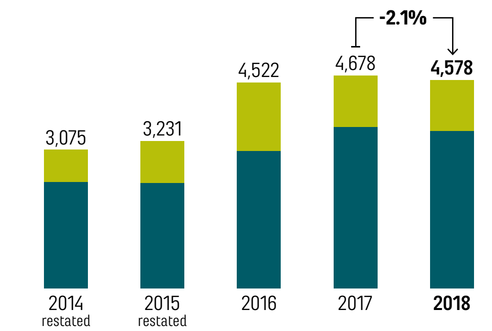
As a result of the above, EBITDA/IC for the segment declined from 7.8% in 2017 to 6.2% in 2018.

EBITDA
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
EBITDA/IC	8.8%	6.7%	8.5%	7.8%	**6.2%**

Invested Capital
(S$ million)



	2014 restated	2015 restated	2016	2017	2018
Working capital	709	915	1,498	1,131	**1,118**
Fixed capital	2,366	2,316	3,024	3,547	**3,460**

Investing in our Capitals for long-term value

Farming and plantations

Vet and farmer focus drives AFP success

Manufactured, Human, Intellectual, Social, Intangible Capital

- Since the inauguration of the integrated poultry farms, animal feed plant and hatchery in Nigeria in 2017, the Animal Feeds and Protein (AFP) business has achieved some major firsts in African poultry production
- 140 qualified veterinarians are employed in our own breeder farms and operations to ensure high quality implementation of poultry farming and biosecurity practices. This focus on animal health and food safety was strengthened in July when AFP signed a Memorandum of Understanding with Ceva Santé Animale S.A., a leader in poultry vaccines, to further develop production in Nigeria
- A joint committee will explore:
  - Upgrading the Veterinary Diagnostic Lab to become a reference lab for Sub-Saharan Africa
  - Development of private labs in other regions for cost-effective and timely diagnostic support for poultry and other animal husbandry farms
  - Training on latest techniques, with an option to extend to select customers
  - Research projects with other scientific partners for deeper epidemiological evaluation of diseases and appropriate solutions for Nigeria
- The business also has established a contract farming model, supplying feed, vaccines and veterinary support to 25 farms rearing point-of-lay birds. Farmers testify this has helped to bridge their knowledge, skills and capacity gaps, improving productivity and income
- The success of AFP contributed to Olam Nigeria being declared the Most Innovative Company in Agriculture: Value Chain by Business Day Research & Intelligence Unit (BRIU).

Closing the loop: Rusmolco makes use of waste

- Rusmolco is a one of the market leaders in milk production in Russia, with 150,000 ha of land assets engaged in feed production and crop farming. Dairy farming is often associated with negative impacts on the environment due to mishandling of manure and fertilisers which can degrade/contaminate local water resources, rendering farm land unusable or infertile; and the loss of ecologically important areas, such as prairies, wetlands, and forests etc
- Rusmolco has implemented a full cycle of production with responsible manure disposal. On average, a cow produces twice as much manure as milk every day. Hence disposal of such large quantities of waste in an environmentally responsible way is a major challenge for dairies across the world. Rusmolko puts the manure to use – separating the liquid and solid portions. After being treated in bio-reactors, the solid portions are used as bedding for the cows which is far more natural compared to inorganic bedding such as rubber mats. (The compost is both environmentally friendly, healthy and comfortable for cows.) The liquid portion is re-distributed through several technologies (irrigation pivots, spreaders, tankers etc) on fields as organic fertilisers in place of chemical fertilisers.

Aquafeed app monitors ROI for Nigerian fish farmers and Olam

Intellectual and Social Capital

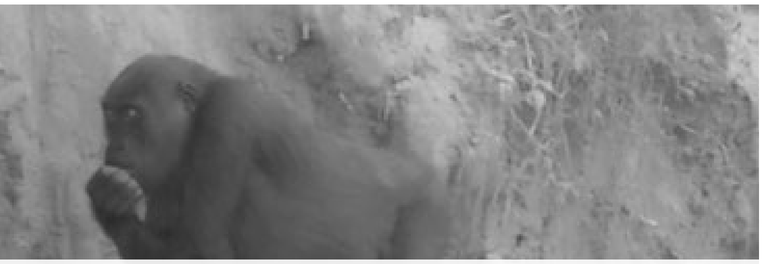
- Olam Animal Feeds & Protein (AFP) business has a team of Aquaculture Technical Executives (ATEs) spread across Nigeria who regularly interact with fish farmers. As valued customers of Olam, the farmers receive customised technical advisory services on farm management from their respective ATE
- Overcoming Nigeria's connectivity challenges, Digital Olam and the Aqua Feed business developed a bespoke mobile web-based solution:
  - **Farmer mobile app:** allows farmers to capture data in real-time, including impact of different feed brands, water quality, and fish mortality, even without internet connectivity. The app also shows the 'weight increase trend' for the fish and the 'feed conversion ratio' achieved. Farmers can calculate ROI and compare their return on feed brands for improved income
  - **Mobile app for the ATEs**: monitors day-to-day progress of each participating farm and advises farmers accordingly. They can also capture sales data and farm visits. The notification and reporting features enable them to manage farms and track sales performance
  - **Mobile app for Olam Managers:** to monitor farm and ATE performance
- This solution will help AFP capture higher market share while pioneering technology in the Nigerian fish farming community.

Rare bird species find safe haven in rice fields

Throughout the origins that Olam operates in, there is a strong focus on creating and maintaining living landscapes to protect and encourage biodiversity, for instance with responsible use of agri-chemicals.

In 2018, the Rice team in Nigeria published the findings of a 26-month field study on the bird life inhabiting Olam's paddy fields. By identifying particular species, their numbers and food chains, the study presented a clear picture of the positive effect of Olam's Rice farming operations on the bird life in the region.

Drawn to an abundant and safe food supply, the growing populations and rare sightings of non-native species – such as the Forbes Plover pictured – are a reassuring sign that these rice fields and surrounding habitat provide a safe and attractive landscape where birds and other wildlife can thrive. Some species also serve a useful role in keeping rice pests and rodents at bay.



Protecting Gabon's animals and habitats

Olam Palm Gabon (OPG) implements an extensive biodiversity plan to protect iconic species including gorillas (pictured – a pregnant female), chimpanzees and elephants living in the forest around the plantations. Eco-guards patrol against poaching.

Olam has partnered with the Commonwealth Scientific and Industrial Research Organization (CSIRO) to develop a Vertebrate Pest Detect and Deter (VPDaD) sensor that uses light and noise to divert elephants safely back into the 72,000 ha of protected High Conservation Value areas and prevent intrusion into the plantations.

By the end of 2018, nodes had been deployed across the plantation, as well as being connected to a mobile network to enable online monitoring. In addition to protecting the crop, the monitoring will help protect employees, particularly those working on the edges of the plantation who may encounter passing elephants. Tragically one employee died as a result of such an encounter.

The efforts made by OPG to establish sustainable palm oil plantations and protect biodiversity, while operating in a highly forested nation like Gabon, were discussed in a National Geographic feature on palm oil in December 2018 which is available here: https://www.nationalgeographic.com/magazine/2018/12/palm-oil-products-borneo-africa-environment-impact/

Also in 2018, the team pushed forward with ground-breaking new work to test an integrated HCV-HCSA methodology in the Makouke concessions (which were cleared and planted from 1960 onwards by other companies). The assessment was initiated in March 2017, as a precautionary approach to ensure we uphold our commitments on HCV and HCS.

The Makouke HCV assessment report was submitted in April to the Quality Panel of the HCV Resource Network Assessor Licensing Scheme (ALS), and the review process was successfully concluded in December 2018 (a requirement for any new plantings under RSPO's New Plantings Procedure). Additionally, in December 2018 the team voluntarily submitted a High Carbon Stock Approach (HCSA) report to the HCSA Steering Group for quality review. Summary reports are on the ALS and HCSA websites. Olam is also actively participating in the RSPO's No Deforestation Joint Steering Group (NDJSG) which aims to develop procedures for high forest cover landscapes, such as Gabon.

Our 2018 update on our Sustainable Palm Oil Policy commitments and road map was issued in February 2019. It covers our plantations and third party trading business, and key aspects such as development, supporting communities, labour practices, grievances and traceability.

Read more:
www.olamgroup.com/content/dam/olamgroup/products/food-staples/edible-oils/edible-oils-pdfs/sustainable-palm-annual-progress-update-feb-2018.pdf

Supply chain

Empowering female Indian sugar farmers

Social Capital

- To encourage climate-smart practices in sugarcane farming in India, Olam, together with NGO Solidaridad, major brands and International Finance Corporation (IFC), developed training programmes specifically targeting women. Over 400 women from 150 villages attended a dedicated session on farming techniques, water saving practices and agronomy
- This was part of a broader sustainable sugarcane programme in Maharashtra and Madhya Pradesh to safeguard production amid increasingly unpredictable rainfall patterns
- Convincing women, who make up 60% of the sugarcane farming workforce, to take part was challenging due to deep-seated traditional mindsets and cultural norms on gender roles
- Building the knowledge of these women farmers has not only improved their livelihoods but helped to reduce the gender gap in sugarcane farming.

Through training in Good Agricultural and Labour Practices, Olam Sugar helps smallholder farmers in India, to reduce their water consumption while increasing yields.

Working with partners for sustainable rice in Africa and Asia

Natural, Social and Intangible Capital

- Nearly 30% of cereal (milled rice included) is lost through breakage, spillage, as well as attacks from rodents, insects, mould and bacteria. Production is where most loss happens, but poor processing, transportation and storage also result in rice being spilled or spoiled before reaching consumers or, in many cases, impacting the farmers' own food security
- In Nigeria, as part of an outgrower programme around Olam's commercial rice farm and integrated mill, Olam and partners have been working with around 16,700 smallholder rice farms to improve yields for the domestic market and reduce dependence on imports
- In 2018, with research partners Sustainable Food Lab and Wageningen Research Centre, Olam brought together farmers, field coordinators and women's groups, to quantify rice losses as part of the Rockefeller YieldWise Food Loss initiative. A key task was to first establish a complete picture of where losses occur from farm to mill
- At peak harvest time at the end of 2018, the group undertook a pilot study with field observations, farmer surveys and direct value chain measurements across 80 rice farms in 4 states. Farmers acknowledged some of the current practices that make measurement difficult, but also the value in undertaking such measurements
- Indicative losses have been quantified at about 35% with major hotspots in the initial harvesting stages. For farmers, this equates to an income loss of about US$520 per ha[1]; for Olam Rice Nigeria, a major procurement opportunity loss, and for Nigerian consumers, 97 million servings of rice. The pilot provided a testing ground on how to scale and replicate this approach in other Olam value chains
- During 2018, the Nigeria Rice Outgrower Initiative was recognised by the Financing for Sustainable Development Office of the United Nations as one of 3 high impact success stories identified for global recognition by the United Nations Economic & Social Council
- Across Thailand, Vietnam, and Indonesia, alongside governmental partners, Olam is advancing the Better Rice Initiative Asia (BRIA phase II), with the number of participating farmers increasing by 120% to 3,300 in 2018. The farmers are implementing solutions under the Sustainable Rice Platform (SRP) to reduce chemical usage, improve incomes and help Olam's Rice customers connect better with their consumers through farmers' success stories. Hear from one of the farmers: www.olamgroup.com/products/food-staples/rice/rice-sustainability.html
- The programme's popularity with farmers is leading to expansion with budgets approved to reach 10,500 Asian farmers by end of 2019. Additionally, Olam has launched a basmati project in India, trialling solutions with 300 farmers
- Through multiple initiatives in 5 Asian and African countries Olam aims to reach 150,000 farmers by 2023 with training and support under the Sustainable Rice Platform (SRP). Alongside partners like German development agency Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), IFAD, FMARD, and the Thai Rice Department, we can achieve greater scale.

1. Based on 2017 rice paddy price and volumes

Processing and ingredients

Olam Grains Nigeria first in Africa to achieve FSSC 22000 certification for wheat milling

Manufactured and Intangible Capital

- Food safety, quality and integrity have been the manufacturing priorities for Olam Grains and its wheat milling operations in Cameroon, Ghana, Nigeria and Senegal
- In Nigeria, Olam Grains produces wheat flour, semolina and pasta at mills in Lagos, Port Harcourt and Warri. In 2018, it achieved FSSC 22000 certification – the first flour mills in Sub-Saharan Africa to do so.

Olam Grains re-engineers packaging for food safety and shelf-life

Manufactured and Intellectual Capital

- Olam Grains undertook extensive risk analysis to improve the food safety of semolina and ensure fresh product for Nigerian consumers
- This included re-engineering its semolina packaging to be hermetically sealed with high barrier plastic – the first time this has been done for semolina in Nigeria. This process enhances quality and shelf-life while reducing food waste.

From left to right: Mrs Taiwo Ubany, Quality Assurance Manager, OK Foods Limited, accepting the Pure Bliss award for Africa's Most Outstanding Premium Quality Biscuit Brand, 2018; Ms Olaitan Osunbunmi, Brand Manager, Biscuits Category, OK Foods Limited; Dr. Stanley Ohenhen (Ph.D, FIPMD), Managing Partner, Laureate Consults Limited and Chairman Organising Committee.

New premium high fibre biscuit for Ghana

Manufactured, Intellectual and Social Capital

- Nutrifoods Ghana Ltd, jointly owned by Olam and Sanyo Foods, launched its first premium oats digestive biscuit for the adult health segment under its new health brand Nutrisnax. Made from oats and whole wheat, it is high in fibre and devoid of trans-fat
- Other biscuits for the healthy eating and snacking category include a sugar-free cream cracker under the Royal Cracker brand.

Quality and brand power awards for Pure Bliss

Manufactured and Intangible Capital

- PFB's Pure Bliss biscuit range was awarded Africa's Most Outstanding Premium Quality Biscuit Brand of 2018 at the African Quality Achievement Awards (AQAA) in September
- In November, it won the BrandPower Golden Icon Award 2018 for Best Market Penetration in Biscuits Category in Nigeria
- Launched in 2016, Pure Bliss with its differentiated offerings and an advertising tagline "Light up your Day", is today a household brand in Nigeria, on a par with premium international offerings in terms of taste, quality and packaging.

Tasty Tom taps into growing demand for convenience in Nigerian cooking

Manufactured, Intellectual and Social Capital

- After extensive research among Nigerian women looking to reduce time spent preparing traditional tomato-based dishes, PFB launched the *Tasty Tom Peppe and Onion Tomato Seasoning* mix for the value-added culinary ingredients space
- A blend of tomatoes, chillies, peppers and onions, it serves as a convenient core base for stews, Jollof rice and pasta meals which are hugely popular in Nigeria, and an alternative to fresh tomatoes which are expensive and only available for a few months of the year
- Like Tasty Tom Tomato Paste, the mix is fortified with fibre and enriched with Vitamins A, D, E and K, as well as iron – important for addressing malnutrition.

Industrial Raw Materials, Infrastructure and Logistics

> "Invested capital in 2018 decreased significantly by S$533.2 million on continued inventory optimisation initiatives undertaken by Cotton."

The Industrial Raw Materials, Infrastructure and Logistics segment grew volumes and revenues by 19.6% and 16.9% respectively in 2018 on higher sales volumes from all businesses.

However, EBITDA fell 10.7% on lower contribution from GSEZ, which offset growth from Wood Products and Rubber. Wood Products' forestry concessions in the Republic of Congo benefited from strong prices in Europe and China while our Rubber business, particularly the processing business in Côte d'Ivoire, performed strongly. Cotton held steady during the year.

Compared with 2017, invested capital decreased significantly by S$533.2 million on continued inventory optimisation initiatives undertaken by Cotton, positively impacting EBITDA/IC from 9.1% in 2017 to 9.6% in 2018.

2018 volume

2,236.5
('000 metric tonnes)

EBITDA

176.2
(S$ million)

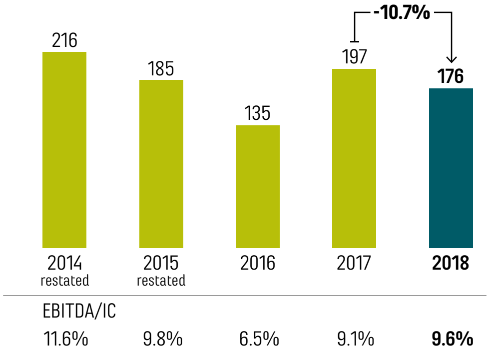
Revenue

4,530.9
(S$ million)

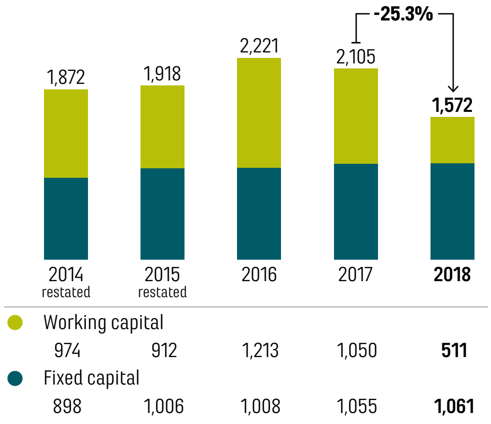
Invested Capital

1,571.7
(S$ million)

EBITDA
(S$ million)



Invested Capital
(S$ million)



Investing in our Capitals for long-term value

Farming and plantations

CIB expands health, education and technology in forestry concessions

Social and Natural Capital

- In September, subsidiary Congolaise Industrielle des Bois (CIB) successfully renewed Forest Stewardship Council (FSC®) certification for 1.3 million ha in the Republic of the Congo, one of the world's largest contiguous FSC® certified tropical hardwood concessions
- FSC® certification verifies CIB's continued progress on protecting wildlife, forests, natural landscapes, and indigenous communities in the region. 25% of the certified forest concession is permanently protected from forest operations. Indigenous communities are able to carry out their traditional hunting and fishing activities everywhere, except in strictly protected areas. 7% of the area is dedicated to agriculture/ agroforestry for communities. The team is also implementing sustainable forest management practices for new concession Enyelle
- In this highly isolated area, CIB has constructed a borehole and 5 kilometres of water piping to convert local spring water into a reliable, safe supply of clean drinking water for over 4,500 villagers. Previously, community residents had no regular access to clean water and had to walk at least 2 kilometres which was unsafe
- Poor access to education in Enyelle has meant high drop-out rates and many families being unable to afford the cost of sending their children to school. CIB is building the first high school for 12 to 18 year olds from the local community. Additionally in Enyelle, CIB supplied 18,000 litres of fuel for generators to provide an improved and regular supply of electricity

- The CIB hospital and health clinics undertook over 20,000 consultations and provided over 2,500 hospital treatments to the local community population during 2018. They also supported the opening of a government-run clinic to improve access to healthcare in Pokola and the surrounding villages. For remote villages and the indigenous population, CIB hired an employee dedicated to improving health and sanitary awareness, and entered into a partnership with the Order of Malta as well as maintaining its support for Project Bwanga, to provide healthcare activities to remote and forest communities
- In September, CIB was one of a number of companies around the world featured in a German documentary which was critical of certification standards. There were no direct allegations, however it raised some points about the impact of logging operations on communities, local ways of life and access to amenities. CIB had already commissioned an impact study to recommend where and how social impact resources could be applied more effectively
- Equally, the team had also been working on minimising the impact of constructing 'skid roads' through digital technology. Built to transport fallen trees to main roads, and then to the sawmills, these roads were previously laid out following a manual walk of the area. A new digital approach uses GPS mapping and customised algorithms to find the shortest route, protect indigenous trees, and minimise damage to young growing trees. By removing the possibility of human error the system is saving time and fuel and is expected to significantly reduce the total distance of skid roads built annually.
- FSC® license codes:
  - CIB Kabo: FSC-C128941
  - CIB Pokola: FSC-C014998
  - CIB Loundoungo-T: FSC-C104637
  - CIB Pokola Loundoungou-T: FSC-C005457

Olam Rubber Gabon employee vegetable garden for improved food security

Human and Social Capital

- Employing more than 1,000 people, Olam Rubber Gabon's (ORG) Bitam operations were the first in the various plantation operations for palm and rubber to start harvesting from the employee vegetable garden
- Growing vegetables can play an important role in cultivating farming skills and improving livelihoods and food security as workers feel confident setting up their own plots – currently Gabon imports around 60% of its food and there is limited agri knowledge among communities
- The non-profit initiative identified hectares to plant bananas, sweet potatoes, aubergines, chillies, lettuce, tomatoes and bananas, with a sale twice a month at reduced cost for the workers
- ORG has also identified several hectares of already matured rubber blocks which can be intercropped with 'Banana Plantain' – a banana variety commonly consumed, and sweet potatoes.

Supply chain

Boosting productivity and livelihoods for Ivorian cotton farmers

Social Capital

- Global cotton consumption is forecast to increase to 27 million tonnes. Today, production is around 26 million tonnes. Africa contributes about 13-14% of international trade. As a fairly robust crop, cotton can be harvested, stored and transported fairly easily from farm to port, making it a common cash crop option for smallholder farmers
- In Côte d'Ivoire, subsidiary Société d'Exploitation Cotonnière Olam (SECO) provided targeted support to more than 16,800 smallholder cotton farmers in 2018 under the Olam Livelihood Charter, from pre-financing and technical training, to healthcare and education
- Initially dedicated to smallholder cotton growers, the SECO literacy programme has evolved to include farming communities. SECO engages a group of volunteers to teach the local youth and women who are unable to go to school, reaching over 3,000 people since 2011
- In November, SECO welcomed international journalists to learn about African cotton and the economic, social and environmental programmes with farmers, and particularly for women. Read more in the UK's Daily Telegraph: https://www.telegraph.co.uk/fashion/style/fashions-cotton-crisis-meet-women-farmers-leading-change/ and in Ethical Corporation here: http://ethicalcorp.com/reaping-rewards-more-inclusive-cotton-production-cote-divoire

Better climate resilience for Mozambican cotton farmers

Social and Natural Capital

- Since 2008, Olam Mozambique has been supporting cotton farmers in Lalaua (Northern Mozambique) in Good Agricultural Practices. A lack of water infrastructure and degraded land conditions compound failure of rainfall in drought. In 2016, a pilot project on climate resilience with IDH, The Sustainable Trade Initiative, began in Namachhilo and Palacua
- IDH explains, "Instead of a single-angled focus such as on the farmer or on cash crop production only, a holistic definition is needed for providing households a variety of tools for empowerment and a greater chance to institutionalise a system change for improved livelihoods". So, in addition to resilience training and infrastructure support, the programme encourages farmers to grow a second crop of vegetables, improving food security, nutrition and income. Read the testimonial from Disciplo Victort: www.idhsustainabletrade.com/initiative/mozambique-climate-resilience-program/
- For a deeper overview of creating a sustainable cotton supply chain in Africa, go to https://www.olamgroup.com/content/olamgroup/en/home-page/investors/investor-library/olam-insights/issue-3-2017-a-model-for-a-sustainable-cotton-supply-chain.html?refer=https://www.olamgroup.com/investors/investor-library.html?source=allnews

Olam's world-class ginning system, in Mozambique, helps improve fibre quality, benefitting both grower and spinning mill.

Olam Rubber undertakes risk-based approach pilot with SAN

Natural and Social Capital

- Sustainable Agriculture Network (SAN) is an international network of NGOs focused on helping companies, producers and donors to move forward with their sustainability agenda in a practical and efficient way
- In November, SAN, and SAN member Centre d'Etudes, Formation, Conseils et Audits (CEFCA), conducted a pilot using a risk-based approach in Olam's smallholder rubber sourcing in Côte d'Ivoire
- The objective was to assess a proposed risk framework for identifying and further characterising key sustainability issues among natural rubber supply chains. The results will be used to further develop Rubber Sustainability Standard criteria for segregating any identified unsustainable rubber from Olam sourcing
- The pilot focused on the most critical issues for sustainable rubber production in Côte d'Ivoire:
  - Deforestation and encroachment on conservation areas
  - Land conflicts
  - Child labour
  - Legal compliance
  - Farmer income
  - Living conditions
  - Pesticides
- A SAN report is available at: https://www.sustainableagriculture.eco/blog/2019/1/24/results-of-the-pilot-with-olam-ivory-coast
- The report states: *"Considering the limited area of primary forests in the country, current low prices for rubber, processing capacity and export quotas, the current overall risk of deforestation for establishing rubber plantations can be considered low… The overall risk of child labour should be considered low to medium."*

> **"As a responsible buyer, Olam will further expand its implementation of the Olam Farmer Information System (OFIS), an in-house mobile application that traces and tracks production information of rubber farmers, with additional data designed based on risks identified through the pilot."**

Nancy de Lemos, SAN Communication and Network Engagement Manager

Processing and logistics

Optimising USA Cotton

Intellectual and Manufactured Capital

- Olam Cotton is a universal supplier of all cotton growths to textile markets. In the USA, the business is diversified across the growing regions of Texas, Memphis, Georgia, California and Arizona with the team operating a complex supply chain from procurement, warehousing and shipping to quality management and allocation of cotton to contracts
- Creating optimal lots for shipments from across more than 350 warehouses has largely been a manual process, so allocation for contract fulfilment, based on agreed quality, poses additional challenges
- Olam's Big Data Analytics team conducted an extensive study based on aggregated inventory data which primarily serve as the key parameters for cotton lot creation and routing. The key findings were used to build a heuristic algorithm that identifies and filters cotton bales; selects bales based on optimal quality groupings; optimises bale counts to maximum permissible weights; and allocates cotton at the lowest cost within expected shipment dates while meeting contract requirements for specific customers and markets
- The result was a robust, plug and play smart algorithm that creates optimal cotton lots across the warehouses, reduces delays and minimises logistical cost and time over-runs. Most of all, it significantly reduces man hours, thereby freeing up teams for higher value tasks.

12 years+ injury free at Moura cotton gin

Human Capital

- In Australia, subsidiary Queensland Cotton has built strong relationships with growers for whom they provide marketing, ginning, classing, warehousing, logistics and seed marketing
- The team is equally focused on its employees and seasonal workers. In 2018, the team hit a major milestone – 4,530 days or 12.4 years without a single lost time incident (LTI).

Infrastructure expertise delivers projects in Gabon

In partnership with the Republic of Gabon and the Africa Finance Corporation, Olam has invested in the development of the Gabon Special Economic Zone (GSEZ), which is developing infrastructure projects including:

- 1,126 ha multi-industry special economic zone in Nkok with 60 operational units and 26 under construction
- 45 ha mineral port undertaken in partnership with Meridiam, an international public infrastructure investment fund. The port was commissioned in January 2017
- 18 ha general cargo terminal in Owendo. The port which started operations in June 2017 handles solid and liquid bulk cargo while STCG, a subsidiary of global logistics player Bolloré Group, operates the container activities under a strategic partnership agreement
- Electrification project to connect rural areas to the national grid, developing a 483 kilometre high-voltage and 180 kilometre low-voltage distribution network
- Project to design, finance, build and operate the new international airport in Libreville under a 50-year concession. GSEZ also manages the current airport in Libreville.

'Gouassou' for SAIC rubber farmers eases pinch income points

Social Capital

- Côte d'Ivoire is the largest exporter of natural rubber in Africa and the team at Société Agro Industrielle de la Comoe (SAIC) sources naturally coagulated, or cup lump, rubber from about 2,000 smallholder farmers
- The SAIC processing facility then manufactures 2 grades of top quality Technically Specified Rubber for international customers
- In the local language, 'Gouassou' means bonus and it helps to address 2 pinch points in the year when rubber farmers are challenged in terms of cash flow. Firstly in April, when fresh tools are required to start tapping for the latex; secondly, in September when school starts and the farmers need to pay for fees and books
- Bonuses included motorbikes, tricycles, tapping tools and safety boots.

Commodity Financial Services

Commodity Financial Services incurred a net loss of S$13.1 million in EBITDA for 2018 (2017: S$4.8 million) mainly due to losses in the Fundamental Fund, which we subsequently closed in the last quarter of 2018.

Compared with 2017, invested capital increased by S$19.3 million with most of it deployed in the funds management business.

EBITDA

(13.1)
(S$ million)

Invested Capital

117.6
(S$ million)

Olam's Commodity Financial Services team offers customers expertise in funds management, developed through our insights in commodity markets and quantitative research capabilities.

Manufactured Capital

The equipment, tools and infrastructure to serve our customers safely, consistently and efficiently

How our management of Manufactured Capital creates long-term value for Olam

- Our business depends on providing safe foods for customers and maintaining their trust (protecting Financial and Intangible Capital)
- It also depends on providing safe workplaces, machinery and transportation for our people and contractors (protecting Human Capital)
- Despite some challenging operating environments, business growth relies on our farming, processing and logistics capabilities being globally competitive, supported by procurement efficiencies and economies of scale
- To increase margins, our Manufactured Capital (with Intellectual Capital) can create additional value through quality and innovation
- By focusing on environmental stewardship we reduce Capital impacts and lower risk of fines.

In the Process Control Lab in the Piraziz Integrated Plant in Turkey, the Quality Control staff are analysing the humidity of the processed hazelnuts according to the customer specifications.

Financial Capital derived from Manufactured Capital in 2018 (may also include other Capitals, e.g. Natural)

2018	2017	2016
32.867 m MT of product procured / processed / transported	22.534 m	14.415 m
Supporting offices and networks in more than **60 countries**		
Supporting **66** large manufacturing plants and **104** processing facilities		
12 Innovation Centres developing new concepts for customers		

How we created Manufactured Capital in 2018

2018
New cocoa processing facility in Bollingbrook, USA
New-build charter vessel replacing previous older vessel (4 in total)
Digital ‘Metrics That Matter’ dashboards live across **70+** facilities for 12 products
Development of e-commerce sites for Edible Nuts and Spices
Tech and digital investments across supply chains for Smart Farms and Smart Factories

Progress against 2016 – 2020 Manufactured Capital Goals

Goal:
Continue to provide safe and reliable foods for our customers

2020 target	2018 achievements	Read more
Providing safe and reliable foods for our customers		
100% of relevant processing facilities to be FSSC 22000 or BRC certified	75% of relevant facilities BRC certified (72% in 2017) **Our progress:** on target	Sesame and Tomatoes – page 58 Coffee – page 63 Grains – page 69

What are we trying to achieve and why?

- Remove or minimise risks at every step of the value chain, including pesticide and herbicide residues, bacteria and moulds, foreign objects and other contamination
- Increase awareness and upskill farmers in food safety, especially smallholders, through training which can also reduce food loss and waste
- Run processing operations in accordance with internationally recognised standards, and implement the systematic preventative approach called Hazard Analysis Critical Control Point (HACCP), which addresses physical, chemical and biological hazards across the operation as a means of prevention rather than relying on finished product inspection.

> "Continued investment in achieving Safety, Health, Quality & Sustainability (SHQ&S) is essential to the delivery of quality products to our customers. While we keep our people safe at work, food safety is paramount – we focus on the highest standards in all aspects of our operations."

Martial Genthon, President and Global Head, Manufacturing Operations, Innovation & Procurement

2018 and 2019 focus areas

The Centre of Excellence for driving long-term value through our Manufactured Capital is led by the Manufacturing and Technical Services Function (MATS), supported by other functions including Digital Olam and IT.

MATS Strategic Roadmap

4 key value drivers: (i) Ensuring Safety, Health, Quality & Supporting Sustainability (SHQ&S) leadership (ii) Enabling BU Growth (iii) Driving capital productivity and (iv) Improving cost efficiency

2018 focused on 5 key outcomes:

1. Deliver on safety agenda

- Continue the momentum on factory safety, expand to warehousing and distribution facilities

2. Mandate Performance management with 'Metrics that Matter'

- Define 'Metrics that Matter' for all BUs across SHQ, innovation, planning, cost and capital productivity
- Enable central governance, create a transparent performance management culture

3. Capture immediate benefits by launching Olam and BU roadmaps

- Bridge gaps in quality and capture benefits from manufacturing and procurement

4. Set foundation in innovation and planning to drive differentiation

- Establish a central team to drive innovation and Sales & Operations Planning (S&OP) starting with select BUs as pilot

5. Build core team and required capabilities

- Assess the current team capacity especially in integrated planning, strategic sourcing and manufacturing excellence; identify new capabilities required to bridge the gap.

2018 Results

Protecting our people every day:

- To achieve vision for An Even Safer Olam, launched the Umbrella Safety Programme
- Increased transparency on safety performance and data reporting improved across facilities. However, fatalities remain a concern as detailed under Human Capital. Focus now will be on continuous improvement programmes, especially regarding work-related vehicle safety, working from height, and behaviour-based safety training.

Commitment to first-class performance:

- Increased performance and 'continuous improvement' mindset as Business and Manufacturing Operations, Innovation and Procurement functions worked together by aligning goals, and rigorously monitoring performance across 70+ secondary processing plants
- During 2019, continue to focus on holistic performance management cascading from management to teams. Digitalisation to further enhance decision making, allowing tangible actions to be driven on shop floor.

Driving a value mindset:

- Significantly over-delivered against 2018 value delivery target. Created major efficiency savings through continuous ideation sessions to design and deliver on initiatives that created value, both top-and bottom-line
- Headway made in non-commodity procurement through increased spend transparency, deeper capabilities, and better leverage of Olam's operational scale
- Transitioned towards digitalised benefit-tracking with clearly defined value delivery guidelines and robust finance governance to sustain impact.

Establishing stronger foundations:

- Developed a standard Olam Sales and Operations Planning playbook as backbone of manufacturing, with pilot roll-outs of several Business Units underway
- Deepened focus in innovation by defining target areas and rolling-out processes to several BUs.

Building a winning team:

- Invested in new capabilities and streamlined ways of working. Deeper engagement and building a future-ready organisation to deliver continuous value to the Business Units and the Group
- Ongoing communication, engagement and cross-pollination of ideas will further lead to success.

A better cup of coffee with IoT

- Throughout 2018, MATS and Digital Olam teams collaborated to improve quality consistency, machine efficiency and cost reduction in manufacturing value streams. Take, for example, coffee. A perfect cup today doesn't just rely on the quality of the beans, or the water and milk, but IoT, the Internet of Things
- Olam Coffee ensures quality consistency in a finished product using IoT and Big Data analytics. In Smart Factories the analytics model recommends values to achieve optimal quality parameters
- The factories are equipped with Smart sensors to monitor performance of critical devices. Placed on industrial appliances, they relay data via Bluetooth to the gateway which then pushes it to the cloud. The results of predictive analytics performed on that data are received by users on a mobile app to take appropriate action. Meaning they are able to avoid unplanned shut-down events and thereby ensuring that our customers can deliver the perfect cup of coffee to their consumers.

Re-engineering spaghetti cartons

Key cost drivers in the Grains pasta business are the laminate pouches used for packaging the pasta bought by Nigerian consumers. Following an ideation session, the pouches were redesigned without compromising food safety or storage ability, giving an increase of 19% more pouches per kilogramme of laminate. Reduced packaging also has a positive impact on Natural Capital.

Recipes of the future

Working closely with Business Units, the Innovation Function is leveraging Olam's scale to build new services through the 12 innovation centres located across Asia, Europe and USA.

The Bangalore Research & Development Centre has been collaborating with the Edible Nuts team to develop recipes and application innovations, such as cashew and almond pastes and edible nut milk for industrial and food service customers. Food service technologists at the Centre also support the Packaged Foods Business, for example with recipe formulation and process optimisation for biscuits. With Olam's ability to supply consistently high quality ingredients in multiple formats, as well as create recipes to excite end consumers, we are well positioned to help customers profit from multiple growth opportunities in the changing consumer landscape.

Smart Factories: How digital is changing the face of processing

	From	To	Examples
Customer and end consumer	Mass produced	Consumer-tailored experience	Made to order personalised product
	Fragmented product information	Real-time farm to fork transparency	Full product and production process information to consumer
Manufacturing and distribution	Static and predefined	Event-based responsive flows	Intelligent planning to optimise unexpected events
	Task automation	Agile human / machine collaborative operations	Automatic materials handling with collaborative robots
Ways of working	Human decision	Machine judgement	Autonomous process decision making based on multi-factor analytics

Smart Factories yield more biscuits

Pure Bliss Milk Cookies are a premium biscuit brand product in Nigeria. Following an increase in consumer demand, there was a need to augment supplies. The Manufacturing Team at OK Foods worked closely with the SAP Continuous Business and Innovation Improvement (CBII) Team and an Operational Excellence plan was launched with significant success:

- Reduction in unaccounted and accounted for losses
- Monitoring through Smart Factory Dashboard and taking action
- Effective Planning and Preventive maintenance
- Investment in training for the line team
- Overall wastage reduction

Blissful results

- Operational Excellence improvement for the production line from 51% to 88%
- 56% increase in capacity per month
- 310% reduction in total losses
- 81% unaccounted loss reduction of cartons per day. (Results are PoC basis a single manufacturing line.)
- The system developed through cross functional teams in the OK Foods plant, with the help of IT, is now being fitted across multiple lines for OK Foods, saving considerable costs.

Human Capital

The talent, skills, dedication and inspiration of our workforce and our responsibility to provide them with a safe and healthy workplace

How our management of Human Capital creates long-term value for Olam

- We depend on the safety, engagement and motivation of our workforce to create sustainable, long-term growth
- Our culture is essential for unifying the organisation, which is so diverse and geographically spread out. It underpins our performance, encouraging innovation, disrupting the status quo and allowing employees to unleash their entrepreneurial spirit
- At every level, talent must be nurtured, as high calibre talent is a source of competitive advantage. Our Communities of Practice are helping us to achieve new competencies, and we are focused on attracting talent with skills from agronomy to cutting edge technologies
- Our leaders understand how best to deliver the strategy, and achieve agreed milestones by empowering their teams within safe boundaries
- Our reputation is built upon what our employees say about us, and their advocacy allows us to attract talent for the future
- Our efforts to ensure human rights are not violated, and that we are considered a fair employer, help us to maintain a harmonious environment
- Under Human Capital reporting we have included **2 Material Areas** from our Sustainability Framework (page 15) **Safe and Decent Work**, and **Health and Nutrition**.

Financial Capital derived from Human Capital in 2018 (may also include other Capitals, e.g. Intellectual)

2018	2017	2016
Team of **74,500** people deliver our volumes and revenues (**38,000** primary and **36,500** secondary)*	72,100 (40,500; 31,600)	69,700 (35,000; 34,700)

How we created Human Capital value in 2018

2018	2017	2016
397,000 people-hours of training	237,000	Not reported
4,480 employees trained on human rights	8,700	2,700
Launch of iQUEST digital learning platform		
CEO-led Core Process workshop on 'The Olam Way' for new managers		

* Changes between Primary and Secondary totals due in part to changes in categorisation. Secondary workforce includes seasonal, casual and temporary, and all contract.

Olam Mozambique celebrating International Women's Day 2018. Our gender split is approximately 29% women for our primary workforce. In 2018, the initiative 'Globally Reaching Olam Women' (GROW) had groups in USA and Africa, with more than 780 women. In January 2019, Olam endorsed the UN Women's Empowerment Principles.

Goal: Building an inspired and high performing organisation

Goal	2018 achievements
Create an engaged and inspired talent base	3% increase in engagement overall; 4% increase in highly engaged category 7% engagement increase in senior management Engagement levels remained static in some large teams, and dropped in a few countries and functions **Our progress:** on target
Build high calibre talent pipeline (continuing target)	Olam Future Leaders Programme with 4-5 role rotations through the full value chain Introduction of iQUEST digital learning platform Signature programme for business leaders and traders under the Olam Learning Academy Regional Core Process to communicate the 'The Olam Way' **Our progress:** on target

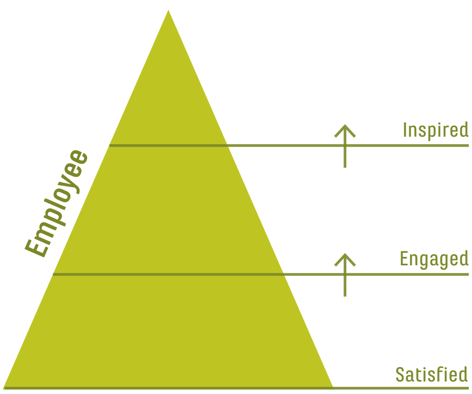
What are we trying to achieve and why?

- Investment in Human Capital enables Olam to meet key performance milestones in fulfilling our Vision of being the most differentiated and valuable global food and agri-business by 2040
- The aim is to move employees from being 'satisfied' to 'engaged' and finally, to being 'inspired', which helps them to perform to the best of their ability
- In 2018, we specifically focused on:
  - Increasing employee outreach and communication
  - Increasing impacts of rewards and recognition, including compensation and incentives
  - Improving perceptions on performance management and careers
  - Learning and capability development

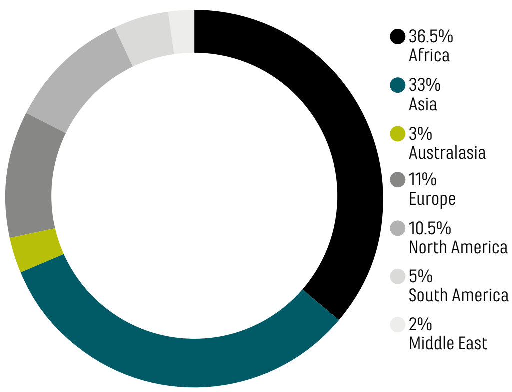
2019 focus areas

- Leaders to communicate refreshed 2019 – 2024 Strategic Plan – building hope and excitement about the future, while supporting those businesses being deprioritised
- Continue to institutionalise 'The Olam Way' – our blueprint for success, ensuring that everything has the unmistakeable 'Olam signature'
- Help managers and employees to connect with and fulfil Olam's Purpose to Re-imagine Global Agriculture and Food Systems
- Focus on teams with lower than average engagement scores
- Continue engagement building measures
- Build a culture of appreciation

Inspiring our team



Managerial talent by region (Band E and above)



‘Founder’s Mentality’ – achieving scale while retaining insurgency spirit

One of the barriers to growth is the perceived trade-off between the benefits of company size and the original ‘Founder’s Mentality’. A loss of the original founder/entrepreneurial spirit as it increases in size and complexity can set an ‘insurgent’ company on a downward spiral to becoming a company struggling with bureaucracy.

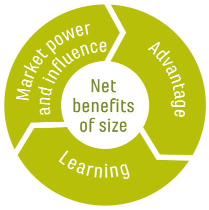
A dedicated Community of Practice (CoP) undertook a programme in 2018, with discussions involving more than 1,330 managers, to diagnose barriers to retaining our Founder’s Mentality, and identify interventions.

The groups identified that Olam’s Founder’s Mentality is very much alive and kicking but there are areas for improvement: stronger cost focus, improving cross learning across Business Units, reducing siloism and bureaucracy, and increasing talent obsession.

Our spirit is to be an insurgent in our industry

We are not afraid to disrupt the status quo

We are pioneers, inventing and innovating to create solutions for our suppliers and customers



Inspiring employees from the grass roots up to achieve our Purpose

- Global initiative aims to reach **38,000-strong primary workforce** across the world to brainstorm **ways to achieve our Purpose to Re-imagine Global Agriculture and Food Systems**
- **510 volunteers** trained across the business as **Re-imagineers** to lead the workshops
- **950 workshops** achieved by end of 2018 reaching over **9,600 people**
- Workshops continuing throughout 2019
- Ideas being collated and judged to produce **Olam Re-imagine Playbook** by end of 2019 and **Intellectual Capital**

Watch the film: https://m.youtube.com/watch?v=elHgYUHigZE&feature=youtu.be

> “We aim to create an inspired organisation, capable of delivering our ambitious plans, where each one of us treats the company as if it were our own. We design work to contribute meaningfully, and empower individuals with the freedom and autonomy, the learning opportunities and work environment to grow beyond boundaries and deliver to potential.”

Joydeep Bose, President and Global Head Human Resources

See out GRI report at www.olamgroup.com

Material area: Safe and Decent Work

Goal	2018 achievements	Read more
By 2020 eliminate serious incidents		
Reduce Lost Time Injury Frequency Rate (LTIFR) to 0.3 in Olam processing operations (50% reduction from 2015 actual)	LTIFR was reduced to 0.29 in Tier 1 plants **Our progress**: ahead of target	Sesame – page 58 Almonds – page 58
Reduce LTIFR for Tier 2 facilities which include upstream operations: plantations, farming and forest concessions; processing plants, cotton gins and sawmills, infrastructure business and R&D centres	Baseline established for 120 out of 170 Tier 2 facilities. July 2018 to December 2018 – LTIFR of 3.2	Cotton – page 74
Sustain safety and health behaviour change		
All locations routinely report unsafe acts and unsafe conditions, and near misses	Good progress against safety success plan comprising: • Transparency in safety performance • Enhanced safety organisation • Improved safety reporting culture • Continuous improvement safety training programme	Manufactured Capital – page 76

Link to SDGs

3.6 Reduce traffic accidents

8.8 Promote safe working environments

What are we trying to achieve and why?

- A zero harm workplace without fatalities or injuries
- Tragically in 2018, 12 employees or contractors lost their lives. These included vehicle, weather and plantation/concession related incidents.

2019 focus areas

In 2019 – commit to creating An Even Safer Olam by:

- Setting up Safety Committees at Group, regional and sub-regional level
- Implementation of Life Saving Rules and Consequence Management
- Roll-out of continuous improvement programmes addressing key risk areas

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

Partnerships

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

Mutual Respect and Teamwork

We treat each other the way we want to be treated

Integrity

We stay true to what we believe, say and do

Ownership

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

Goal	2018 achievements
Olam complies with International Labour Organisation (ILO) principles	
No moderate or severe breaches of compliance reported or observed in audits	No severe breaches were recorded by Olam Internal Audit. 3 'moderate' issues being investigated, involving non-compliance with hours of work, overtime pay or minimum wage.
Diversity strategies are implemented	
100% of businesses with >100 employees to have a documented and reported diversity strategy	Launch of Global Fair Employment Policy – complies with the conventions of the ILO and United Nations Global Compact's (UNGC) Guiding Principles on Human Rights and Labour Diversity Task Force established

Link to SDGs

8.7 Eradicate forced labour and slavery

8.8 Protect labour rights

What are we trying to achieve and why?

Through the Olam Fair Employment Policy:

- Ensure compliance with all applicable national employment laws and international standards. In 2018, 30 grievances about labour practices were filed and 28 were resolved
- Create a fair and non-discriminatory workplace that provides equal opportunity to everyone
- Establish, maintain, and improve the worker-management relationship and ensure employees' rights to self-representation
- Protect workers, including vulnerable categories such as migrant workers, and workers engaged through third parties, and prohibit the use of child labour and forced labour
- Provide safe and healthy working conditions.

2019 focus areas

- Training on the Fair Employment Policy
- Self-audit of prioritised countries – 80% of workforce
- Biannual tracking and monitoring of data as specified in the Policy
- Continuing engagement with employee groups and unions to address any disputes. In 2018, for example, a strike occurred in Mouila, Gabon. See page 7 of the 2018 Palm Progress Report: https://www.olamgroup.com/content/dam/olamgroup/products/food-staples/edible-oils/edible-oils-pdfs/sustainable-palm-annual-progress-update-feb-2018.pdf
- Additionally, we hope to partner with the Fair Labor Association in 2019 and work with our suppliers to assess labour risks along the palm supply chain to support positive actions to improve labour practices within the sector.

Material area: Health and Nutrition

Goal	2018 achievements
Ensuring provision of access to health, water, and sanitation infrastructure, as a minimum, meets the Olam WASH standard	
By 2020, 100% of Olam's direct operations are compliant with the Olam WASH Standard (Water, Sanitation and Hygiene)	Fair Employment Policy implemented which addresses WASH standards Top 10 countries covering 80% of Olam employees conducted baseline audits. Action plans being developed Olam Palm Gabon is implementing Alliance for Water Stewardship standard in 2019 with specific focus on WASH **Our progress:** on target

Link to SDGs

6.1 Universal access to safe drinking water

6.2 Access to sanitation

What are we trying to achieve and why?

- Improve health and wellbeing of our employees and reduce absenteeism.

2019 focus areas

- Advancing the Alliance for Water Stewardship standards in Olam operations – 39 businesses
- Including WASH in Olam Healthy Living campaign activities – 22 businesses participated in 2018
- Increase access to nutritious food.

Social Capital

We work directly with small-scale sesame farmers in Nigeria to improve yields, quality and income.

See our GRI report at www.olamgroup.com

The relationships we forge and nurture for long-term commercial success

How our management of Social Capital creates long-term value for Olam

- Olam relies on relationships with multiple partners – from customers, to suppliers, investors, financiers, governments, civil societies and more
- Our farmer suppliers are critical – with over 4.8 million small-scale and 8,600 large-scale farmers contributing to our 2018 volumes. We can only reach a proportion directly so rely on our Supplier Code and industry engagement to have a positive influence on the sector
- Given the multiple pain points affecting farmers in emerging markets, smallholders are the main focus of our Social Capital efforts. This is because we need farmers to be able to grow what we need today, and in the future. Equally, we want them to see Olam as a reliable and fair buyer. To achieve this, we need to alleviate poverty and hunger in farming communities, as well as build their resilience to external shocks
- We have encapsulated this in our Company Purpose to Re-imagine Global Agriculture and Food Systems which seeks to achieve 3 outcomes: **Prosperous Farmers and Food Systems, Thriving Communities, and Regeneration of the Living World**
- **5 Material Areas** in our Sustainability Framework (see page 15) contribute to this Social Capital value creation and delivery of our Purpose: **Economic Empowerment; Health and Nutrition; Skills and Education; Diversity and Inclusion; and Safe and Decent Work**
- Our efforts are then recognised by others who share a similar ambition, culminating in multiple partnerships and investment opportunities to scale impact.

> "Olam's comprehensive and grassroots approach to improve agricultural value chains brings significant positive impacts to farmers and the agri-business industry."

Gyo Shibata, Investment Officer, Japan International Cooperation Agency commenting in March 2018 on the US$163 million loan from the Asian Development Bank and Japan International Cooperation Agency. This will be applied towards Olam's capital expenditure and permanent working capital requirements in countries with smallholder supply chains such as Vietnam and Indonesia.

Financial Capital derived from Social Capital management in 2018 (may also include other Capitals, e.g. Natural)

2018	2017	2016
Selling **32.8m MT** product which includes procurement from a network of >4.86m farmer suppliers	4.76m	4.33m
Licence to operate farms, plantations and concessions in **14 countries**		
Access to diversified funding sources e.g. **US$163m** loan from Asian Development Bank and Japan International Cooperation Agency to help smallholder farmers expand production sustainably		

How we created Social Capital value in 2018

2018	2017	2016
>445,900 smallholders in **24 countries** supported under Olam Livelihood Charter (OLC)[1]	363,000 in 21 countries	302,500 in 19 countries
18% OLC farmers are women	17%	18%
19% of leadership roles in OLC farmer groups held by women	Not collected	Not collected
US$25.45m in medium and long-term finance made available to smallholders to alleviate income gaps and invest in farms (0% or low interest rates)	US$27.56m	US$16.69m
US$30.96m in premiums paid to certain smallholder programmes by Olam and customer/ certification partners	US$27.56m	US$32.24m
>285,800 smallholders trained in Good Agricultural Practices for improved quality and yield (**27%** women)	>253,170 (14%)	226,030 (14%)
1.5m MT total OLC product volume (46% increase)	1.03m MT	1.36m MT
12 schools renovated / refurbished / constructed; 4 teacher housing units constructed; plus investment in 3 migrant worker summer schools	Not reported	Not reported
>10,000 children benefitted from school kits (text books, notebooks and bags)	Not collected	Not collected
>202,340 people in Africa reached under the Olam Healthy Living campaign	250,000	190,000
>218,000 smallholders trained on safety including occupational safety and safe pesticide handling	>221,300	Not collected
>214,700 smallholders trained in labour rights	>232,900	>203,690
>50 OLC partnerships – customers, donors, DFIs scaling impact and contributing to UN SDGs	40	>30

1. As defined by the Olam Livelihood Charter: Finance; Improved Yield; Labour Practices; Market Access; Quality; Traceability; Social Investment; Environmental Impact.

Challenges facing farmers

Small-scale farmer issues

- Cash crops like cocoa, cashew, coffee and sesame are predominantly grown by smallholder farmers
- They often suffer from **low literacy** (and even numeracy) rates, with little or no access to the internet, let alone knowledge of farming technology or best practices
- **Negotiating fair payment** is an issue because they don't have the means to find out what the global market is willing to pay (price discovery), instead simply selling to the nearest intermediary, who may sell to others, each taking a cut
- **Access to finance and credit** is another hurdle due to lack of banking infrastructure and risk aversion by financial institutions
- **Logistics infrastructure** is often poor culminating in both post-harvest and income losses.

Large-scale farmer issues

- Large-scale farmers in Australia, Europe, North and South America, and other regions, are not immune from many of the issues facing smallholder farmers and vice versa, just at a different relative scale. In 2018, large-scale farmers were particularly hit by:
  - **Weather and climate change impacts** such as drought and salinity as salt deposits rise with groundwater table levels (California, Australia); major forest fires (California)
  - **Global trade and protectionism issues** such as 'tit for tat' tariffs between China and the USA heavily impacting storage facilities and payment contracts for growers
  - **Low commodity prices / volatility and risk issues:** In the USA, "in recent years, slightly more than half of farm households have had negative farm income and therefore rely on off-farm income to support their well-being", according to the Department of Agriculture[2]
  - **Consumer mistrust of 'Big Ag'** and increasing demand for transparency.

2. See https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-farm-income-forecast/ for more information.

Progress against 2016 – 2020 Social Capital goals

Material Area: Economic Opportunity; supported by Skills and Education, Safe and Decent Work

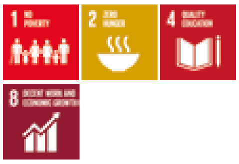
Goal	2018 achievements	Read more
Smallholder farmers are supported in sustainability programmes such as the Olam Livelihood Charter		
Bring 1 million hectares under the OLC with an estimated 500,000 smallholders	1.03 million ha managed by 445,900 smallholders (Increase of 19% and 23% respectively in 2017) **Our progress:** on target	Cashew – page 57 Coffee – page 62 Cocoa – page 62
People have improved livelihood potential through enhanced skills, economic resources and infrastructure		
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	At least 486,900 (445,900 OLC farmers and their communities, plus >41,000 other beneficiaries[1]) **Our progress:** on target subject to improved impact assessments, especially for communities	How I Live Case Study – page 34 Animal Feeds – page 65, 66 Rice – page 68 Cotton – page 72 Wood Products – page 71 Rubber – page 72
Elimination of child labour		
No breaches in compliance reported or observed in audits for either Olam or third party supply chains	No incidents reported in Olam operations Incidents reported in smallholder supply chains during monitoring audits with investigation and or remediation See also reports by Fair Labor Association (FLA) in hazelnuts and cocoa third party[2] supply chains at www.fairlabor.org **Our progress:** behind target	Hazelnuts – page 57 Rubber – page 73
Suppliers comply with the Supplier Code (human rights)		
100% of priority product volumes covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and rubber	82% **Our progress:** on target (up from 70% in 2017)	Social Capital – page 85

1. Other beneficiaries include:
   14,000 people in 59 villages in Gabon with palm Social Contracts, and / or benefitting from employment
   1,600 people in 25 villages in Gabon with rubber Social Contracts and / or benefitting from employment
   Aviv Tanzania (coffee plantation) census: employment and social investments in 4 villages, totalling 2,216 households, representing 8,966 individuals
   NCCL Zambia (coffee plantation): employment and social investments benefitting ~30 villages with 16,620 people based on 4 people per household
2. Fair Labor Association report links:
   Hazelnuts: http://www.fairlabor.org/report/2017-assessments-shared-hazelnut-supply-chain-turkey-nestle-balsu-and-olam
   http://www.fairlabor.org/sites/default/files/documents/reports/2017_olam_executive_summary_181203.pdf
   Cocoa: www.fairlabor.org/report/independent-external-monitoring-olams-cocoa-supply-chain-cote-divoire-2017

What are we trying to achieve and why?

- Improved farmer livelihoods by better access to productive resources and vocational skills
- Respect for labour rights and environmental stewardship.

Link to SDGs



1.2 Reduce Poverty

1.5 Resilience to shocks

2.3 Double farmer productivity by 2030

2.4 Sustainable agriculture

4.4 Increase enterprise skills

8.7 Eradicate forced labour

8.8 Promote labour rights

2019 focus area

Assessing impact pathways for measuring:

Economic Opportunity:

- Income/poverty measures, such as increased income and number of people lifted above the national/international poverty line
- Income resilience and/or job security, such as dependency ratios (e.g. proportion of income from which various sources), income diversification; Social Capital in the sense of household ability to lean on others for financial or food support during difficult times; savings and safety nets.

Education and Skills:

- Livelihoods skills provided (e.g. training opportunities)
- Livelihoods skills applied (number/percent of people trained applying the knowledge or skills they gained
- School attendance (in areas of high risk).

Safe and Decent Work:

- Application of labour rights in terms of eliminating the worst practices (child labour, forced labour) – and what we can do to prevent these in third party supply chains.

Improving quality and post harvest losses

To preserve the quality and enhance the value of production, Olam promotes good post-harvest practices and access to drying and processing equipment. Drying equipment is an excellent example – affordable and simple, yet with a big impact on quality preservation. Solar dryer construction support in 2018 included: 15 for cocoa farmers in Ecuador, 6 for cocoa farmers in Nigeria, and 20 for coffee farmers in Peru.

Olam also provided 3 gas dryers to cocoa farmers in Ecuador and 10 smoke-free drying ovens to cocoa farmers in Cameroon. In Democratic Republic of Congo, Olam installed innovative sundried coffee units using 'solar bubbles' which produce hot air to dry the coffee cherries. These are linked to Olam's coffee washing stations, and by producing a favoured quality they provide farmers with better access to markets.

Reaching a living income[1]

Despite industry efforts, including those of Olam, millions of farmers still live below the World Bank's extreme poverty line of US$1.90/day. With crop prices often set by governments, the challenge is to find multiple paths to increasing farmer income. In addition to training farmers in Good Agricultural Practices (>285,800 in 2018) to improve yields, Olam is engaged in:

- **Supporting income diversification** e.g. in Vietnam they are planting cash crop fruit trees like Durian and Passion Fruit alongside coffee bushes (which also has environmental benefits), planting food crops or engaging in animal husbandry
- **Committing to fair procurement practices** through contracts with suppliers in direct supply chains and investing in digital platforms so that farmers have access to information on global prices (price discovery). We are considering how to better drive fair payment practices across third party chains
- **Investing in social infrastructure**, such as clinics and schools, where the Return on Investment per person over the long-term may be greater for the community as a whole than simply paying more to an individual farmer for their crop. For example, in 2018 Olam improved access to clean water in 112 communities through 83 new and 29 repaired water supply facilities including wells, boreholes, and pumps
- **Providing zero or low interest** micro-finance and facilitating access to other financial services so farmers can invest in their farms
- **Providing premium payments** for certified, verified or quality product
- **Engaging partners,** such as development finance institutions, e.g. Asian Development Bank and certification partners like Rainforest Alliance – to scale initiatives to help farmers become more resilient
- **Developing cost effective and manageable impact assessments** to better monitor living conditions, as well as using financial accounting methodologies to understand the potential cumulative impact and trade-offs of increasing or reducing investment in Human, Social and Natural Capitals. See the Integrated Impact Statement case study under Intellectual Capital.

1. The net annual income required for a family in a particular place to afford a decent standard of living for all members of that family. Elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events.

Unlocking value for farmers and Olam through digital innovation

While our sourcing base in recent years has increased, it is impossible for Olam to physically procure directly from all – so the majority sell to Olam via a chain of intermediaries.

Olam has, however, implemented a range of digital solutions to disrupt and help transform smallholder supply chains for the better. These include:

Olam Farmer Information System (OFIS)

OFIS captures rich data from farmers and their community on a hand-held device – including farm size, location, age of (tree) stock, economic, social and health infrastructure and eco-support systems.

With this data, we can design programmes more efficiently and, above all, provide customised advice to farmers to help improve yield.

By the end of 2018, around 248,850 farmers were registered and more than 187,230 farms mapped on OFIS globally across products namely Cocoa, Coffee, Cashew, Cotton etc., with 60,820 individual farm management plans generated for cocoa smallholders.

Read the article about how one farmer increased his yields from 7 to 25 bags: https://www.bbc.co.uk/news/business-44642175

Olam Direct

Completely disrupting the supply chain, Olam Direct enables small-scale farmers to bypass intermediaries and therefore retain more of the value of their crop. It also gives them transparency on price and other support. Read the Olam Cocoa case study which is benefitting up to 40,000 farmers and creating employment for intermediaries: www.olamgroup.com/sustainability/sustainability-framework/priority-areas/economic-inclusion.html

Material Area: Diversity and Inclusion

Goal	2018 achievements	Read more
Women are economically empowered within our supply chain		
Support 100,000 women to access economic opportunities, including female farmers, processors, distributors, and workers supported or employed by Olam	81,780 female farmers (33% increase on 2017) Total women empowered in Olam's supply chains: >10,900 in primary workforce. In addition, data available for temporary and contract women in cashew processing = 3,280 **Our progress:** on target	Cashew – page 59 Sugar – page 67

Link to SDGs

- 5.A Women's economic participation

What are we trying to achieve and why?

- Women farmers and processors in emerging markets are empowered through access to training, agri-inputs and finance, boosting global production and improving their resilience to climate change
- They are also better empowered in terms of leadership and decision-making with respect to productive resources, and control over use of income
- Promote other aspects of diversity, such as opportunities for young people.

2019 focus area

Assessing impact pathways for measuring:

- Representation overall, in farming and workforce
- Representation in leadership, in farming associations, small and medium-sized enterprises (SMEs) and workforce
- Equality of opportunity, such as equal access to inputs and training; equal pay for equal work
- Read more: https://www.olamgroup.com/sustainability/sustainability-framework/priority-areas/diversity-inclusion.html

Eliminating human rights abuses in our third party supply chains

- Human rights abuses can occur in any operational environment – farm, factory or office. Clearly, where we have close access to farmer suppliers – e.g. by buying directly or through the cooperative – we have more influence to ensure that children and adults are not exploited, forced, or bonded to work on farms or in other areas of operation. Even then, if we take just the 214,720 farmers who received training on labour standards, monitoring is challenging
- The Olam Supplier Code is being rolled out to high-risk supply chains including cocoa, coffee, and hazelnuts (also covering environmental stewardship). Suppliers signing the Code give Olam the right to conduct announced inspections to ensure compliance. Olam also has the right to terminate an agreement with a supplier who contravenes the Code, although we will consider mitigating circumstances, such as poverty or lack of school, and focus on remediation measures. In doing so, we must distinguish between labour where health, education and play are impacted, and labour which might be classed as light work to support and learn about the family business, in the same way an adolescent might help parents in a developed nation
- We have learned much from our affiliation with the Fair Labor Association (FLA), with whom we have long-running programmes. Read our UK Modern Slavery and Human Trafficking Statement here: https://www.olamgroup.com/content/dam/olamgroup/locations/europe/united-kingdom/united-kingdom---pdfs/olam-slavery-and-human-trafficking-statement-2017-2018.pdf
- We recognised more training on Supplier Code implementation would be beneficial and this will be rolled out intensively in 2019
- Based on learnings from our Palm Oil Grievance Procedure, we launched a Global Grievance Procedure which applies to both Olam-owned operations and our third-party suppliers. As at the end of 2018, no grievances had been logged, other than for palm.

Read more about the requirements of the Supplier Code here: https://www.olamgroup.com/sustainability/policies-codes-standards/supplier-code.html

6,194
smallholders and community members given literacy and numeracy courses

99,748
smallholders trained in business skills

8.5MT
of food crop seeds provided to smallholders

5.16m
target crop seedlings distributed

As part of the 70 year anniversary celebrations of Olam Cocoa brand Joanes in Brazil, the team began sponsoring the monthly school expenses for 8 children from the cocoa growing community. These include expenses such as boarding and fees – 6 children stay in the hostel and 2 are day scholars.

Material Area: Health and Nutrition

Goal	2018 achievements	Read more
People have improved health and wellbeing		
Olam Healthy Living campaign reaching 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 202,340 people in Africa[1], both workers and community members around operations. Also ~8,900 people in South America, Asia, Europe and USA trained on disease prevention 11,620 smallholders and others trained on nutrition (some overlap with above) Teams leveraged resources for preventative efforts following Ebola outbreak in Democratic Republic of Congo **Our progress:** on target given year-on-year reach.	Wood Products – page 71 Rubber – page 72
Increased availability of micronutrient fortified foods		
Produce 40 billion servings of micronutrient fortified foods	44.45 billion servings of fortified foods in Africa, including yogurt drinks, oil, flour, tomato paste, milk and biscuits **Our progress:** ahead of target	PFB Nutrisnax – page 69 PFB Tasty Tom – page 69

1 56,560 direct beneficiaries (e.g. HIV/AIDS sensitisation, diagnosis and testing = 20,100 people; malaria sensitisation and screening = 10,500 with overlap) Indirect beneficiaries due to construction / renovation of borehole and latrine facilities in communities in Africa = 145,780)

Link to SDGs

3.3 End epidemics

What are we trying to achieve and why?

- Smallholder farming communities are healthy and can reach their production potential
- Communities around our own operations benefit from health programmes underpinning our social licence to operate – focus on prevention and treatment of HIV/AIDS
- We meet increasing demand for low-cost nutritious packaged foods in Africa, which in turn supports government relations and our Africa growth strategy.

2019 focus area

Assessing impact pathways for measuring:

Access to healthcare and water

Food availability

- To include diversity of food produced on farms and availability of sufficient, safe and affordable food near the workplace

Perception of food security

> "We need companies like Olam to keep leading, and challenging the rest to step up. We also need to get the Asian markets on board: we can't truly make an impact without China and India making big changes. Olam speaks the language of these emerging markets and can continue to help channel investments into the regions that need it most."

Joost Oorthuizen CEO of IDH – the Sustainable Trade Initiative.
In 2018, Olam signed an MoU with Netherlands-based development partner IDH to pilot new forms of smallholder engagement, prototype innovations, and work together on improved data gathering, analysis and impact measurement.

Read more from Joost in conversation with Sunny about their mutual hopes and fears for agri-supply chains:
www.olamgroup.com/content/olamgroup/en/home-page/news/all-news/blog/10-years-back-and-10-years-forward.html

Natural Capital

The land, water, bio-diversity and other ecosystem services required for food and fibre production

How our management of Natural Capital creates long-term value for Olam:

- Agriculture is fundamentally dependent on Natural Capital, withdrawing stocks, such as nutrients and water, for crop production, and impacting remaining capital e.g. through release of greenhouse gas (GHG) emissions (e.g. via fertiliser and land conversion). In many cases, demand and poor production practices are already out-stripping the rate at which the Earth can re-generate: 4 out of 9 Planetary Boundaries, which define a safe operating space, have been breached (Stockholm Resilience Centre)
- Olam address issues in our direct and indirect operations through concerted focus on our **5 Material Areas** related to Natural Capital – **Climate Action, Healthy Soils, Healthy Eco-Systems, Water and Reduced Waste**. We aim to understand the regenerative capacity of nature, try to operate within those boundaries and, where necessary, aim to 'put back' through our agricultural practices. Through this, we can achieve our Purpose to **Re-imagine Global Agriculture and Food Systems** through our 3rd outcome: **Regeneration of the Living World**
- With our Purpose in mind, we launched our Living Landscapes Policy in 2018. Our efforts to minimise and mitigate Natural Capital impacts (including trade-offs with other Capitals) have already led to learnings and innovation, as well as partnerships. These are in addition to the reduction of business risks regarding taxes (e.g. carbon emissions), fines (e.g. pollution) and reputational threats (e.g. deforestation)
- Equally, our approach generates Social Capital by contributing to the long-term prosperity of farmers and helping communities to thrive; this strengthens our social licence to operate.

Supporting living landscapes – Olam eco-guards help protect iconic species in the Republic of Congo and Gabon, such as elephants. We are dependent on bees to pollinate our orchards.

For more information on our management approach see our Global Reporting Initiative (GRI) Report at www.olamgroup.com

Financial Capital derived from Natural Capital in 2018 (may also include other Capitals, e.g. Social)

2018	2017	2016
Selling **32.9m** tonnes of product volume from 15.06 million ha land – Olam and third party managed (**3.04m** managed by Olam directly (2.58 million+ forestry concessions); 1.03 million ha farmers with sustainability support; 10.98 million ha other third party suppliers)	22.53m MT 12.4m ha 2.46m ha; 0.86m ha = OLC[1]; 9m ha = third party	14.4m MT 9.74m ha 2.41m ha 0.67m ha = OLC[1] 6.67m ha – third party
The sale of crops/products grown on Olam-managed farming, plantation and forestry concession operations which emitted **1.23 tonnes** CO_2e per metric tonne (MT) of product whilst sequestering **0.65 tonnes** CO_2 e per MT of product	1.14 tonnes	0.98 tonnes
The sale of products and ingredients from Olam processing operations which emitted **0.209 tonnes** CO_2 e per MT of product	0.213 tonnes	0.268 tonnes
Reliance on water to a value chain intensity of **3,374m^3** per MT product	3,587m^3	4,331m^3
The sale of **1,911,709 MT** third party verified crops which may generate a premium or better contractual terms		
Diversified funding sources by meeting environmental criteria attached to **US$500m** 3-year, sustainability-linked revolving credit facility – Asia's first green 'club loan'		

How we created Natural Capital value in 2018

2018	2017	2016
Brought **1.033m** ha of smallholder farms under OLC guidance[1] for environmental stewardship	0.86m ha	0.67m ha
Trained **110,495** smallholders (14% women) in Climate-Smart Agriculture practices	>99,070[2]	>55,370[2]
Trained **>147,050** smallholders (12% women) in conservation (forests, land, biodiversity)	86,605	130,160[3]
Distributed **649,530** shade or forest tree seedlings / saplings	>876,940	Not collected
Trained **>219,560** smallholders (11% women) in soil health / protection / soil water conservation	>148,130	>120,460
Trained **>114,320** smallholders in water efficiency	>151,560	>19,810
Protection of **599,081** ha of High Conservation Value areas (forests, wetlands, savannah and other areas)		

1. As defined by the Olam Livelihood Charter (OLC): Finance; Improved Yield; Labour Practices; Market Access; Quality; Traceability; Social Investment; Environmental Impact.
2. Data for women trained in Climate-Smart Agriculture not collected.
3. Includes forest conservation training along with other Climate-Smart Practices.

Progress against 2016 – 2020 Natural Capital goals

Material Area: Climate Action

Goal	2018 achievements	Read more
Increased energy efficiency		
New target: **By 2030, reduce greenhouse gas (GHG) emissions by 50% both in own operations and third party supply chains. Requires reduction of 3.85% per year**	Science based targets developed 2% GHG intensity improvement for Tier 1 processing operations 9% increase in plantation and farming GHG emission intensity 5% increase in carbon sequestered in farming and plantation operations GHG footprint calculator developed for AtSource supply chains **Our progress:** on target	Almonds – page 55 Tomatoes and Spices – page 58 Coffee – page 61 Palm – page 67
Avoided GHG emissions		
By 2020, all Olam farms, plantations and Tier 1 facilities to have implemented their 2020 GHG reduction plans: **1. Operational efficiency** **2. Avoid High Carbon Stocks for land development** **3. Climate-Smart Agricultural practices.**	Energy strategy developed to focus on 20 plants contributing 80% of Tier 1 processing emissions Climate-Smart operational plans in place at all plantations and farms **Our progress:** on target	Palm – page 67
Increased share of renewable energy		
By 2020, 25% of energy derived from renewable and biomass sources at Olam's Tier 1 facilities (from 2015 baseline – 15%).	11% of energy derived from biomass and renewables Decrease due to lower quantity of bagasse available from lower sugar cane production in 2017 and reduced consumption of rice husk due to brown rice production Cocoa shell boiler implementation plans in place for 2020 Power Purchase Agreement implemented for Australian Almonds **Our progress:** behind target	Almonds – page 55
Reduced agricultural vulnerability to climate risks for farmers and Olam-managed plantations, concessions and farms		
By 2020, implement the Olam 2020 Climate-Smart Agriculture (CSA) Programme.	Increased implementation of CSA practices e.g. 11% increase in CSA training and 70% increase in conservation training Climate resilience plan in development, to be completed in 2019. **Our progress:** behind target	Cocoa – page 63 SRP rice farmer video on methane[1] Cotton – page 72

1. Rice farmer video on methane: https://www.olamgroup.com/products/food-staples/rice/rice-sustainability.html

Climate change – reasons to be positive?

Climate change is already impacting agriculture. Equally, agriculture is a major cause – 10-12% of all manmade GHG emissions[1]. Even a 1.5°C increase in global temperatures will require radical and urgent transformation of all systems at an unprecedented scale. Although the challenge is enormous there are some reasons for Olam to be positive:

1. Speed of digital and tech innovation

Advances in precision agri technology for large-scale farmers, and mobile platforms such as Olam Direct, as well as access to an increasing number of weather stations in emerging markets for small-scale farmers, are giving the tools to both mitigate and adapt to impacts. Satellite technology provides better data to address negative practices like illegal deforestation (although globally rates of deforestation are still of significant concern).

2. Better agronomy that saves money

It is recognised that even simple changes in agronomy practices can increase yields while reducing fertiliser use – benefitting both the climate and the farmer, Sustainable Rice Platform (SRP) rice being one example.

3. Increasing demand drivers

Consumer expectation that products are sustainably sourced drives demand from multi-national customers who equally need to protect their supply chains and satisfy publicly declared targets e.g. around the UN Sustainable Development Goals. AtSource is our vehicle to drive increased demand.

4. Increased access to finance

While green finance is often seen as niche, there are encouraging signs. Olam is leveraging its sustainability strategy to access company-wide climate/sustainability linked financing (reduced costs of capital), and funding (for AtSource Plus and AtSource Infinity). We are exploring voluntary carbon credit generation (through upstream assets and Living Landscape Policy linked programmes), and lower insurance premiums. Such products will encourage Olam to invest more in sustainable solutions with greater impact potential.

5. Country commitments galvanise action

Of 162 pledges to the Paris Agreement for Climate Action, 104 countries intend to make agricultural GHG emission reductions and 126 list agriculture as a priority for adaptation.

6. Natural Capital accounting improving

While there is currently no standardised methodology for impact valuation, Olam and others are making considerable progress. See the Integrated Impact Statement on page 108. Olam is a member of the Natural Capital Coalition and The Prince's Accounting for Sustainability Project (A4S). In 2018, we helped to convene the A4S Singapore Circle of Practice, bringing together finance leaders seeking to adopt integrated approaches to embed sustainability into finance processes and decision making.

1. Source: https://unfccc.int/news/latest-ipcc-science-on-implications-for-agriculture

Link to SDGs

- 2.4 Sustainable agriculture
- 13.a Climate change mitigation
- 13.1 Strengthen resilience to natural disasters

What are we trying to achieve and why?

- Reduce climate risks and severe weather impacts
- Build resilience to effects of climate change in our own and third party supply chains
- Play a leading role in delivering against Science Based Targets for the agricultural sector; help catalyse wider industry change through trade bodies and sector platforms.

2019 focus areas

Assessing impact pathways for measuring:

Mitigation
- Ensuring practical and robust plans are in place to implement Science Based Targets

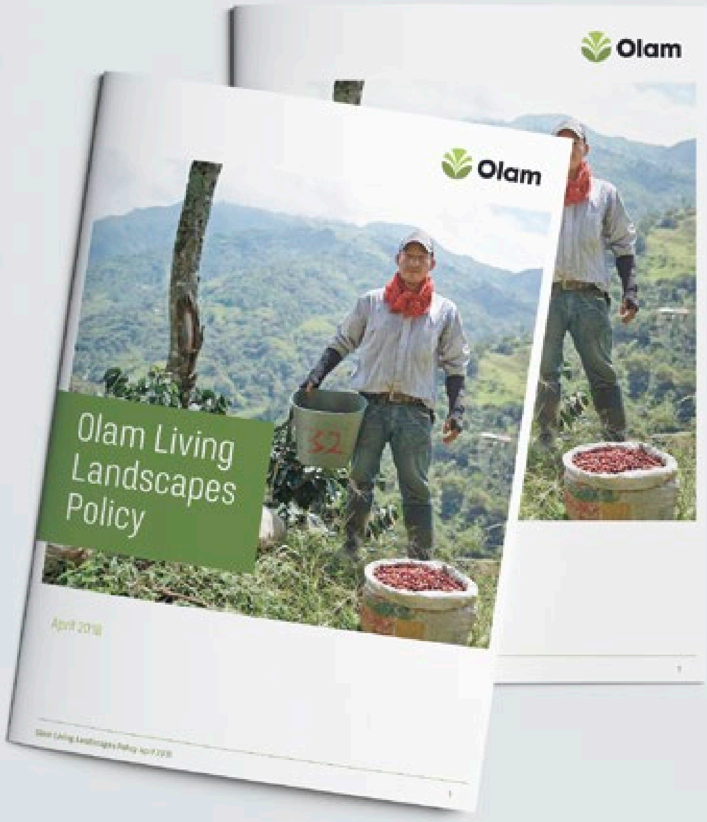
Adaptation
- Climate-related risks and opportunities to be further integrated into Olam's Enterprise Risk Scorecard and investment decisions in line with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations

Advocacy
- The value of taking leading positions in multi-stakeholder organisations to drive greater scale (strong link to Social Capital)

Regeneration
- To include CO_2e sequestration through our Living Landscapes Policy (LLP) activities, water stewardship and bringing unproductive land into productive use.

Material Area: Healthy Eco-systems

Goal	2018 achievements	Read more
Protection of Eco-systems, High Carbon Stock forests, and High Conservation Value forests		
By 2020, 100% of Olam-managed plantations, concessions and farms to have implemented their Land Management Plan	Integrated the commitments of the Living Landscapes Policy into the Plantations, Concessions and Farms Code (due for release Q2 2019) **Our progress:** on target	Rice – page 66 LLP – page 97
Reduce indirect land impacts from third party farmers and suppliers		
By 2020, 100% of third party supplier volume complies with the Supplier Code based on a prioritised product approach. Priority products: cashew, cocoa, coffee, cotton, hazelnut, palm, rubber	82% of priority product volumes which are directly sourced (cocoa, cashew, coffee, cotton, hazelnuts, palm, rubber) An increase from 70% in 2017 **Our progress:** on target	Social Capital – page 85 www.olamgroup.com/sustainability/policies-codes-standards/supplier-code.html
Living Landscapes Policy targets met		
29 time-bound commitments by 2020	Forest Loss Risk Index (FLRI) developed to identify future risk or forest loss and support action planning. Tested on 3 products (cocoa, coffee and cashew) in 3 countries (Côte d'Ivoire, Brazil and Vietnam), analysing a total potential sourcing area of 25 million ha Comprehensive risk assessment process across businesses Implemented Global Grievance Procedure for owned and third party supply chains. Progress updates available via the Grievance Log on olamgroup.com **Our progress:** on target	Cocoa – page 63 LLP – page 97



Progress on Living Landscapes Policy

As part of our efforts to Re-imagine Global Agriculture and Food Systems, the cross-commodity **Living Landscape Policy** (LLP) was launched in March 2018. It seeks to go beyond forest policies – typically based narrowly on unacceptable land use management practices – to focusing on putting more back into food and farming systems than is taken out. In doing so, we can achieve the 3 outcomes of our Purpose: creating 'living landscapes' where prosperous farmers, thriving rural communities, and healthy ecosystems can coexist. The Policy applies to Olam plantations and third-party supply chains. Since March, we have:

- Integrated the new commitments and requirements into the updated Olam Farms and Plantations Code (due for release Q2 2019)
- Implemented a transparent and comprehensive Global Grievance Procedure
- Devised a comprehensive risk assessment framework for social and environmental risks, assessing ~85 businesses, and integrating indicators in our Internal Audit framework
- Developed 90+ metrics for AtSource, integrating net positive and transformative indicators for Living Landscape food systems at the highest 'AtSource Infinity' level
- Rolled out revised Olam Supplier Code integrating LLP criteria and conducted suitable training of staff to drive compliance
- Consulted stakeholders to build understanding, partnerships and technical capacity to deliver living landscape outcomes
- To further tackle unacceptable land use practices we developed a methodology called the **Forest Loss Risk Index (FLRI)** to prioritise action to be taken before trees are lost. For coffee, we have so far analysed over 150 potential sourcing areas, covering 210 million ha across 20 countries. On the basis of the FLRI analysis we will prioritise high-risk sourcing areas to understand the drivers of deforestation, map smallholders' farms using the Olam Farmer Information System (OFIS), train farmers on our requirements, exclude suppliers in persistent breach of our Policy, and engage with a wider stakeholder group to find long-term solutions to deforestation
- In Indonesia, a country with a high deforestation rate, the FLRI analysis has shown only 1 of 16 coffee sourcing areas having a high risk of future tree loss. In this area, which is on the edge of Bukit Barisan National Park in Southern Sumatra, we are already working with a coalition led by the Wildlife Conservation Society to cease smallholder farming in the national park, and improve productivity of the smallholders farming outside of it. In time this will allow for forest restoration in the park. Such partnerships are critical to achieving the regeneration goals set out in the LLP
- Note that for palm we use WRI's Palm Risk tool
- To read the Living Landscapes Policy: www.olamgroup.com/sustainability/policies-codes-standards/living-landscapes-policy.html

Read more on the landscape approach: www.innovation-forum.co.uk/analysis.php?s=landscape-approach-the-big-picture-solution

Link to SDGs

- SDG 15.2 Sustainable land management
- SDG 15.3 Restore degraded land and soil
- SDG 15.5 Reduce degradation of natural habitats and loss of biodiversity

What are we trying to achieve and why?

- Regenerated and biodiverse environments where pollinators such as bees, natural predators of pests like birds, and other species flourish and are protected
- High Conservation Value areas, and areas with high ability to sequester carbon, are protected. This reduces poaching and global warming.

2019 focus areas

Assessing impact pathways for measuring:

- **Net positive approach:** Natural and Social Capital of agriculture and land use
- **Biodiversity:** business and societal value of biodiversity with specific focus on soil and pollination.

Material Area: Healthy Soils

Goal	2018 achievements	Read more
New goals to be set in 2019		
	Launch of the Natural Capital Synthesis Report: Soil Natural Capital Valuation in Agri-Food Business Implementing Nitrogen and Phosphorous Use Efficiency programme in Olam Coffee farms IDH Cocoa Soils programme **Our progress:** target to be set	Valuing-nature.net/Soil NC Almonds – page 56 Coffee – page 61 Dairy – page 66

Link to SDGs

- 2.4 Sustainable food production systems
- 13.1 Strengthen resilience and adaptive capacity
- 15.3 Restore degraded land and soil

What are we trying to achieve and why?

- Increased soil natural capital stocks to increase productivity, which can also lead to carbon, water and biodiversity co-benefits – currently 33% of the world's soil is degraded yet the costs of reversing soil degradation are often higher than prevention
- Reduced top soil erosion which in turn protects landscapes and water sources
- Reduced and judicious use of chemical fertilisers (which contribute to climate change) and increased use of organic composts (which reduces farmer costs).

2019 focus areas

Assessing impact pathways for measuring:

- Productivity
- Soil carbon storage
- Water regulation

Soil biodiversity

- To assess pathways for the above we need to consider the soil system as a whole. Current impact pathway studies undertaken show common linkages between the drivers, supporting processes, stocks (amount and properties), eco-system services and resulting benefits for the outcomes above. Further work is required on water storage capacity, soil structure, soil nutrients and soil biology.

> "To secure soils and their benefits, we need to get to grips with the current state of this natural asset and the services it provides, and anticipate how these may be threatened, sustained or enhanced. A Natural Capital approach, such as that adopted by Olam, is a key element of an integrated and long-term solution."

Dr. Jessica Davies – Pentland Centre for Sustainability in Business, Lancaster University. Co-author of the Natural Capital Synthesis Report: Soil Natural Capital Valuation in Agri-Food Business which was funded by a NERC Policy and Practice Impact Award as part of the Valuing Nature Programme.

Material Area: Water

Goal	2018 achievements	Read more
Increased water use efficiency in Olam's direct operations		
	Continued implementation of 'more crop per drop' water smart agriculture in Olam plantations and farms – 2% improvement in water efficiency versus 2017 8% reduction in Tier 1 processing water use efficiency; decrease in efficiency partly driven by new Nigerian beverage production line **Our progress:** on target	Stakeholder engagement – page 111 How it's produced – page 36 Almonds – page 56
Increased water use efficiency in priority supply chains		
By 2020, 100% of priority supply chains to have Water Resource management plans	Water risk mapping undertaken for Olam Livelihood Charter (OLC) programmes. Prioritised action plans to be developed in 2019 Mozambique cotton water resource management plan implemented. **Our progress:** on target	Cotton – page 72

Link to SDGs

- 6.1 Access to safe and affordable drinking water
- 6.2 Access to adequate and equitable sanitation and hygiene
- 6.4 Water use efficiency and sustainable withdrawal

What are we trying to achieve and why?

- Optimal water use by harnessing precision technology and irrigation for our own operations
- Training smallholders on Good Agricultural Practices to conserve water and build their resilience
- Ensuring water courses are protected for both our future use and those relying on the same water body.

2019 focus areas

Assessing impact pathways for measuring:

Water stewardship

- Identification and implementation of Alliance for Water Stewardship (AWS) Standard for Olam's priority operations (plantations and processing)

Water use efficiency

- Assess and address efficiency increases.

Material Area: Reduced Waste

Goal	2018 achievements	Read more
New target: **By 2024, 100% utilisation of by-products in own operations**	By-product utilisation mapping to commence in 2019 Cocoa shell boiler implementation plan 1,438 m^3 of biomass energy production from by-products (cocoa, coffee, cashew, rice) **Our progress:** new target	Spices and Tomatoes – page 58 Dairy – page 66
New target: **By 2030, reduce post harvest loss by 50% in own operations and Olam-managed farmer programmes**	Zero Waste Policy being implemented in Olam Palm Gabon Post-harvest loss field study for Nigerian smallholder rice programmes as part of Rockefeller Yieldwise Food Loss Initiative. Post harvest loss result = 35%. Action plans to be developed in 2019 and learnings transferred to other supply chains Co-lead of WBCSD Food Loss and Waste Programme. **Our progress:** new target	Rice – page 68 Social Capital – page 85
New target: **By 2024, zero waste to landfill in own operations**	Developed 2018 baseline	

Link to SDGs

- 12.2 Sustainable management and efficient use of natural resources
- 12.3 Reduce food losses along production and supply chains including post-harvest losses

What are we trying to achieve and why?

- Minimise crop loss and by-product waste to increase volumes without land expansion, reduce costs, contribute to global food security and reduce greenhouse gas (GHG) emissions (primarily at the supply rather than processing and consumer end of the value chain).

2019 focus areas

Standardise measurement

- Standardise our food loss and waste measurement to establish baselines at the Business Unit level and identify operations where the most significant losses are occurring and affecting all players

Utilisation of crop by-product

- Better utilisation of biomass waste for reduced energy costs e.g. cocoa husks or alternatives
- Advocate and share best practices at an industry level through Champions 12.3 and the Food Loss and Waste Coalition.

When increases in the availability of raw materials are discussed, the emphasis is too often placed on increasing yields. Targeting crop and product losses can be a way to bring more product volumes to market without increasing the area of land cultivated or adding additional inputs such as fertiliser.

Intellectual Capital

The knowledge and IP we create to keep us ahead

Wouter Stomph (left), Head of Cocoa Ingredient Development and Innovation at Olam's Cocoa Innovation Centre in Willowbrook, Illinois, demonstrates how different deZaan cocoa powders appear and work in dairy milk applications.

How our management of Intellectual Capital[1] creates long-term value for Olam

- Astutely differentiated business model and strategy drive growth and position Olam to capture value from emerging trends while navigating sector dynamics
- Deep understanding of specialist agri-products and agri-chain expertise meet customer demands for reliable supply and value-added services
- Entrepreneurial spirit underpins innovation hubs, R&D, digital, and accounting for sustainability
- Honing expertise by sharing best practices across Business Units, Functions and teams to improve Human Capital
- Leads to insight and innovation to reduce Natural Capital impacts, and create Intangible Capital.

Financial Capital derived from Intellectual Capital in 2018 (may also include other Capitals, e.g. Manufactured)

2018
AtSource recognised for pioneering vision and capability by customers
Olam Direct benefits **~40,000** Indonesian farmers disrupting the supply chain to benefit farmers and Olam
Suite of digital applications for Smart Farms, Smart Factories and Digital Origination
Legal Function protects IP and strengthens commercial agreement processes, also reducing process variability for Operational Excellence

How we created Intellectual Capital value in 2018

2018
Re-imagineers initiative stimulates ideas from across business to achieve Purpose
Development of Olam Integrated Impact Statement for improved analysis of risk and opportunity across Capitals
10 patents registered in 2018 and **5** granted (e.g. ingredients, processing)
3rd edition of US$75,000 Olam Prize for Innovation in Food Security (total entries in March 2018 = **41**)
Gaining and sharing best practices through industry leadership, including: • Co-chair Climate-Smart Agriculture, Low Carbon Technology Partnership, WBCSD • Founding member Global Agri-business Alliance, WBCSD • CEO Champion for Champions 12.3 on Food Loss and Waste • Member – Food Reform for Sustainability and Health (FReSH) • A4S Accounting for Sustainability, Singapore Circle of Practice

1. Defined by the International Integrated Reporting Council as organisational, knowledge-based intangibles including intellectual property, such as patents, copyrights, software; organisational capital such as tacit knowledge, systems and protocols; and intangibles associated with brand and reputation – we have extracted the latter (Intangible) as a separate Capital given its importance.

Unlocking Financial and Social Capital through Digital

Teams across Olam are creating and implementing Intellectual Capital in tailored digital solutions from farm to back office.

Improving traceability through co-operatives and LBAs: Smallholder supply chains are highly fragmented, making traceability difficult. Olam cannot physically source directly from all farmers, instead we have to buy via co-operative structures, intermediaries or Licensed Buying Agents (LBAs).

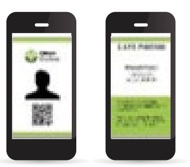
Olam Traceability solution is used by the co-operatives and local/licensed buying agents at origins to register, record, and manage farmer transactions and dispatch the produce to Olam warehouses. It enables Olam to trace products as they are automatically synched to inventory systems during the scanning, tagging and recording phases. It also allows for co-operatives, intermediaries and local buying agents to trace deliveries on their smartphones, provide instant information to customers, reduce audit duration (by as much as 2 weeks), and improve accuracy compared to manual processes.

Introducing Ivy: Robotic Process Automation is the application that mimics tasks performed by humans and works like a digital assistant by undertaking repetitive rule-based processes which require interactions with multiple IT systems.

In 2018, Olam Global Business Services (OGBS) developed and implemented bots (or programmes) across Finance, Supply Chain, IT and Master Data Management. These bots perform activities like recording transactions, processing emails, and generating reports. Each works independently and requires minimal human intervention. In addition to cost savings, we are seeing faster turnaround of transactions, higher accuracy and 24/7 availability. Ivy is Olam's first ChatBot and answers queries regarding supplier invoices. Enhancements are in progress to roll out this service further.

Helping to build rural digital eco-systems: Cocoa, Coffee and Cashew teams in Côte d'Ivoire and Ghana continued to work with think tank CGAP (housed at the World Bank) to better understand the barriers to take-up of digital financial services by smallholders. Mobile network providers are urged to work more closely with agri-businesses to digitise and market face-to-face payments. Read more: www.cgap.org/blog/building-rural-digital-ecosystems-one-small-payment-time

Olam Traceability



Farmers registered and issued ID cards

Farmer brings along card for each sale of goods to buying agents

Digital solution for intermediaries and co-ops

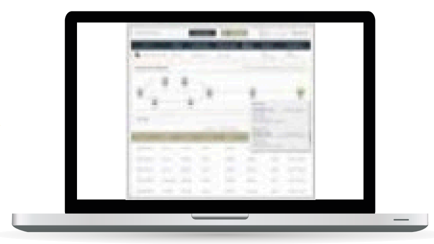
Record buying agents' transactions with farmers with an option to tag goods with QR codes linked to farmer transactions

Tracks flow of goods between intermediaries with QR code for each Lot

Requires intermediaries to physically segregate Lots for traceability

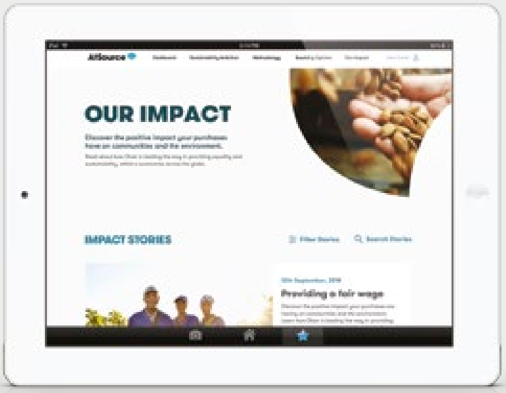
Useful ledger reports for intermediaries to track operations reports

Real-time traceability reports

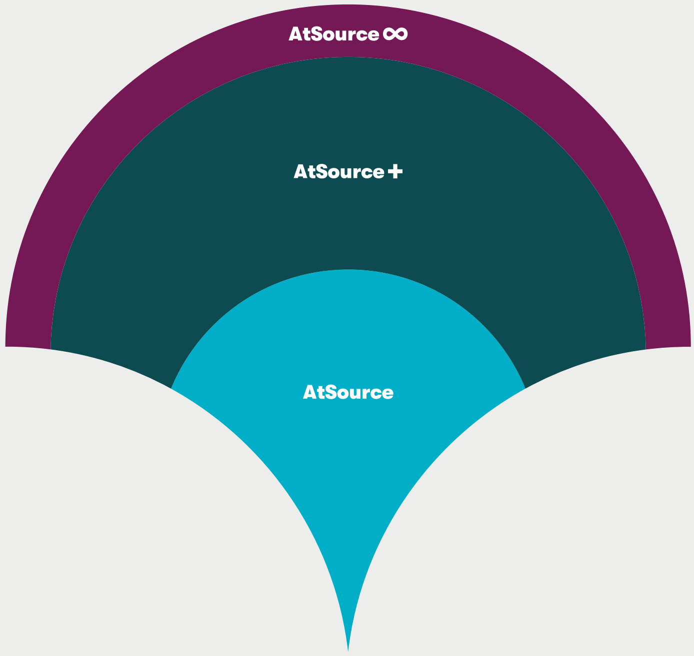


Chain of custody report with list of farmers contributing to each delivery to Olam, retrievable instantaneously

AtSource has the ability to track the environmental and social impact of a product at each stage of its journey – from the farm through logistics and processing, and up to the customer's factory door. There are 3 tiers for AtSource with increasing level of granularity and opportunity for the customer.



Customers have direct access to data through a digital dashboard and can use it in their marketing to demonstrate ethical sourcing.



AtSource
Entry Tier
AtSource Entry provides customers with reassurance that suppliers are engaged on responsible sourcing principles and practices under the Olam Supplier Code.

AtSource +
Measurable impact
Over 80 indicators with farmer group level data and programmes improving economic, social and environmental factors.

AtSource ∞
Transformational change
Products are from programmes that seek to deliver a net positive impact at scale, benefiting wider populations and the earth's ecosystems.

AtSource – one of the most significant contributions to Olam's Intellectual Capital to date

- We believe AtSource to be an unrivalled sustainability solution for the B2B market. We are aiming for all physically sourced volumes to be 'AtSource ready' by 2025. AtSource development has required a huge investment of Intellectual Capital. For example, establishing a standardised set of core metrics that allow for differences between large and small-scale supply chains. Smallholders may only farm 2 ha. In contrast, the majority of Olam Spices' Californian garlic and onion farmers are well-diversified large-scale farms over several hundred hectares
- Having core metrics supports the integrity of the AtSource offering, enabling a customer purchasing multiple products to have a common dashboard. However, AtSource also allows for additional product and origin specific metrics to reflect our customers' desire for tailored insights and solutions. AtSource is further designed to have relevance to global initiatives, such as sustainability certifications, and reporting frameworks such as Global Reporting Initiative and the UN Sustainable Development Goals
- In terms of implementation, Business Units had to overcome challenges in operationalising AtSource. From the farm to manufacturing – the AtSource offering needed to be understood at all levels. Data and other IT systems had to be mapped and merged, processes and methodologies for data collection and validation standardised. Getting all parts of the business to work together towards a common goal was challenging but very useful, bringing many added benefits beyond the launch of AtSource.

> "I have spent more than 16 years in sustainable sourcing in FMCG and retail but joining AtSource has helped me to really understand the challenges facing agri suppliers when asked for traceability, assurance and impact measurement. With AtSource, we have channelled and commercialised Olam's extensive sustainability expertise into a unique and strong proposition for customers that can catalyse transformational change for farmers, communities and planet."

Fiona Wheatley,
Olam AtSource Platform Manager

Find out more at www.AtSource.io

Intangible Capital

The trust in our brand and reputation which helps establish multiple stakeholder partnerships

How our management of Intangible Capital creates long-term value for Olam:

- To achieve both our Vision of being the **Most Differentiated and Valuable Global Food and Agri-business by 2040**, and our Purpose of **Re-imagining Global Agriculture and Food Systems**, we are wholly dependent on customers wanting to buy from us and others financing or partnering with us
- In turn, this depends on the strength of our brand and reputation. Indeed, our Intangible Capital is the culmination of how we manage all our other Capitals: Financial, Human, Social, Natural, Intellectual and Manufactured
- The benchmarks and valuations in 2018 came not only from within Olam but also from the judgement and opinion of peers and third parties, so our measurement of Intangible Capital will be based not only on the way in which we manage our business but also on the commitments and contributions we make to others.

Making the intangible tangible

- Our corporate brand and product brands depend on:
  - Ethics based governance and culture, not least abiding by all laws and international standards (see also Governance Report)
  - The expertise of our teams and quality of our facilities to offer consistent products, as well as innovation and solutions to customers (Intellectual and Manufactured Capital)
  - Alignment of values between employees and leadership for an inspired workforce with a focus on integrity (Human Capital)
  - Responsible corporate citizenship and creation of long-term value for others through the good management of Social, Natural, Human, and Manufactured Capitals etc.
  - Effective risk management backed by policies, codes and standards across the organisation
  - Industry leadership to share knowledge and scale impacts
  - Open communication, transparency and stakeholder engagement, including integrated reporting, as well as participation in events and media articles.

A historic, Europe-based cocoa processing operation, our flagship deZaan label has been the go-to solution for manufacturers around the world since 1911.

The AtSource offering builds over 3 tiers, progressively increasing the level of impact; from reassurance and information (Entry), measurable impact (Plus), to transformational change (Infinity).

Read more:
Intellectual Capital

Financial Capital derived from Intangible Capital in 2018 (may also include other Capitals, e.g. Manufactured)

2018
Launched AtSource – comprehensive B2B sustainable sourcing solution for customers
32 trademarks registered

How we created Intangible Capital value in 2018

2018

- CEO Sunny Verghese appointed chair of the World Business Council for Sustainable Development for 2 years
- Amplified Purpose of Re-imagining Global Agriculture and Food Systems externally, encouraging others to Re-imagine with us

Won multiple awards including:

Business excellence awards
- Africa CEO Forum Awards 2018 – International Company of the Year
- Association of Ghana Industries (AGI) Industry and Quality Awards – Best Company Employer in Ghana

Corporate governance and sustainability awards
- ASEAN Business Advisory Council (ASEAN-BAC) AGROW Awards – Champion Inclusive Agri-business
- The Asset Triple A Country Awards – 'Best Loan in Singapore' for Asia's first sustainability-linked club loan
- Singapore Sustainability Reporting Awards (SSRA) 2018 organised by Singapore Institute of Directors, SGX and Global Compact – Best Sustainability Report for Established Reporters
- SIAS Singapore Corporate Governance Award – Sustainability winner and runner-up 'Most Transparent Company

Innovation award
- Business Day Research & Intelligence Unit Most Innovative Company in Agriculture: Value Chain Management

Human Resources awards
- HR Asia Magazine Best Companies to Work for in Asia 2018 Indonesia Edition – PT Olam Indonesia
- HR Asia Magazine Best Companies to Work for in Asia 2018 Vietnam Edition – Olam Vietnam Limited
- RH Magazine's 'Best HR Manager in Agri-business and Chemical Industry' – Olam Côte d'Ivoire and Senegal

Brand awards
- BrandPower Golden Icon Award 2018 for Best Market Penetration in Biscuits Category – Pure Bliss

Introduced 2 major new policies to create greater Human, Social and Natural Capital value:

- Pioneering global cross-commodity Olam Living Landscapes Policy
- Olam Fair Employment Policy

Introduced global cross-commodity Grievance Procedure to improve transparency

Anti-Bribery and Corruption (ABC) training of more than 7,680 employees. Trade Sanctions and Counter-Party Screening training rolled out to 1,680 employees.

Accreting reputational capital and building trust

In March, Olam secured Asia's first sustainability-linked revolving credit facility. The US$500 million facility – involving 15 banks – was also recognised as the Best Loan in Singapore in The Asset magazine's annual Triple A Country Awards.

In April, Olam was instrumental in establishing His Royal Highness The Prince of Wales' Accounting for Sustainability's (A4S) first Circle of Practice (COP) in Asia and Singapore, comprising 9 leading companies including DBS Bank, CapitaLand, Japfa, Sysmex Asia Pacific and SATS. The A4S aim is to bring together the finance community to embed effective responses to social and environmental risks and opportunities into finance processes and decision making. Read more about our efforts in this area under Intellectual Capital with the Olam Integrated Impact Statement.

Our Purpose to **Re-imagine Global Agriculture and Food Systems** is strengthening our brand positioning and identity, particularly as stakeholders see us really acting on our Purpose through the Re-imagineers Programme (see Human and Intellectual Capital) or through sponsored initiatives to encourage others, such as the Olam Prize for Innovation in Food Security (3rd edition launched in September).

Operations-wise, Olam Palm Gabon (OPG) achieved the second Roundtable on Sustainable Palm Oil (RSPO) certification for the Bilala palm oil mill and concessions in Mouila. In December, OPG was featured in National Geographic magazine as a positive example of environmentally and socially responsible palm production.

Together with leading sustainability media title Eco-Business, we organised the 'Re-imagining a Brighter Future' photo competition to shine a light on creative solutions to tackle climate change, taking our Re-imagine message around the world. Brandon Rooney won the open-to-all category with 'Stillness, Stability', depicting a farmer harvesting from his seaweed farm in Indonesia. Seaweed is recognised for its potential to combat climate change by oxygenating acidified oceans.

Our Capitals: A summary

Throughout this report we have aimed to show the importance we place on all drivers of long-term value, both financial and non-financial, as defined by our 7 Capitals. The summary below demonstrates the integrated thinking underpinning our business model, which in turn will give us the ability to achieve our 2019 – 2024 Strategic Plan to Re-imagine Olam, as well as our Purpose to Re-imagine the sector.

Vision	**To be the most differentiated and valuable global food and agri-business by 2040**
Governing Objective	**To maximise long-term intrinsic value for our continuing shareholders**
Capitals to achieve vision and governing objective	Financial Capital Manufactured Capital, Intellectual Capital and Intangible Capital Human Capital and Social Capital · Natural Capital
Purpose	**Re-imagining Global Agriculture and Food Systems**

Purpose Outcomes	Prosperous Farmers and Food Systems		Thriving Communities			Regeneration of the Living World				
Material Areas	Economic Opportunity	Safe and Decent Work	Education and Skills	Health and Nutrition	Diversity and Inclusion	Climate Action	Healthy Eco-systems	Healthy Soils	Water	Reduced Waste
Impact on UN SDGs	1 No Poverty 2 Zero Hunger	8 Decent Work and Economic Growth 1 No Poverty	4 Quality Education	3 Good Health and Well-Being 2 Zero Hunger	5 Gender Equality 10 Reduced Inequalities	13 Climate Action 7 Affordable and Clean Energy	15 Life on Land 13 Climate Action	15 Life on Land 2 Zero Hunger	6 Clean Water and Sanitation	12 Responsible Consumption and Production 6 Clean Water and Sanitation

16 Peace, Justice and Strong Institutions · 17 Partnerships for the Goals

Enablers

The Olam Integrated Impact Statement – pioneering a new approach

What do cash from operations, net income margin and revenue growth have in common? Most, if not all financial metrics, are linked to an underlying dependency on other Capitals, 'invisible' in financial reporting (Financial Capital). This oversight to the economic value of nature, and other invisible capital, puts future wealth creation at risk.

Against this backdrop there has been a rapid development of non-financial reporting in recent years to support decision making. Leading companies are using a P&L approach to disclose their first efforts at demonstrating how a company's Financial Capital is linked to an underlying impact and dependency on other Capitals. Through collaboration and consultation with internal teams and industry leaders, Olam has developed **both a P&L and Balance Sheet** approach via the Integrated Impact Statement (IIS).

Of the 7 non-financial Capitals, 3 have accounting methodologies robust enough to develop an IIS: **Human, Social and Natural**. Even so, methodologies are still being tested for reliability, scalability and comprehension given we want businesses across Olam to be using the IIS. During 2019, we will therefore be sharing our approach with stakeholders for critique.

> "Sustainability is at the heart of Olam. The IIS gives finance and business teams the needed numerical link between actions on the ground and their impact and dependency on the Capitals. This will help in both improving the understanding of the Capitals and in taking necessary steps towards increasing the long-term value for the company."

Rishi Kalra, Group Head, Corporate Finance

Illustrative only: Olam Integrated Impact Statement

What is it?

- Olam's IIS reports on our non-financial performance
- Presented in an easy-to-understand Profit & Loss (P&L), Balance Sheet (BS) and Risk and Opportunity Statement
- Designed to complement financial reporting
- Measures both the positive and negative impact of our operations, which in turn determines value to Olam and our stakeholders
- Incorporates Olam's own concept of 'Capital Boundaries' to capture additional insight into whether the cumulative impact from our activities are adding to, or eroding the Capital stocks we depend upon for our future value

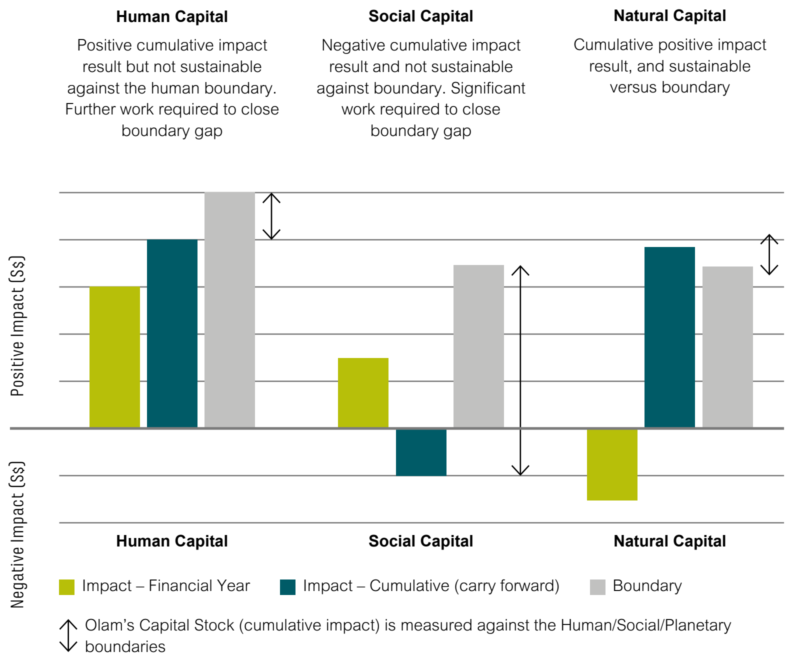
How we will use it?

- Enables us to measure and compare the invisible impacts of our business and investment decisions
- Enhances understanding, accountability and stewardship of our long-term value drivers
- Promotes understanding of dependencies and trade-offs between financial and non-financial impacts
- Uncovers risks and unlocks new opportunities for innovation and efficiencies
- Informs more effective decisions and action

Benefits of a Balance Sheet

The incorporation of a Balance Sheet allows us to understand whether our business activities are sustainable over the long-term.

Peer applications of Human, Social and Natural Capital accounting are presented in a P&L, focusing on the flows to and from each Capital rather than accounting for the net impact of the Capital itself. By introducing the balance sheet, the Olam IIS is able to measure the change in assets (Capitals). This allows us to assess **whether operations are sustainable or unsustainable** when measured against boundaries, such as the Planetary Boundaries set by the Stockholm Resilience Centre (Natural Capital), the Living Wage (Human Capital) and UN Sustainable Development Goals (Social Capital).



Illustrative: Integrated Impact Statement result visualisation

Methodologies

All methodologies have been independently reviewed in line with the International Standard on Assurance Engagements (ISAE) 3000 for Relevance, Neutrality, Reliability, Accuracy, Understanding and Scalability. Examples include:

Human Capital:

e.g. **wages paid impact on employees and their quality of life (living wage concept):** In financial statements employees are deemed as costs. Olam pays a salary which is reported in the Financial Statement within the P&L or as a capitalised cost. Given our business depends on employees, it is useful to understand whether we pay a wage that contributes to an employee's quality of life and life expectancy. An improvement in 'quality of life' would likely reduce sick leave, associated private medical care costs and disruptions to business activities. The living wage concept compares living wage with salary paid, which when compared to a Healthy Utility Index, provides an understanding of Olam's contribution to an employee's quality of life.

Human Capital Boundary: The threshold above which people have access to an income level sufficient to live a good life.

Social Capital:

e.g. **Health and Safety injuries sustained by employees**: Injuries and fatalities also impact society as they represent a loss of economic output generated as well as social costs such as healthcare. Understanding this impact on their own community can galvanise team leaders, for example, to have an unrelenting focus on safety.

Olam invests significantly in Social Programmes including infrastructure such as clinics and schools. A **Social Return on Investment** can help identify where investment can be made most efficiently to provide the greatest benefit to communities. Olam impacts the local economy via the taxes we pay to the government in the country of operation. The **Societal Tax Contribution** calculation attempts to show the impact.

Social Capital Boundary: The threshold above which society has the means to deliver a good life. For example, based on the ideal provision of public institutions and services.

Natural Capital:

It is widely accepted that we do not pay the **true cost of many natural resources.** The IIS includes valuation methodologies for greenhouse gas emissions, water and land use. Understanding these costs is essential for stewardship but also for risk mitigation e.g. government policy brings in taxes.

Natural Capital Boundary: The threshold to which Natural Capital is in a safe space – and the acceptable degradation of the natural ecosystem transformed into agricultural use.

How will it be used?

Internally, this ‘common currency’ can provoke questions between BUs and Functions, identify risks and drive long-term value into decisions.

SIBD*: Build investment resilience by enhancing the Capex process to manage risks

Risk: Identify emerging risks and provide improved quantitative understanding of non-financial risks

Finance: Support the BU teams to steer operational performance management and strategic target setting

HR: Support the implementation of the Fair Employment Policy by measuring the value created through the standard maturity levels

Treasury: Enable access to diverse financing and lower cost of capital through improved information on project evaluation and management of proceeds

Internally, we can use the Olam IIS to:

- Track and monitor performance management across teams/ operations/locations
- Holistically allocate capital
- Identify cost and resource efficiencies
- Uncover opportunities for innovation and differentiation
- Improve risk and reputation management
- Create a long-term value business narrative

Externally, the Olam IIS can be used to strengthen stakeholder engagement and identify mutual value.

Customers: Support our customers in meeting their sustainability targets. Identify opportunities for innovation and to co-create partnerships

Investors: Justify our capital investment and capital allocation to investors and banks

Governments: Demonstrate the positive impacts of Olam’s business and highlight areas for focus

NGOs: Support engagement and collaboration through enhanced transparency and understanding of impacts

Externally, we can use the Olam IIS to:

- Help customers target sustainability interventions more effectively
- Have a stronger licence to operate with stakeholders on the ground
- Attract diversified and lower rates of capital
- Share best practice to help increase wider take-up
- Build trust and reputational enhancement

Learnings and next steps

To date, Olam has undertaken case studies in Cocoa, Palm and Dairy. These are now being analysed further to tighten methodologies as well as understand short-comings. As all methodologies depend on formula and third party expert studies, they can only ever be an approximation but taken together, the IIS provides a valuable tool that can help uncover issues and provoke the questions necessary to Re-imagine Global Agriculture and Food Systems so that farmers prosper, communities thrive and our world can regenerate.

* Strategic Investment Business Development

Engaging stakeholders

Given the extent of our business – sourcing, trading, growing, processing and distributing crops and industrial raw materials, many considered to be 'high-risk' sustainability-wise, and many in emerging markets, Olam has a wide and diverse stakeholder base. Engagement therefore happens at every level of the business, across products, geographies and functions and is an essential component of our reputation management.

Our stakeholder eco-system

- Employees and potential employees
- Customers and prospects
- Farmer suppliers and communities
- Capital providers: shareholders; creditors; analysts
- Collaborators and partners
- Civil society and NGOs
- Governments and Regulators
- Media

"We can only Re-imagine Global Agriculture and Food Systems if we engage with others and that requires open dialogue. In the development and launch of our Living Landscapes Policy in March 2018, we consulted widely with customers, NGOs and others to build the mutual understanding, partnerships and technical capacity to deliver our living landscape outcomes."

Dr Christopher Stewart
Senior Vice President and Head of Corporate Responsibility and Sustainability

Throughout this report, and as part of our commitment to transparency, we have aimed to cover notable engagements and stakeholder concerns during 2018. But we also summarise key sustainability and corporate focus areas here:

Stakeholder	Focus area	Engagement	Read more
Capital providers (shareholders, creditors, analysts)	Business and financial performance Update on refreshed Strategic Plan Update on engagement with NGOs	• Bilateral meetings • Quarterly Results • Roadshows • Annual Report • Olam Insights – 2018 issue: In a sweet spot, Olam's winning South East Asia strategy	CEO Review – page 10 COO Review – page 40 Olamgroup.com
NGOs and civil society (Also some customers on a Business Unit basis)	• Deforestation in cocoa and palm supply chains • Community engagement, provision of services and water quality in Gabon (palm) • Strength of forestry certification standards • Land tenure rights for smallholders, as well as wider community rights (FPIC) • Living incomes for smallholders and greater value distribution, sourcing practices and fair deals, • Women's empowerment including time poverty, land tenure, resilience, equal pay and grievance opportunities • Human rights including impact assessments and commitments	• Bilateral meetings • Written responses • Webcast on launch of Olam Living Landscapes Policy • Roundtables (e.g. London Innovation Forum) • Speaker platforms e.g. Global Landscapes Forum Bonn; RSPO RT16 etc • Integrated Annual Report and separate Global Reporting Initiative (GRI) Report	Cocoa – page 63 Palm – 2018 Progress Report* Palm Grievance Log* Wood Products – page 71 Natural Capital – page 92 Social Capital – page 85 Human Capital – page 80 Cashew – page 59 2018 GRI Report on www.olamgroup.com
Sustainability analysts	Update on forced adult labour	• Individual responses	Social Capital – page 85 2018 GRI Report

* 2018 Palm Progress Report and Palm Grievance Log: www.olamgroup.com/products/food-staples/edible-oils/sustainable-palm-oil.html

Mapping materiality via the UN SDGs

In 2018, the food and agri sector increasingly saw sustainability progress being measured by a company's contribution to the UN Sustainable Development Goals (SDGs) which seek to transform the world through sustainable development by 2030.

The UN states they are the "blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to hunger, poverty, inequality, climate, environmental degradation, prosperity, and peace and justice". Sustainable agriculture is seen as being "at the heart of the 2030 Agenda and the first fundamental step to securing zero hunger" (FAO).

As can be seen from our Sustainability Framework (page 15), Olam has mapped many targets of the 17 Goals against our Material Areas. This was influenced by our materiality process with stakeholders including customers, civil society, investors etc.

There are many targets under the Goals and through the process, we identified which of the targets are a priority for both Olam and our stakeholders, as well as those which may be important to Olam, but less so for stakeholders. Equally, where we believe we have a strong influence in achieving the SDG target or where we have less influence.

Information on our contribution to each SDG indicator can be found under the 3 Capitals, Human, Social and Natural. We have also highlighted those targets we consider to be enablers for the related SDG goal. For more information on our materiality process, see our 2019 GRI Report on Olamgroup.com.

Issue is important to Olam and we can influence target. Key priority for stakeholders:	Issue is important to Olam, we can influence delivery of target, but is second tier of priority for stakeholders	Issue is important to stakeholders but Olam has less influence to deliver the target	Issue is important but others have greater influence than Olam, stakeholders see issue as lower priority for Olam
● 1.2 Reduce poverty	● 3.3 End epidemics	● 1.2. Eradicate extreme poverty	● 1.3 Implement social protection
● 1.5 Resilience to shocks	● 3.6 Reduce traffic accidents	● 4.1 Ensure free education	● 2.c Functioning of food commodity markets
● 2.3 Farmer productivity	● 6.3 Improve water quality	● 6.b Community engagement on WASH	● 4.2 Access to early childhood development
● ● 2.4 Sustainable agriculture	● 7.3 Improve energy efficiency	● 8.6 Reduce youth unemployment	● 9.4 Upgrade infrastructure
● 4.4 Increase enterprise skills	● 8.2 Increase economic productivity	● 10.1 Income growth	● 10.7 Facilitate responsible migration
● 5.A Ensure women's economic participation	● 8.10 Financial Services for all		● 13.3 Capacity for climate response
● 6.1 Access to water	● ● ● 12.4 Management of chemical use		● 15.9 Eco-system values in govt. planning
● 6.2 Access to sanitation	● 13.a Climate change mitigation		● 15.a Finance for eco-system conservation
● 6.4 Water use efficiency and sustainable withdrawal	● 14.1 Prevent land marine pollution from activities		● 15.b Finance sustainable forest management
● 8.7 Eradicate forced labour	● 15.3 Restore degraded land and soil		▲ 17.1 Strengthen tax capacity
● 8.8 Promote labour rights and safety	● 15.5 Reduce degradation of natural habitats and loss of biodiversity		▲ 17.3 Financial resources for development
● 12.2 Sustainable natural resource use	● 15.7 Protect flora and fauna		▲ 17.5 Investment promotion regimes
● ● 12.3 Reduce food loss	▲ 16.5 Reduce corruption		▲ 17.9 Capacity building for national sustainable development
● 13.1 Strengthen resilience to natural disasters	▲ 17.7 Access to environmental technology		▲ 17.14 Policies for sustainable development
● 15.1 Conserve/restore eco-systems			▲ 17.15 Policies for poverty eradication
● 15.2 Protection of forests			▲ 17.18 Capacity building for data
▲ 16.2 End violence against children			
▲ 17.11 Developing country exports			
▲ 17.16 Partner for Sustainable Development			
▲ 17.17 Promote effective partnerships			

● Human Capital ● Social Capital ● Natural Capital ▲ Enablers

Briefing investors on water stewardship strategies in California

In September, Olam Spices and Edible Nuts hosted a group of 34 global investors from the United Nations Principles for Responsible Investment (UN PRI) in Fresno, California, USA. The investors sought to understand how leading agriculture companies are dealing with the challenge of water security in California, and how water policies are affecting farms and food processors. Olam was selected as one of a few companies for the visit based on our reputation of leading in sustainability and water stewardship.

Discussions, led by Olam Spices Sustainability Manager Adrienne Gifford, included the impacts of the Sustainable Groundwater Management Act (SGMA) regulation on farmers and ranchers. A visit to the almond orchards focused on the efforts Olam Edible Nuts is making to re-charge underground aquifers. This includes water recharge ponds, dry wells for re-charge, automated irrigation and remote sensors, direct plant sensors, and water reservoirs.

> “Many investors are interested in water risk – especially in agricultural supply chains, where reduced water impacts yields and profits. It must be managed through a strong water stewardship programme, going beyond an organisation's boundaries to help address the shared water challenges faced by the wider community, which also requires stakeholder engagement.”

Adrienne Gifford,
Olam Spices Sustainability Manager

Risk Management

Olam has a rigorous risk management framework that identifies and assesses the likelihood and impact of risks and what actions are needed to mitigate their impact across the entire business. The framework defines individual risks across 11 categories.

The oversight of each risk is divided among the 5 Board Committees – Risk Committee, Audit Committee, Capital & Investment Committee, Corporate Responsibility & Sustainability Committee and Human Resources & Compensation Committee.

Risk Governance Structure

Overall responsibility to monitor and assess risk lies with the independent risk function (Risk Office). The Group's Chief Risk & Compliance Officer (CRCO) is a member of the Executive Committee and reports to both the CEO and the Chair of the BRC, which comprises the Executive and Non-Executive Directors.

The Risk Office reports to the CRCO and is responsible for identifying, assessing, measuring and monitoring risks, to provide the Group's senior management and the Board with assurance that all risks are within our risk tolerance. The Risk Office undertakes regular stress-testing of the company's portfolio.

Risk Appetite Framework

The Risk Appetite Framework, designed in 2018, defines levels of tolerance for the main risks assumed by the company. It considers the following factors:

- Trading and Operational Risk
- Capital and Liquidity
- Regulatory Compliance (external) – impact on reputation
- Internal Compliance – controls on ESG and other related risks
- Concentration Risks – geographic concentration
- Risk categories are classified on a 5-point risk scale from 1 (lowest) to 5 (highest) with defined measures, possible impacts and escalation protocols.

Risk Budgeting

Risk limits are presented to the Board Risk Committee as part of the annual budgeting cycle. These limits – outright, basis, structure, arbitrage and Value-at-Risk (VaR), as well as credit and counterparty limits – are set based on factors such as risk versus return, volatility of past earnings, adherence to limits and maximum loss limits derived from scenario and stress-testing.

The strength of the management team, prevailing market conditions and the macro-economic outlook are also considered in determining the limits.

Risk Assessment and Control

Of the 50 risks, 16 are evaluated on a quantitative basis and represented in the Group Risk Dashboard (GRD), which is presented quarterly to the Board Risk Committee.

> "We take a rigorous and holistic approach to risk management from both a top-down strategic perspective and a bottom-up business perspective. It is enterprise-wide and applied at every critical point along our value-chain."

Jagdish Parihar
Chief Risk and Compliance Officer

The Enterprise Risk Scorecard assesses the likelihood of each of the risks occurring and their potential impact. Each risk is evaluated using a traffic-light system of red-amber-green. Inherent risks are the threats that an activity poses in the absence of any mitigating factors in place; residual risks are those that remain after mitigations are considered.

The ERS is also presented to the BRC on a quarterly basis which, in conjunction with the GRD assists the Board with examining the effectiveness of the risk management systems and procedures and reviewing risk exposure and risk treatment plans.

Risk Measurement

Olam continually upgrades risk measurement methodology and focuses on the measurement of quantity, tenor, diversified VaR and stress testing to determine potential impact of adverse events on the books.

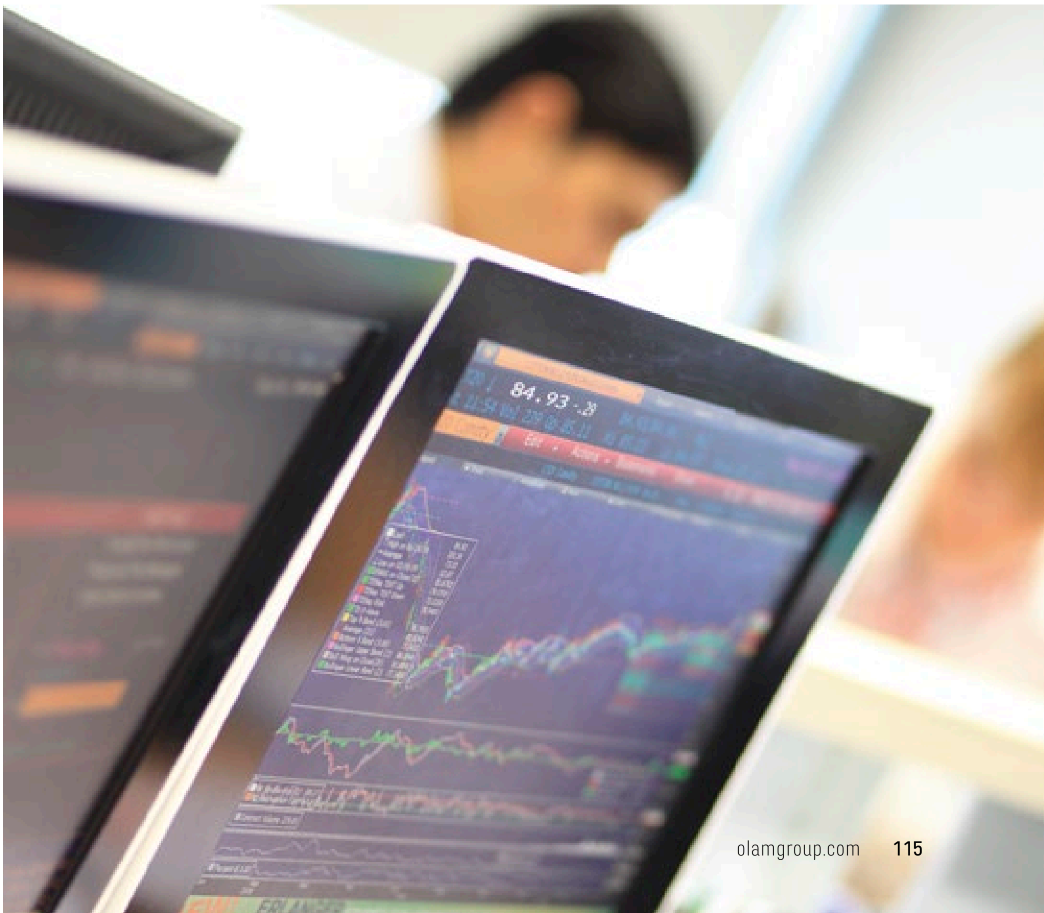
The VaR methodology calculates the potential loss arising from exposure to market and currency risks. Market risk (i.e. commodity price and currency risk) VaR is calculated over a one-day time horizon with a 95% confidence level for each portfolio product. Credit and counterparty risk is assessed by applying default rates (based on counterparty ratings) and underlying commodity exposures as appropriate.

Market Compliance Controls

The Market Compliance Office (MCO) is responsible for ensuring regulatory compliance for Olam's derivative trading units. The MCO carries out regular trader training courses to ensure compliance with prevailing exchange rules globally and ensures that all new managers are comprehensively trained in the Trading Compliance Manual.

Risk Training and Communication

Olam has laid out risk policies that guide new hires on the risks they will be required to manage. The Risk Office frequently presents to senior management bodies to continuously reinforce of the control environment and risk culture. The Risk Office also publishes advisories to raise awareness of risk issues and to promote best practices.



Trading Risks	Trading risks are controlled by regular monitoring of positions using industry-standard metrics. The annual risk budgeting process defines position and risk metric limits to control exposures. The Group hedges price risk on the world's commodities exchanges, both through derivatives and tendering.
Operational Risks	Field operating control and primary sourcing infrastructure are in place in every country where the Group operates. The Group's credit/counterparty rating system defines credit limits and controls, promoting fragmentation of credit exposure on short tenors. Insurance is taken to provide inventory cover as well as credit defaults.
Currency Risks	The Group operates in many geographies and is therefore exposed to many different currencies. G7 currency hedging is performed by a centralised Treasury function and local currency limits in the origins and destinations are assigned to accommodate operational requirements.
Agricultural Risks	The Group aims for transparency with stakeholders, addressing issues as they arise but also seeking to improve wider understanding of issues in the agri-complex. The Group makes information available.
Political and Sovereign Risks	The Group has a deep-seated presence in many of the countries in which it operates, built over many years, and has consequently gained substantial knowledge of local practices. The Group maintains global political risk and terrorism risk insurance.
Reputational Risks	The Group has put in place a suite of policies, codes and standards to guide actions and behaviours. These include the Olam Code of Conduct; the Olam Crisis Escalation Procedure; the Olam Plantations, Concessions and Farms Code; the Olam Livelihood Charter; the Olam Supplier Code; the Olam Fair Workplace Policy and the Olam Living Landscapes Policy.
Regulatory and Compliance Risks	The Group's Market Compliance Office is a global function whose primary role is to ensure that the Group is fully compliant with all external regulation.
Capital Structure and Financing Risks	The Group has a strong base of long-term shareholders. The company maintains strong banking relationships providing committed banking lines, thereby assuring good liquidity.
Natural Perils	The Group maintains insurance cover against risk of natural disasters, such as flood, fire, earthquake and storms.
Other Risks	Succession plans are in place to provide a second line of leadership from within the Group's Operating Committee and Management Committee. The Group employs IT security experts, as well as having in place IT cybersecurity infrastructure.
Strategic Risks	All strategic risks are overseen by the offices of the CEO and COO, and by the Executive Committee.

Risk Committee

Trading Risks:

- Price Risk
- Basis Risk
- Structure Risk
- Arbitrage Risk
- Liquidity Risk

Operational Risks:

- Credit Risk
- Counterparty Risk
- Transactional Currency Risk

Political and Sovereign Risks:

- Duty, Tariff and Export/Import Ban
- Asset Nationalisation Risk
- Selective Discrimination Risk
- Forced Abandonment Risk
- Terrorism/Kidnapping Risk

Regulatory Risks:

- Market Compliance Risk

Natural Perils Risks:

- Pandemic Risk
- Fire Risk
- Flood Risk
- Earthquake Risk
- Hurricane/Typhoon/Storm Risk

Audit Committee

Operational Risks:

- Stock Risk
- Quality Risk
- Fraud Risk
- Systems and Controls Failure Risk

Regulatory Risks:

- Bribery/Corruption Risk
- Other Regulatory Risk
- Transfer Pricing Risk
- Taxation Risk

Cybersecurity and Other Risks:

- Cybersecurity Risk
- IT Risk

Capital & Investment Committee

Operational Risks:

- Project Execution Risk
- Asset Utilisation Risk

Capital Structure and Financing Risks:

- Interest Rate Risk
- Funding Liquidity/Margin Call Risk
- Credit Metrics Risk
- Activist Investor Risk
- Short Seller Attack Risk

Currency Risks:

- Translational Currency Risk

Corporate Responsibility & Sustainability Committee

Reputational Risks:

- Social Risk – Safe and Decent Work
- Social Risk – Economic Opportunity
- Social Risk – Food Safety and Product Recall Risk
- Environmental Risk – Healthy Ecosystems
- Environmental Risk – Water
- Environmental Risk – Climate Action
- Environmental Risk – Healthy Soils
- Environmental Risk – Waste
- Safety and Health Risk

Agricultural Risks:

- Weather Risk
- Pests and Diseases Risk
- Agronomy/GAP (Good Agricultural Practices) Risk

Human Resource & Compensation Committee

Other Risks:

- Key Person Risks

Board – Strategic Risk Assessment

This General Information is intended to help readers understand the bases of our financial reporting and analysis contained in this Annual Report 2018.

Important changes

Change in fiscal year-end to 31 December

Since 2015, the Company (Olam International Limited) has changed its fiscal year-end from 30 June to 31 December. With this change, the Company's fiscal year 2015 (FY2015) was an 18-month period from 1 July 2014 to 31 December 2015. Starting with 2016 (FY2016), the Company follows a January to December fiscal year.

To facilitate like-for-like comparison, the financials are presented in the Financial and Performance Highlights on pages 2 to 7 and the Group on COO's review pages 40 to 75 for the years between 2014 (restated) and 2018, from January to December in each year, unless otherwise indicated.

Restatements due to changes in accounting standards and policies

The Consolidated Balance Sheet of the Group as at 1 July 2014 and 31 December 2015 as well as the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the 12 and 18 months ended 31 December 2015 were restated due to the adoption of new and revised standards which became effective for annual financial periods beginning on or after 1 January 2016, including amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants and the early adoption of FRS 109 Financial Instruments.

Business segmentation and reporting

For financial reporting purposes, we organise our 16 businesses into 5 segments – Edible Nuts and Spices (renamed from Edible Nuts, Spices and Vegetable Ingredients); Confectionery and Beverage Ingredients; Food Staples and Packaged Foods; Industrial Raw Materials, Infrastructure and Logistics (renamed from Industrial Raw Materials, Ag Logistics and Infrastructure); and Commodity Financial Services (CFS). The table in the next column shows the distribution of businesses across these 5 segments.

5 business segments	16 businesses
Edible Nuts and Spices	1. Edible Nuts (cashew, peanuts, almonds, hazelnuts, pistachios, walnuts, sesame and beans, including pulses, lentils and peas) 2. Spices (formerly Spices and Vegetable Ingredients. These include pepper, onion, garlic, capsicums and tomato
Confectionery and Beverage Ingredients	3. Cocoa 4. Coffee
Food Staples and Packaged Foods	5. Rice 6. Sugar and Sweeteners 7. Grains and Animal Feed 8. Edible Oils 9. Dairy 10. Packaged Foods
Industrial Raw Materials, Infrastructure and Logistics	11. Cotton 12. Wood Products 13. Rubber 14. Fertiliser 15. Infrastructure and Logistics (formerly Ag Logistics and Infrastructure. This includes Gabon Special Economic Zone or GSEZ)
Commodity Financial Services (CFS)*	16. Funds Management (formerly Market-making, Volatility Trading and Asset Management)

* Risk Management Solutions and Trade and Structured Finance, which were previously two separate businesses under Commodity Financial Services, have been reclassified as embedded services for all businesses. Market-making and volatility trading activities were discontinued in 2018.

In addition, we report our financial performance on the various value chain initiatives across 3 value chain segments as follows:

3 Value Chain Segments	Value chain activity
Upstream	Includes all activities relating to farming (annual row crops), plantations (perennial tree crops), dairy farming and forest concessions
Supply Chain	Includes all activities connected with origination, sourcing, primary processing, logistics, trading, marketing (including value-added services) and risk management of agricultural products and the CFS segment
Midstream and Downstream	Includes all activities relating to secondary processing, contract manufacturing, branded distribution, private label activities and Infrastructure and Logistics

Definitions of key financial metrics

The definitions for the key financial metrics are as follows:

Sales Volume: Sale of goods in metric tonne (MT) equivalent. There are no associated volumes for CFS and Infrastructure and Logistics businesses.

Revenue: Sale of goods and services

Income: Includes sale of scrap materials, commissions and claims income and fair value gain on investments held for trading. Negative goodwill, gain on sale of assets and other non-recurring, exceptional items which are part of Other Income in the audited consolidated financial statements, are classified as Exceptional Items.

Cost of Sales: Cost of goods sold, shipping and logistics, commissions and claims expenses and the net measurement of derivative assets

Overhead Expenses: Employee benefit costs, manufacturing overheads, travel expenses and other direct expenses

Other Operating Expenses: Unrealised foreign exchange gain/loss and other expenses

Net changes in fair value of biological assets: Records changes in the fair value of agricultural produce growing on bearer plants and livestock

Exceptional Items: One-off, non-recurring items, including negative goodwill and related transaction costs, gain/loss on sale of assets/business, gain/loss on buyback of bonds, impairment loss, finance charges on pre-payment of loans and non-recurring business restructuring expenses. Tax expenses associated with these items are also presented as Exceptional Items.

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) which includes minority interest and excludes Exceptional Items

PAT: Net profit after tax

PATMI: PAT less minority interest

Operational PATMI: PATMI excluding Exceptional Items

Total Assets: Except in Financial and Performance Highlights where total assets comprise non-current assets and current assets in the balance sheet, total assets are defined as net of trade payables and accruals, derivative financial instruments (current liabilities), provision for taxation, other current liabilities and deferred tax liabilities.

Invested Capital (IC): Excludes cash and bank balances, deferred tax assets, fixed deposits, other current/non-current assets (other than option premiums payable/receivable) and fair value of derivative assets on bonds

EBITDA/IC: EBITDA on average invested capital based on beginning and end-of-period invested capital

Return on Equity: Excludes impact of capital securities distribution on net income and capital securities on equity

Net Gearing: Ratio of Net Debt (gross debt less cash) to Equity (before fair value adjustment reserves)

Net Gearing (adjusted): Net gearing adjusted for readily marketable inventories that are liquid, hedged and/or sold forward, operating as near-cash assets on the balance sheet, and secured receivables are supported by letters of credit or documents through banks

Free Cash Flow to Firm (FCFF): Operating cash flow less changes in working capital, cash taxes, capital expenditures and investments

Free Cash Flow to Equity (FCFE): FCFF less net interest paid

Disclaimer

Certain sections of our Annual Report 2018 have been audited. The sections that have been audited are set out on pages 5 to 82 of the Financial Report. Readers should note that legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Except where you are a shareholder, this material is provided for information only and is not, in particular, intended to confer any legal rights on you. This Annual Report does not constitute an invitation to invest in the Company's shares. Any decision you make relying on this information is solely your responsibility. The information given is as of the dates specified, is not updated and any forward-looking statement is made subject to the reservation specified in the following paragraph.

Cautionary statement

This Annual Report may contain forward-looking statements. Words such as 'expect', 'anticipate', 'intend' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual reports to differ materially from those expressed or implied by these forward-looking statements, including among others, competitive pricing and activity, demand levels for the products that we supply, cost variances, the ability to maintain and manage key supplier and customer relationships, supply chain sources, currency values, interest rates, the ability to integrate acquisitions and complete planned divestitures, physical risks, environmental risks, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory developments, political, economic and social conditions in the geographic markets where the Group operates and new or changed priorities of the Company's or its subsidiaries' Boards. Further details of potential risks and uncertainties affecting the Group can be found in the Offering Circular of the Group and its subsidiary Olam Treasury on its US$5.0 billion Euro Medium Term Note Programme dated 15 March 2019.

These forward-looking statements speak only as of the date of this Annual Report. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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Olam

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Offering tomorrow's products and services

Governance Report

Olam International Limited Annual Report 2018

About this report

Governance Report

This section gives detailed information about our rigorous governance framework and those responsible for ensuring it is followed. Shareholder information is also held within this chapter.

Strategy Report

This chapter offers narrative about our strategy, our performance and key market factors and trends. It can be read independently as an Executive Summary or as part of the full report.

Financial Report

Our figures and respective notes are enclosed within this chapter. It should be read in conjunction with the Strategy Report to give a balanced account of internal and external factors.

Contents

Front cover image:

From cashew production to childcare, women in Côte d'Ivoire make a vital contribution to family prosperity and well-being. For this reason, they play an important and growing role in the Sustainable Cashew Growers Programme, which is empowering women with higher incomes and new skills development.

As set out in our refreshed Strategic Plan, by 2024, we will be a **global food and agri-business** that **delivers food, feed** and **fibre along** with **innovative solutions** to **our customers.**

This supports our customers' growing need for **sustainable** and **transparent supply chains** with a clear focus on **tomorrow's consumer preferences.**

Setting the tone Staying on course

The goal of the Audit Committee (AC) in reducing residual risk to within the appropriate risk appetite of the Group is an essential contributor to overall value creation for shareholders.

During the year under review, the AC – working with the rest of the Board and Management – provided oversight on the financial reporting process, audit process, internal control systems as well as regulatory compliance, aimed at underpinning the Group's strategic objectives.

At the foundation of this remit, our Integrated Assurance Framework, which harmonizes the work done by each assurance provider, continued to provide a multi-level line of defence, providing assurance to the Board on the Group's systems of control and processes covering financial, operational, compliance and information technology. The AC also worked closely with the Board Risk Committee (BRC) in monitoring and reviewing the Group's risk management systems. Critical themes of focus included cyber security, fraud, bribery and corruption. The AC's oversight also included in-depth evaluation of the re-appointment, scope of work, independence and objectivity of the Company's external auditors as well as monitoring of the effectiveness and standing of the internal audit function.

Beyond establishing the necessary framework and policies, systems and processes, the AC reviews them in close partnership with Management to ensure they remain robust and sustainable, ensuring the agility and adaptability of the business and supporting the Board's objective of ensuring the long-term success of the Company.

Yap Chee Keong
Chairman, Audit Committee
Independent Non-Executive Director

Board &
7 Board
Committees

Integrated
Assurance
Framework
11 Functions
185 Controls
53 Risks
11 Categories

Multi-level
Line of
Defence

Board of Directors

Yap Chee Keong	Jean-Paul Pinard	Yutaka Kyoya	Shekhar Anantharaman	Lim Ah Doo
Independent Non-Executive Director	Independent Non-Executive Director	Non-Executive Director	Executive Director and Group Chief Operating Officer	Chairman, Independent Non-Executive Director

Sunny George Verghese
Executive Director, Co-Founder and Group CEO

Marie Elaine Teo
Independent Non-Executive Director

Nihal Vijaya Devadas Kaviratne CBE
Independent Non-Executive Director

Sanjiv Misra
Independent Non-Executive Director

Kazuo Ito
Non-Executive Director

Lim Ah Doo, 69

Chairman, Independent and Non-Executive Director

Date of appointment as Chairman:
1 January 2017

Date of first appointment as Director and Chairman-designate:
1 November 2016

Date of last re-election:
25 April 2017

Length of service as a Director (as at 31 December 2018):
2 years 2 months

Academic and professional qualification:
Degree (Honours) in Engineering, Queen Mary College, University of London

Master in Business Administration, Cranfield School of Management

Present Directorship:
Listed company
GDS Holdings Ltd (Director)

GP Industries Ltd (Director)

Singapore Technologies Engineering Ltd (Director)

Non-listed company
STT GDC Pte. Ltd. (Director)

STT Global Data Centres India Private Limited (Director)

U Mobile Sdn Bhd (Director)

Virtus HoldCo Limited (Director)

Other Major appointment:
Commissioner to the High-Level Commission on Carbon Pricing and Competitiveness by World Bank Group

Past Directorships held over the preceding three years:
ARA-CWT Trust Management (Cache) Limited (Director)
(Trustee Manager of Cache Logistics Trust)

SembCorp Marine Ltd (Director)

Linc Energy Limited (Director)

Bracell Limited (Director)

Singapore Technologies Marine Ltd (Chairman)

SM Investments Corporation (Director)

Additional Information:
Mr. Lim Ah Doo was formerly the President and subsequently the non-executive Vice Chairman of RGE Pte Ltd (formerly known as RGM International Pte Ltd). His past working experience includes an 18-year banking career in Morgan Grenfell from 1977 to 1995, during which he held several key positions including that of Chairman of Morgan Grenfell (Asia) Limited. Mr. Lim was previously Chairman of Singapore Technologies Marine Ltd, a subsidiary of Singapore Technologies Engineering Ltd, and was an Independent Director of SembCorp Marine Ltd as well as its Audit Committee Chair. He was also an Independent Director at EDB Investments and SM Investments Corporation and an Independent Commissioner and Chairman of the Audit Committee of PT Indosat (Indonesia).

Sunny George Verghese, 59

Executive Director, Co-Founder and Group CEO

Date of first appointment as Director:
11 July 1996

Date of last re-election:
25 April 2017

Length of service as a Director (as at 31 December 2018):
22 years 5 months

Academic and professional qualification:
Postgraduate Degree in Business Management, Indian Institute of Management, Ahmedabad

Advanced Management Program, Harvard Business School

Present Directorship:
Listed company
Nil

Non-listed company
Caraway Pte. Ltd. (Director)

Other Major appointment:
Human Capital Leadership Institute Pte Ltd (Chairman)

WBCSD (World Business Council for Sustainable Development) (Chairman)

JOil (S) Pte Ltd (Chairman)

Singapore Management University Board of Trustee (Member)

Past Directorships held over the preceding three years:
International Enterprise Singapore (Chairman)

National University of Singapore (Trustee)

PureCircle Limited (Director)

Société SIFCA (Non-Executive Director)

Additional Information:
Mr. Sunny Verghese was with the Kewalram Chanrai Group (KC Group) for over two decades and in 1989 was mandated to start the Company with a view to building an agricultural products business for the KC Group. Before joining the KC Group, he worked for Unilever in India. Mr. Verghese previously chaired CitySpring Infrastructure Management Pte Ltd, a listed Business Trust in Singapore and was also a Commissioner of the Business & Sustainable Development Commission (BSDC). Mr. Verghese has won several awards including 'Outstanding Chief Executive' at the Singapore Business Awards in 2007, 'Ernst & Young Entrepreneur of the Year' for Singapore in 2008 and 'Best CEO of the Year 2011' at the Singapore Corporate Awards. He was also awarded the Public Service Medal by the Government of the Republic of Singapore in 2010.

Key

- Audit Committee
- Board Risk Committee
- Capital and Investment Committee
- Council of Chairs
- Corporate Responsibility and Sustainability Committee
- Governance and Nomination Committee
- Human Resource and Compensation Committee
- Denotes Committee Chairman

Jean-Paul Pinard, 68

Independent Non-Executive Director

Date of first appointment as Director:

29 October 2008

Date of last re-election:

25 April 2017

Length of service as a Director (as at 31 December 2018):

10 years 2 months

Academic and professional qualification:

PhD in Economics, University of California

Diplôme d'Ingénieur, École Polytechnique, Paris

Present Directorship:
Listed company

Nil

Non-listed company

Hero Future Energies Global Limited (UK) (Director)

Other Major appointment:

Nil

Past Directorships held over the preceding three years:

Hero Future Energies Pvt Ltd (Director)

Yantai Changyu Pioneer Wine Company Limited (Director)

Zalagh Holding (Member of the Supervisory Board)

Additional Information:

Mr. Jean-Paul Pinard, prior to joining Olam, spent 17 years with the International Finance Corporation, Washington, DC ("IFC"), becoming the Director of its Agribusiness Department, responsible for managing IFC's global investment portfolio in agri-business and food sectors.

Sanjiv Misra, 58

Independent Non-Executive Director

Date of first appointment as Director:

1 November 2013

Date of last re-election:

25 April 2017

Length of service as a Director (as at 31 December 2018):

5 years 2 months

Academic and professional qualification:

Bachelor's Degree in Economics, St Stephen's College, University of Delhi, India

Postgraduate Degree in Management, University of Delhi, Indian Institute of Management, Ahmedabad

Master in Management, JL Kellogg Graduate School of Management, Northwestern University

Present Directorship:
Listed company

OUE Hospitality REIT Management Pte. Ltd. (Director)
(Manager of OUE Hospitality Real Estate Investment Trust)

Non-listed company

EDBI Pte Ltd (Director)

OUE Hospitality Trust Management Pte. Ltd. (Director)

Phoenix Advisers Pte. Ltd. (President and Director)

Phoenix E.K. Limited (Director)

Singapore Symphony Group (Director)

Clifford Capital Pte. Ltd. (Director)

Other Major appointment:

Chairman, Apollo Management Asia Pacific Advisory Board

Past Directorships held over the preceding three years:

Edelweiss Financial Services Ltd (Director)

Edelweiss Capital (Singapore) Pte Ltd (Director)

National University Health System (Director)

Additional Information:

Mr. Sanjiv Misra's career featured several senior positions, namely, Chief Executive Officer of Citigroup's Global Corporate and Investment Banking Group in Singapore and Brunei and Country Officer in Singapore, Head of Asia Pacific Investment Banking and Head of the Asia Pacific Corporate Bank, in a career spanning 11 years with the Citigroup. His career prior to Citigroup included stints with Salomon Brothers and Goldman Sachs & Co. His board experience includes being the lead Independent Director and Audit and Risk Committee Chair at OUE Hospitality REIT Management Pte. Ltd., a member of the Governance and Nomination Committee and Remuneration Committee at Clifford Capital Pte. Ltd., and an Audit Committee member at EDBI Pte. Ltd.

Nihal Vijaya Devadas Kaviratne CBE, 75

Independent Non-Executive Director

Date of first appointment as Director:

1 October 2014

Date of last re-election:

25 April 2018

Length of service as a Director (as at 31 December 2018):

4 years 3 months

Academic and professional qualification:

Bachelor of Arts, Economics (Honours), Bombay University, India

Present Directorship: Listed company

DBS Group Holdings Ltd (Director)

GlaxoSmithKline Pharmaceuticals Ltd (Director)

StarHub Ltd (Director)

Non-listed company

Caraway Pte. Ltd. (Chairman)

DBS Bank Ltd (Director)

DBS Foundation Ltd (Director)

Other Major appointment:

Member, Advisory Board for South East Asia/Indonesia, Bain & Company SE Asia, Inc

Member, Private Sector Portfolio Advisory Committee in India of the UK Government's Department for International Development

Member, Corporate Resilience Advisory Council, McKinsey & Company

Past Directorships held over the preceding three years:

Akzo Nobel India Limited (Chairman)

TVS Motor (Singapore) Pte. Limited (Director)

PT TVS Motor Company (President Commissioner)

SATS Ltd (Director)

Wildlife Reserves Singapore Pte Ltd (Director)

Additional Information:

Mr. Nihal Kaviratne CBE's career with the Unilever Group spanned 40 years during which he held various senior level management positions in sales, marketing, brand and strategic planning and development, and as Chairman/CEO across Asia, Europe and Latin America. He retired from Unilever in 2005. Mr. Kaviratne was cited in HM Queen Elizabeth II's 2004 New Year Honours List in the UK and has been made the Commander of the Order of the British Empire (CBE) for services to UK business interests and to sustainable development in Indonesia. He was one of "25 leaders at the forefront of change" chosen by Business Week in 2002 for the Stars of Asia Award. In its year end 2010 issue, Forbes India listed him as one of the "5 top names to have on your Board". He was awarded for driving "Business Excellence" at the World Business Conclave 2016 in Hong Kong. Mr. Kaviratne brings with him extensive organisational, business, management, strategic planning and customer-based experience and knowledge.

Yap Chee Keong, 58

Independent Non-Executive Director

Date of first appointment as Director:

1 December 2015

Date of last re-election:

25 April 2018

Length of service as a Director (as at 31 December 2018):

3 years 1 month

Academic and professional qualification:

Bachelor of Accountancy, National University of Singapore

Fellow, Institute of Singapore Chartered Accountants and Certified Public Accounts, Australia

Present Directorship: Listed company

Sembcorp Industries Ltd (Director)

Shangri-La Asia Limited (Director)

Non-listed company

Certis CISCO Security Pte Ltd (Director)

Citibank Singapore Limited (Director)

MediaCorp Pte Ltd (Director)

Other Major appointment:

Nil

Past Directorships held over the preceding three years:

Malaysia Smelting Corporation Berhad (Director)

Rahman Hydraulic Tin Sdn Bhd (Director)

ARA Asset Management Limited (Director)

CapitaMalls Asia Limited (Director)

CityNet Infrastructure Management Pte Ltd (Chairman) *(Trustee-Manager of NetLink Trust, a business trust wholly owned by Singapore Telecommunications Ltd)*

Hup Soon Global Corporation Limited (Director)

Interoil Corporation (Director)

Tiger Airways Holdings Limited (Director)

The Straits Trading Company Limited (Director)

Additional Information:

Mr. Yap Chee Keong's career included being the Executive Director of The Straits Trading Company Limited and the Chief Financial Officer of Singapore Power Ltd. Mr. Yap has also worked in various senior management roles in multinational and listed companies. He was a board member of the Accounting and Corporate Regulatory Authority and a member of the Public Accountants Oversight Committee, the MAS/SGX/ACRA Work Group to review the Guidebook for Audit Committees in Singapore and the MAS/SGX/ACRA/SID Review Panel to develop a Guide for Board Risk Committees in Singapore.

Key

- Audit Committee
- Board Risk Committee
- Capital and Investment Committee
- Council of Chairs
- Corporate Responsibility and Sustainability Committee
- Governance and Nomination Committee
- Human Resource and Compensation Committee
- Denotes Committee Chairman

Marie Elaine Teo, 52

Independent Non-Executive Director

Date of first appointment as Director:

1 December 2015

Date of last re-election:

25 April 2018

Length of service as a Director (as at 31 December 2018):

3 years 1 month

Academic and professional qualification:

Bachelor of Arts (Honours) in Experimental Psychology, Oxford University

MBA, INSEAD

Present Directorship:
Listed company

G. K. Goh Holdings Limited (Director)

Non-listed company

Caregivers Alliance Ltd (Director)

Mapletree Investments Pte Ltd (Director)

Mapletree Oakwood Holdings Pte Ltd (Director)

The Teng Ensemble Ltd (Chairman)

Other Major appointment:

Member, International Advisory Panel, CIMB Group Holdings Berhad

Past Directorships held over the preceding three years:

Nil

Additional Information:

Ms. Marie Elaine Teo has over 20 years of investment experience, primarily with the Capital Group companies where she focused on Asian banks and global emerging markets, both as an analyst and an investment manager. Ms. Teo was formerly the Chairman of Capital International Research, Inc. and Managing Director of Capital International Inc., Asia.

Yutaka Kyoya, 57

Non-Executive Director

Date of first appointment as Director:

1 November 2015

Date of last re-election:

25 April 2018

Length of service as a Director (as at 31 December 2018):

3 years 2 months

Academic and professional qualification:

Degree in Commerce, Waseda University, Tokyo

Advanced Management Program, Harvard Business School

Present Directorship:
Listed company

Lawson, Inc. (Director)

Non-listed company

Nil

Other Major appointment:

Nil

Past Directorships held over the preceding three years:

Mitsubishi Shokuhin Co., Ltd. (Director)

Thai Union Group Public Company Limited (Director)

Rokko Butter Co., Ltd. (Director)

Additional Information:

Mr. Yutaka Kyoya is currently the Executive Vice President and Group CEO of Consumer Industry Group of Mitsubishi Corporation. He joined Mitsubishi Corporation in 1984 and has since been engaged in the food business. Mr. Kyoya has held various roles in Mitsubishi Corporation in Tokyo as well as in its overseas offices, including the USA, Malaysia and Singapore. Prior to his current position, he was the Senior Vice President of Mitsubishi Corporation and Chief Operating Officer of its Living Essential Resources Division in 2014 before being promoted to Executive Vice President and Group CEO of Living Essentials Group in 2016.

Shekhar Anantharaman, 55

Executive Director and Group Chief Operating Officer

Date of first appointment as Director:
1 April 1998

Date of last re-election:
25 April 2017

Length of service as a Director (as at 31 December 2018):
20 years 9 months

Academic and professional qualification:
Bachelor's Degree in Aeronautical Engineering, Panjab University, India

Postgraduate Degree in Business Management, Panjab University, India

Advanced Management Program, Harvard Business School

Present Directorship:
Listed company
Nil

Non-listed company
Caraway Pte Ltd (Director)

Far East Agri Pte. Ltd. (Director)

Other Major appointment:
Nil

Past Directorships held over the preceding three years:
Nil

Additional Information:
Mr. Shekhar Anantharaman has been with the Group since 1992. As the Group Chief Operating Officer of the Company, he jointly oversees all aspects of the Company's global business with the Group CEO. Prior to his current role, he was the Executive Director – Finance and Business Development for the Group leading the Company's overall Strategy and Business Development activities along with responsibility for various functions including the Group's Finance and Accounts, Treasury and IR, IT and Shared Services, Legal and Corporate Secretarial and Manufacturing and Technical Services. He has incubated and managed various global businesses for the Group including its Edible Nuts, Spices and Vegetable Ingredients and Packaged Foods businesses. As the Global Head of these businesses, Mr. Anantharaman has been directly involved in identifying and leading many of the Company's organic and inorganic growth initiatives. He has also played a variety of country management and regional oversight roles across Africa, Asia, Russia, South and North America.

Kazuo Ito, 50

Non-Executive Director

Date of first appointment as Director:
1 December 2018

Date of last re-election:
N.A.

Length of service as a Director (as at 31 December 2018):
1 month

Academic and professional qualification:
BA Economics, Keio University

BPSE, IMD Business School

Present Directorship:
Listed company
Nil

Non-listed company
Nosan Corporation (Director)

MC Agri Alliance Limited (Director)

Other Major appointment:
Nil

Past Directorships held over the preceding three years:
Princes Holding (Rotterdam) B.V. (Director)

Princes Limited (Chairman/Director)

YSW Co. Limited (Director)

Princes Foods BV (Director)

Princes Tuna (Mauritius) Limited (Director)

Additional Information:
Mr. Kazuo Ito is currently the Division Chief Operating Officer, Food Resources Division, Food Industry Group of Mitsubishi Corporation. He has been with Mitsubishi Corporation since 1991 and has held other managerial roles. He was previously General Manager, Strategic and Planning Office of its Living Essential Consumer Products Division. During 2018, he served as a Non-Executive Director of Princes Limited, a global food and drink group involved in the manufacture, import and distribution of branded products, having been its Chairman between 2007 to March 2018 and its Director since 2001 till January 2019.

Key

- Audit Committee
- Board Risk Committee
- Capital and Investment Committee
- Council of Chairs
- Corporate Responsibility and Sustainability Committee
- Governance and Nomination Committee
- Human Resource and Compensation Committee
- Denotes Committee Chairman

Intentional governance for sustainable profitable growth

2018

>50%

(Independent Directors)

The 2018 Code of Corporate Governance (the Code) is applicable to the Company for its 2018 Annual Report. Olam complies with most of the principles and provisions of the Code. Today, the Board comprises more than 50% independent directors with the Board Chair being independent since 2015. With the optimal mix of expertise and experience, the Board is equipped to effectively lead and direct the Company's business and strategy, ensuring the long-term success of the Company.

This Corporate Governance report cross-references other reports and statements made in certain sections of the 2018 Annual Report such as the detailed profile of the Board that may be found in the section on Board of Directors, details on the Company's risk governance framework and the corporate responsibility and sustainability strategy as well as highlights that may be found in the Strategy Report. For completeness, this Corporate Governance report should be read in conjunction with the various sections of the 2018 Annual Report.

Olam recognizes that a well-governed company involves putting in place good corporate governance practices that will ensure the Company's long-term success. Hence, corporate governance will be a continual work in progress so as to uphold the substance and spirit of corporate governance. The Company focuses on governing purposefully, keeping in mind the Code while continuing to deliver on the Company's vision and objectives. In keeping with this objective, actions taken by the Company to address differences between the Code and the Company's practices have been explained in this report.

Principle 1: The Board's conduct of affairs

Board matters

Olam is led by an experienced Board with representatives from varied nationalities and diverse international business backgrounds. The Board oversees the affairs of the Company and provides leadership and guidance to the Senior Management Team. Collectively, the Board and the Senior Management Team ensure the long-term success of the Company and discharge their statutory and fiduciary responsibilities, both individually and collectively. The key functions of the Board are:

- To provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives, as well as to regularly review the execution and the implementation of the Strategic Plan;
- To oversee the process and framework for evaluating the adequacy of internal controls, which included financial, operational, compliance and information technology controls, and risk management systems and satisfy itself as to the adequacy and effectiveness of such processes and framework;
- To ensure the Company's compliance with such laws and regulations as may be relevant to the business;
- To assume responsibility for corporate governance;
- To set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met at all times;
- To review the performance of the Senior Management and the compensation framework for the Board, Executive Directors and Senior Management;
- To oversee the succession plans for the Board, Group CEO, Group COO, Group CFO and Senior Management;
- To oversee and consider corporate responsibility and sustainability issues, policies, standards and strategy in the context of the Company's activities which may have an impact on environmental and social issues; and
- To identify key stakeholder groups and consider their perceptions.

As an established practice, the material matters that require the specific review and approval of the Board are designated as reserved matters and include:

- Acquisitions, divestments and capital expenditure exceeding the authority limits established under an internal policy adopted by the Board, while delegating authority for transactions below those limits to Board Committees, the Executive Committee and Senior Management;
- Capital planning and raising, annual budgets and updates to the Strategic Plan;
- Key policy decision-making process and control;
- Changes to capital, dividend distribution, issuance and buy-back and changes to shares and other securities;
- Matters considered not in the ordinary course of business of the Group; and
- Any matter which the Board considers significant enough to require the Board's direct attention or would be critical to the proper functioning of the Company or its business.

The Board is assisted by various Board Committees for the effective discharge of its responsibilities. To date, these include the Audit Committee (AC), Board Risk Committee (BRC), Capital and Investment Committee (CIC), Corporate Responsibility and Sustainability Committee (CRSC), Council of Chairs (COC), Governance and Nomination Committee (GNC), and the Human Resource and Compensation Committee (HRCC).

Each Board Committee has clear written terms of reference which set out its role, authority, procedures and qualifications for membership. All of the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company.

The terms of reference of the Board Committees may be reviewed from time to time by each Committee, taking into consideration the changing needs of the business and operations of the Company, relevant laws and regulations. They are ratified by the GNC and approved by the Board.

Ad hoc committees of the Board may also be formed from time to time as part of the Board's commitment to engage and provide leadership to management in the business and operations of the Company. These ad hoc committees, formed by Independent Directors and supported by the Executive team, add to the effectiveness and strength of the Company's governance practices as well as reflecting the interests and perspectives of the various stakeholders of the Company.

In 2017, the Board at the recommendation of the GNC formed the Council of Chairs (COC). The key role of the COC is to coordinate the proposals, initiatives, issues and matters relating to the Company's strategy, business, management and operation, including those considered at meetings of the Board Committees, and provides interface and feedback to the Board, Board Committees(s) and Management.

During the year in review, the COC met 4 times to coordinate and harmonise the work undertaken by the Board Committees such as risk events oversight under the Risk Appetite Framework, setting of key financial and other parameters for the measurement of the performance of the Company/Management as well as a framework to monitor performance and progress made, etc.

Directors are expected to exercise independent and objective judgement in the best interests of the Company. In the annual Board, peer and Chairman performance evaluation exercise, the ability to discharge duties and responsibilities at all times as fiduciaries in the interests of the Company, the understanding of the business of the Company as well as the ability to listen and discuss issues with one another objectively, are important assessment criteria.

Where the material matters require the approval of shareholders, the Board may if required under the Companies Act (Chapter 50) and/or the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) appoint an independent valuer or independent financial adviser to evaluate the fairness of the transaction price and offer.

Board and Board Committee meetings

Meetings of the Board and Board Committees are scheduled one year in advance. Besides the regular agenda, the Board receives briefings and updates from the key executives and Senior Management on developments and issues concerning the Group's business or which have an impact on the business of the Group. Regular presentations and updates by business units and functions are also provided to the Board. This allows the Board to develop a good understanding of the Group's businesses, and ensures collaboration and engagement between the Board and the Company's key executives and management. The Board sets aside time at each regular Board meeting to meet without the presence of Executive Directors or Management.

In addition to the five scheduled meetings each year, the Board meets as and when warranted by particular circumstances as well as engaging in informal discussions. During the year under review, 10 Board and 26 Board Committee meetings were held, with certain Directors attending via telephone or video conference, as permitted by the Company's Constitution.

In line with the Group's commitment to business sustainability, conservation of the environment and technological advancement, Directors are provided with access to the Board and Board Committee papers through electronic devices to enable them to read, annotate as well as share their comments on the Board and Board Committee papers in soft copy prior to and during meetings.

In 2018, the Board undertook a thorough review of the strategic direction and plan, capex approval framework, ethics program addressing risks of bribery and corruption, budgeting exercise, risk governance framework (comprising enterprise risk report, dashboard and scorecard), integrated assurance framework which includes in-business control framework and internal audit, risk appetite and tolerance, and the internal control systems. Board Committees' oversight on specific risks areas was also determined under the revised risk governance framework and the integrated assurance framework.

A 3-day Board offsite was organized for the Board to review and discuss the Strategic Plan for 2019 – 2024. Additional forum was organized thereafter for the Board and Management to discuss the specifics and key metrics of the plan. The Strategic Plan 2019 – 2024 was announced on 25 January 2019 and allows the Company to refocus on its strengths and capitalize on new opportunities. By executing the Strategic Plan 2019-2024, Olam aims to be a global food and agri-business that delivers food, feed and fibre along with innovative solutions to support our customers' growing need for sustainable and transparent supply chains with a clear focus on tomorrow's consumer preferences.

To ensure that the Board has an in-depth understanding of the Group's business and activities, one or more Board offsite visits is organised in countries where the Company operates. Besides the visits to facilities, the Board meets with the local management team as well as in-country key stakeholders. Ad hoc visits by the Board Committees or individual Director are organised wherever required to better facilitate the review of issues delegated by the Board. These offsite visits often allow the Board and the individual Directors to engage with the Company's management, and provide them with greater insight on how to manage and guide Management to achieve greater long-term success for the Company.

Yearly, the Board is invited to participate in the Annual ManComm Meet attended by a significant number of key executives and Senior Management of the Company. At the Annual Meet, the Board, Senior Management and key executives of the Company interact with experts in areas such as economics, policies, social, strategy, environment etc., and receive valuable updates on global issues. This exposure equips the Board with a breadth of knowledge and allows them to strengthen their leadership. The Annual Meet provides the Board with opportunities to deepen their interactions with the leadership team of the Company, to meet with the Senior Management team supporting the current leadership team, and to gain insights into issues and developments that are important for the long-term success of the business.

During the year in review, the Board and individual Directors participated in the following offsite visits:

- The Board attended the Annual ManComm Meet held in Singapore;
- The Board visited the Group's businesses in Vietnam;
- The CIC Chair attended the Global Financial Meet held in India;
- The Board Chair and CIC Chair visited the Group's businesses in Gabon and met with key stakeholders;
- The Board Chair visited the operations in Nigeria and met with the Governor of the State of Kaduna;
- The Board Chair and AC Chair visited the Group's business in the USA and met with the auditors as well as the management team in various locations; and
- Mr. Nihal Kaviratne and the GCEO visited the noodle facility of the joint venture partner in Japan for the Group's packaged foods business.

Besides meetings of the Board, the Board pursuant to the Company's Constitution and the Board Committees under their terms of reference may also make decisions by way of resolution by circulation. The details of the Directors' membership on the Board and Board Committees are provided in the following pages.

A table showing the memberships of the Directors and number of Board, Board Committee, Non-Executive Directors' and shareholders' meetings held during the year under review along with the attendance of Directors are provided on page 14 of this report. Throughout the year, Directors individually and collectively actively engage with other members of the Board, the Group CEO, Group COO, Group CFO and Senior Management Team and external consultants to review the business, to discuss global and industry trends and to gain deeper insights into the industry and the business of the Company. The level of engagement and involvement of Directors in Board affairs and in governing the Company cannot be quantified simply by their attendance. Their commitment and the amount of time sowed into the affairs of the Company far outweigh their attendance at these meetings.

Information on Board and Board Committee Membership and Attendance at Board, Board Committees and Shareholders' Meetings for the year ended 31 December 2018

Directors	Membership	Board	NED	COC	AC	BRC	CIC	CRSC	GNC	HRCC	AGM
	No. of Meetings Held	10	5	4	6	4	5	5	1	1	1
	Independent	C	C	C	–	–	M	–	C	C	C
Lim Ah Doo	Non-Executive	10/10	5/5	4/4			5/5		1/1	1/1	1/1
	Independent	M	M	M	–	–	M	C	–	M	–
Jean-Paul Pinard	Non-Executive	10/10	5/5	3/4			5/5	5/5		1/1	1/1
	Independent	M	M	M	–	M	C	–	–	M	–
Sanjiv Misra	Non-Executive	10/10	5/5	4/4		4/4	5/5			1/1	1/1
Nihal Vijaya Devadas	Independent	M	M	–	M	–	–	M	–	–	–
Kaviratne CBE	Non-Executive	10/10	5/5		6/6			5/5			1/1
		M	M	–	M	–	–	M	M	–	–
Yutaka Kyoya	Non-Executive	9/10	5/5		6/6			4/5	1/1		1/1
	Independent	M	M	M	M	C	M	M	–	–	–
Marie Elaine Teo[1]	Non-Executive	10/10	5/5	3/4	1/1	4/4	5/5	3/3			1/1
	Independent	M	M	M	C	M	M	–	M	–	–
Yap Chee Keong	Non-Executive	10/10	5/5	4/4	6/6	4/4	5/5		1/1		1/1
		M	M	–	–	M	M	–	–	M	–
Kazuo Ito[2]	Non-Executive	2/2	1/1			–	1/1			–	
Sunny George		M	–	–	–	–	M	M	–	–	–
Verghese	Executive	10/10					5/5	5/5			1/1
Shekhar		M	–	–	–	M	M	–	–	–	–
Anantharaman	Executive	10/10				4/4	5/5				1/1
		–	–	–	–	–	–	–	–	M	–
Chan Wai Ching[3]	Co-opted Member									–	
Rachel Eng	Independent	M	M	–	M	–	–	–	M	M	–
Yaag Ngee[4]	Non-Executive	2/2	2/2		3/3				1/1	1/1	1/1
		M	M	–	–	M	M	–	–	M	–
Mitsumasa Icho[5]	Non-Executive	7/8	3/4			4/4	4/4			1/1	1/1

"M" Member
"C" Chairman
"NED" Non-Executive Director
"COC" Council of Chairs
"AC" Audit Committee
"BRC" Board Risk Committee
"CIC" Capital and Investment Committee
"CRSC" Corporate Responsibility and Sustainability Committee
"GNC" Governance and Nomination Committee
"HRCC" Human Resource and Compensation Committee
"AGM" Annual General Meeting

1. Ms. Elaine Marie Teo was appointed as member of the AC and stepped down as member of the CRSC on 1 October 2018.
2. Mr. Kazuo Ito was appointed as Non-Executive Director and member of the BRC, CIC and HRCC on 1 December 2018.
3. Ms. Chan Wai Ching was co-opted as member of the HRCC on 1 October 2018. Ms. Chan is not a Director of the Company.
4. Ms. Rachel Eng stepped down as Non-Executive Director and member of the AC, GNC and HRCC on 31 July 2018.
5. Mr. Mitsumasa Icho stepped down as Non-Executive Director and member of the BRC, CIC and HRCC on 1 December 2018.

Visit to Outspan office in Vietnam

Olam products and consumer market visit in Kaduna, Nigeria accompanied by Country Team

Induction and orientation of Directors

The Board of Directors provide the leadership for the rest of the organisation and for corporate governance. Hence, onboarding of newly appointed director is a critical enabler for the director to embark on and accelerate his/her participation in Board affairs effectively.

Newly appointed Directors undergo a comprehensive and tailored induction programme, facilitated by the Group Corporate Secretarial Office. The induction program for newly appointed director comprises an initial engagement session with the director, customization of the program based on the director's profile, scheduling briefings by various key trainers on matters of board responsibilities, governance, fiduciary duties, risk management, safety and health, sustainability, financial reporting and the businesses of the Company, meeting with Business Heads, briefings by the Board Chairman and Chairs of Board Committees, an overview of the business, industry, trends and operations with the Group CEO and Group COO as well as visits to the Group's key operations. Newly appointed director is also issued with an appointment letter and a appointment pack which outlines their Board and Board Committee membership details and term of office, fees payable, fiduciary duty and legal obligations of a director, other vital information regarding their appointment and on the Company. All newly appointed Directors are further assisted by the Group Corporate Secretarial office to enable them to appropriately discharge their statutory and fiduciary duties.

Directors' training and development

The Board recognizes the importance of ongoing training for Directors so as to enable them to serve effectively and contribute to the Board.

To keep the Directors abreast of developments in the Group's diverse industries as well as the Company's global operations, country visits and interactions with business and geography teams are amongst the different types of exposure provided. Directors are invited to participate in sessions and talks conducted by specific industry specialists and experts on trends, developments and issues concerning the sectors in which the Company operates. Directors are routinely briefed via detailed presentations on the development and progress of the Group's key operations. Regular updates on Directors' duties and responsibilities, and changes to any relevant laws and regulations such as the Listing Rules of the SGX-ST, the Code, the Companies Act, etc. are provided to the Board.

During the year under review, the Board was briefed on the global sustainability issues and developments, changes and developments in financial reporting standards by the external auditors, policy changes in countries where the Group operates, information technology (including cyber-security) and shared services, etc.

A Board Offsite was held in Vietnam where the Board visited the Company's local operations. Directors gained greater insight into the operations in Vietnam, the geo-political condition and key economic trends of the country impacting the business of the Company. Meeting with the stakeholders helped to deepen relationship and to fortify the Company's commitment to the business in the country. At the same time, the Board also developed a good understanding of the Company's business to enable it to make informed decisions.

During the term of their appointment, Directors are encouraged to undergo continual professional development. The Company allocates a budget each year for Directors' training and professional development, which may relate to a particular subject area or developments in Company's market or operations etc. The Group Corporate Secretarial Office provide assistance to the Directors for their ongoing development needs.

Principle 2: Board composition and guidance

To align with the extensive geographical spread and depth of the business, the existing Board comprises Directors with diverse skills and expertise in resource-based industry, supply chain, finance and accounting, banking, investment, strategic planning, retail, infrastructure, legal and environment and sustainability issues. The size, composition and blend of experience of the Board allows discussions on matters of policy, strategy and performance to be informed, critical and constructive. The profile and key information of each Director is provided in the Board of Directors section of the 2018 Annual Report.

Board size

From 1 December 2018, Mr. Mitsumasa Icho stepped down from his position as Non-Executive Director of Olam. Mr. Mitsumasa Icho was replaced by Mr. Kazuo Ito who is currently the Division Chief Operating Officer, Food Resources Division, Food Industry Group of Mitsubishi Corporation (MC), and has held several senior level roles in MC such as General Manager, Strategic & Planning Office, Living Essential Consumer Products Division and Chairman/Director of Princes Limited, for the last 27 years. The GNC opined that the extensive experience of Mr. Kazuo Ito from the various key roles he has held in MC will add to the optimal mix of expertise and experience on the Board.

From 31 July 2018, Ms. Rachel Eng stepped down from her position as Independent Non-Executive Director of Olam.

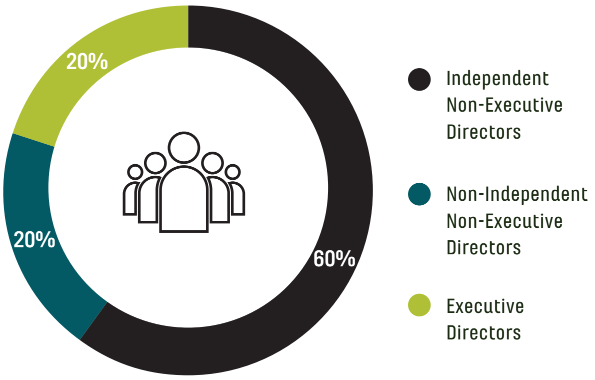
Our Board currently consists of 10 members, 6 of whom are Independent Non-Executive Directors, 2 of whom are Non-Independent Non-Executive Directors and the remaining 2 being Executive Directors. More than 50% of the Board is comprised of Independent Non-Executive Directors. The 2 Non-Independent Non-Executive Directors are appointed by MC. The GNC reviews the board composition, dynamics and culture that enable the Board to be effective and high-performing.

The size and composition of the Board are reviewed from time to time by the GNC to ensure that it is appropriate and conducive for effective discussion and decision-making. The review takes into consideration the variety, magnitude, nature and depth of the Group's business and operations. Based on the factors considered and the composition of the existing Board who collectively possess sufficient depth and breadth to discharge duties and responsibilities effectively as well as to make objective decisions, the GNC believes that a Board size of 10 to 11 members is appropriate.

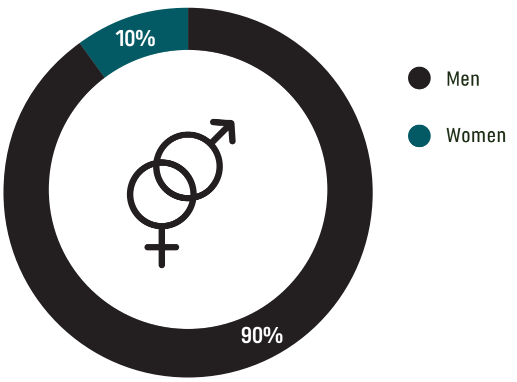
Board diversity

The composition of the Board today is a testimony to what it believes is important: diversity for an optimal mix of expertise and experience. The importance of diversity stretches across skills, industry experience, geographic exposure, training and gender. With Ms Rachel Eng stepping down from the Board, the Board today has 1 remaining female Director (Ms. Elaine Teo). Ms. Elaine Teo continues to play an instrumental role in board level decision making, influencing organizational cultures and in providing alternative viewpoint for the business and solutions. The key to an effective and high-performing Board is the collective intelligence of a diverse composition to drive it forward. It is crucial to have a Board that understands the overall strategy of the Company. An effective Board is about who and why is he/she on the Board, how directors interact with each other as well as with Management, what it spends its time on – priorities and agenda and how it reviews its' own performance from time to time. It is about governing with purpose. The Board is of the opinion that the composition of the Board remains well-rounded and well-appointed for the foreseeable future and in supporting the attainment of the Company's strategic objectives. The Company recognizes the value of diverse perspectives in the boardroom and will explore the appointment of additional female directors as and when the opportunity arises.

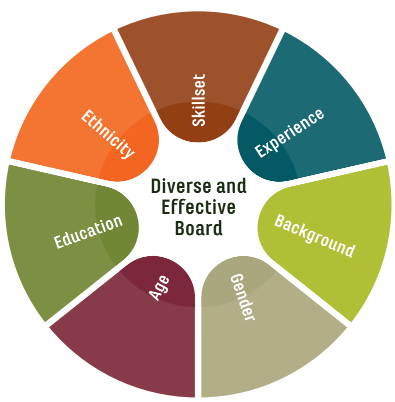
Board size



Gender



Diversity



Independence

The GNC determines on an annual basis each Director's independence bearing in mind the definition of an Independent Director under the Code and guidance as to relationships that may exist which would cause a Director to be deemed non-independent. A Director who has no familial or commercial relationship with the Group or its officers and substantial shareholders of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company, is considered to be independent.

The Code further requires the independence of any Director who has served on the Board beyond 9 years to be rigorously reviewed. The basis of determination by the GNC takes into account the annual confirmation of independence (the 'Confirmation') completed by each Independent Director. He or she is required to critically assess their independence by examining the existence of any relationships or dealings that may compromise their independence.

Having carried out its review for the year under review and taking into account the views of the GNC, the Board has determined that, with the exception of the 2 Non-Executive Directors and 2 Executive Directors, the remaining 6 Directors are to be considered as independent.

In its review, the GNC has considered the independence of Mr. Jean-Paul Pinard who has served on the Board for more than 9 years. Mr. Pinard was appointed to the Board since 2008 and has since chaired the CRSC. Through his chairmanship and guidance, the Company's CR&S function as well as the MATS, Safety and Health function continues to mature in strength and expertise, with several key CR&S policies and related policies developed and implemented and key stakeholders' relationships built to further the Company's CR&S commitment and endeavours. His vast experience with the International Finance Corporation remained relevant for the nature of the Company's business in particular the area of corporate responsibility and sustainability. The GNC further considered Mr. Pinard's independence of mind and opined that he has consistently exercised independent judgement and evidently expressed his views objectively and is able to exercise strong independent business judgement with a view to acting in the best interests of our Company, thereby demonstrating an independence of mind.

Notwithstanding Mr. Pinard having served on the Board beyond 9 years, the Board concurred with the recommendation of the GNC that Mr. Pinard is to be considered as independent.

Under the Company's Code of Conduct (CoC) which all employees including Directors should adhere to, Directors should advise the Board of any personal interests that could inappropriately influence his or her judgment when acting for the Company. The details of the potential conflicts of interest should be disclosed to the Board at the earliest possible opportunity. Where relevant, the CoC stipulates that an explicit written approval may be required should the Director wish to engage or continue with such activity.

Ongoing renewal of the Board

The ongoing renewal of the Board is in line with the Board's policy on tenure of directorships. Since 2013, long-serving independent directors were retired gradually at each AGM with new independent directors who possess the required skills and capabilities appointed to fill these vacancies. All newly appointed independent directors will be subject to a term of office comprising two terms of 3 years each, with an additional term of 3 years at the sole discretion of the Board. All directors whether Executive, Non-Executive or Independent remain subject to an annual evaluation notwithstanding the term of office. Independent Directors may be retired prior to completion of the term of office if so determined by the Board, taking into consideration the recommendation of the GNC.

Non-Executive Independent Directors

The Non-Executive Independent Directors fulfil a pivotal role in corporate accountability. Their role is particularly important as they provide unbiased and independent views, advice and judgement to protect the interests not only of the Company but also of shareholders, employees, customers, suppliers and the many communities in which the Company conducts business. The Board has since 2013 maintained the number of Executive Directors at 2 to have a greater proportion of independent representation on the Board.

Principle 3: Chairman and Group Chief Executive Officer

The Chairman and Group CEO are separate persons. Mr. Lim Ah Doo is Chairman and Independent Non-Executive Director of the Company. Mr. Lim Ah Doo is not related to the Group CEO, Mr. Sunny George Verghese, or other members of the Senior Management Team.

There is a clear division of responsibility between the Chairman and Group CEO to ensure a balance of power and authority.

The Chairman is responsible for ensuring the effectiveness of the Board and Board Committees as well as the governance process. The Group CEO is at the helm of the Management Team and has overall responsibility for the Company's operations and organisational effectiveness. The Group CEO remains accountable to the Board for the decisions and actions taken, as well as for the performance of the Group. The Chairman works closely with the Group CEO on matters to be tabled at meetings and matters arising from the meetings as well as in ensuring that Board members receive accurate, timely and clear information. The Chairman and Group CEO and/or the Group COO held frequent discussions to discuss and review the strategic plan, developments within the Group, business performance, governance process and Management compensation and succession plan.

Under the leadership of the Chairman, the Board holds robust, open and constructive discussions at its meetings with adequate time allocated to sufficiently review the issues tabled. The Chairman chairs the Non-Executive Directors' discussions, which maybe held quarterly after each Board meeting or as and when required, and may organise offsite meetings of the Non-Executive Directors. Along with the Council of Chairs and the Group CEO, the Chairman monitors the translation of the Board's decisions, requests and recommendations into executive action. As part of the Chairman's oversight, he ensures that constructive communication and engagement with shareholders take place at every General Meeting. The Chairman may direct members of the Board to participate in briefings and meetings with other stakeholders to explain publicly available material information.

Governance and Nomination Committee (GNC)

Principle 4: Board membership

Lim Ah Doo

Chairman

Yap Chee Keong	
Yutaka Kyoya	
Rachel Eng Yaag Ngee	(Stepped down 31 July 2018)

The GNC is chaired by an Independent and Non-Executive Director. The GNC comprises only Non-Executive Directors, the majority of whom are Independent Directors. The GNC is guided by its written terms of reference with principal functions as follows:

- To review the succession plans for Directors, including the appointment and/or replacement of the Chairman;
- To review the size, skills and composition of the Board to ensure there is adequate representation in respect of issues and challenges, without compromising Board effectiveness and participation. In addition, the GNC seeks to identify the critical needs in terms of expertise and skills, as well as knowledge of the jurisdictions in which Olam operates;
- To recommend the appointment and re-appointment of Directors with a view to refreshing the Board;
- To conduct an annual review of the independence of each Director bearing in mind the relationships and the tenure limits under the Code;
- To assess the effectiveness of the Board and its members;
- To review and recommend performance criteria for evaluating the Board's performance;
- To recommend membership for Board Committees;
- To consider and review the Company's corporate governance principles;
- To consider any possible conflicts of interest experienced by any Board members and senior executives; and
- To review and recommend to the Board the induction programme for new Directors and ongoing training and development needs of the Directors and the Board as a whole.

Succession planning

The review of Board succession plans, including the role of Chairman, is the primary responsibility of the GNC; while review of the succession plans for key positions in the Group, including the Group CEO and Senior Management, is within the purview of the Human Resource and Compensation Committee (HRCC). The GNC actively reviews the Board and Board Committees' composition and the necessity of refreshing the Board.

The GNC is of the view that any renewal and refreshing of the Board must be carried out progressively and in an orderly manner to ensure continuity. A formal plan for the renewal of the Board and the process for selection of new Directors was put in place in 2012 and executed since 2013. It included the retiring of longest-serving Independent Director, appointment of new Independent Directors who possess the required skills and capabilities in place of the outgoing Independent Directors, introduction of a term of office for all newly appointed Independent Directors comprising 2 terms of 3 years each, with an additional term of 3 years at the sole discretion of the Board, and all Directors, whether Executive, Non-Executive or Independent, remain subject to an annual performance evaluation notwithstanding the term of office. Independent Directors may be retired prior to completion of the term of office if so determined by the Board, taking into consideration the recommendation of the GNC.

Apart from the consideration of the 9-year tenure prescribed by the Principle of the Code for Independent Director when reviewing Board succession plan, the GNC have regard to the strategic plan of the Company, the changing landscape of the business and ongoing challenges and issues faced when addressing the composition of the Board.

Retirement and re-election

All Directors submit themselves for retirement and re-election at least once every 3 years. Pursuant to the Constitution of the Company, one-third of the Directors shall retire from office at the Company's AGM. A retiring Director is eligible for re-election at the AGM. The Group CEO, as a Director, is subject to the same retirement by rotation provision as the other Directors. In addition, the Company's Constitution also provides that a newly appointed Director must submit himself or herself for re-election at the AGM following his or her appointment (unless such appointment was voted upon by shareholders at a general meeting).

At the 2019 AGM, Mr. Kazuo Ito who was appointed as a Non-Executive Director on 1 December 2018 will submit himself for re-election in accordance with Regulation 113 of the Company's Constitution.

Messrs. Lim Ah Doo, Sanjiv Misra and Shekhar Anantharaman will retire pursuant to Regulation 107 of the Company's Constitution and will be eligible for re-election by the shareholders at the AGM.

New appointments, selection and re-nomination of Directors

All new appointments, selection and re-nomination of Directors are reviewed and proposed by the GNC. The GNC has access to external search consultants and resources to identify potential candidates. Board members may also make recommendations to the GNC. Shortlisted candidates are met by the GNC Chairman along with the Board Chairman and Group CEO prior to approval at Board level. Some of the criteria considered by the GNC to identify and evaluate potential Directors include the following:

- The candidate should possess knowledge and experience in a particular area of value to the Group, namely accounting or finance, business or management, industry knowledge, strategic planning, customer-based experience or knowledge or environment and sustainability;
- The candidate should have the aptitude or experience to understand fully the fiduciary duties of a Director and the governance processes of a publicly listed company;
- Independence of mind;
- Capability and how he/she could meet the needs of the Company and simultaneously complement the skillset of other Board members;
- Experience and track record in multinational companies;
- Ability to commit time and effort to discharging his/her responsibilities as a Director; and
- Reputation and integrity.

The GNC reviews all proposed appointments as part of the Board's renewal process taking into consideration the capability, experience, skillset and the principal commitment of the candidates. Interviews and discussions by the GNC Chair, Board Chair and the Group CEO will also be held with any proposed candidates.

Membership of other boards

The GNC, in assessing the performance of the individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Company. It has regard to the Director's other board memberships and commitments. No limit on the number of board representations which a Director may hold has been imposed by the GNC as Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest caused by serving on other boards.

Key information regarding Directors

Key information regarding Directors, such as academic and professional qualifications, Board Committees served on (as a member or Chairman), date of first appointment as a Director, date of last re-election as a Director, directorships both present and past held over the preceding 3 years in other listed companies and other major appointments, is disclosed in the section on Board of Directors of the 2018 Annual Report. Information relating to Directors' shareholding and interests in the Group is disclosed in the Financial Report.

Principle 5: Board performance

The Board considers the importance of putting the right people with the right range of skills, knowledge and experience together for effective governance of the Group's business. The GNC assists the Board in ensuring that the Board is comprised of individuals whose background, skills, experience and personal characteristics enhance the effectiveness of the current Board and meet its future needs.

Based on the recommendations of the GNC, the Board has laid down a preliminary set of assessment criteria to assess the effectiveness of the Board as a whole. There are 12 broad sections and a total of 49 assessment areas for the Board evaluation covering, amongst others, Board composition and leadership, Board processes, strategy and implementation, risk and crisis management, effectiveness of Board Committees and stakeholder management. The assessment of the Board Chair and Director individually is conducted on an 'exception' basis with broad criteria on their individual contribution, involvement, conduct of and at meetings, execution of agreed matters, interaction with the Board, industry and functional expertise, etc.

During the year, the GNC carried out an evaluation of the effectiveness of the Board, the individual Board members and the Chairman of the Board. The results of the evaluations are reviewed by the GNC and the Board with proposed follow-up actions led by the GNC Chair. Meetings between the individual Director and the Board Chairman, as well as the GNC Chairman, may be set up to share feedback and comments received and to work out action plans to address specific issues raised.

Access to information and Accountability

To enable the Directors to fulfil their responsibilities, pre-meeting discussions are held between the Chairman of the Board and/or Committees with Senior Management for the construction of the agenda and the preparation of Board materials. The agenda for each Board and Board Committee meeting along with all Board papers, related materials and background materials are provided to the Directors to enable the Directors to obtain further details and explanations where necessary. The Board is briefed and updated on the execution of the Company's Strategic Plan, performance of its investments, financing plan, variance in budgets, etc. Members of the Management Team are invited to be present at Board and Board Committee meetings to provide additional insight into the matters tabled for deliberation. Global heads of business units are scheduled wherever required to update the Board on platform-wise performance and plans.

Non-Executive Directors meet with Senior Management independently to be briefed on various issues. Additional information, documents and materials are provided to the Directors as and when required to enable them to make informed decisions.

Board members are invited to participate in the annual ManComm meeting to interact with Management as well as to gain industry insight through external speakers.

Presentations on the Group's business and activities are provided to the Board throughout the year by the Company's Management Team.

The Board has separate and independent access to the Senior Management and the Company Secretary at all times. Directors and Board Committees may, where necessary, seek independent professional advice, paid for by the Company.

The Board has adopted a policy of openness and transparency in the conduct of the Company's affairs while preserving the commercial interests of the Company. The Company reports its financial results quarterly and holds media and analyst meetings to coincide with the announcements.

Financial results and other price-sensitive information are disseminated to shareholders via SGXNET, to the SGX-ST, via press releases, on the Company's website (olamgroup.com) and through media and analyst briefings.

The Company has in place a comprehensive investor relations programme to keep investors informed of material developments in the Company's business and affairs beyond that which is prescribed, but without prejudicing the business interests of the Company.

Role of the Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary advises the Board through the Board Chair on governance matters and facilitates the effective functioning of the Board and Board Committees in accordance with their terms of reference including any best practices. Meetings of the Board and Board Committees are scheduled at least a year in advance.

Beyond scheduling meetings, the Company Secretary works closely with the Board Chair and Chairman of the Board Committees and key executives of the Company to proactively manage the agenda and the materials provided in advance of and at meetings. The Company Secretary pursues and manages follow-up actions and reports on matters arising from the meetings. The Company Secretary assists the Board Chair with Board development and Board processes including Board evaluation, induction and training. The office takes the lead in organising the appointment letter and information pack and in developing tailored induction plans for new Directors, working with the Board Chair and new Directors.

The Company Secretary acts as the sounding board for matters of corporate governance and monitors overall compliance with the law and regulations adhered to by the Group. The Company Secretary is also responsible for ensuring the Company's compliance with the Listing Rules of the SGX-ST, for interaction with shareholders and for facilitating the convening of general meetings. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Human Resource and Compensation Committee (HRCC)

Principle 6: Procedures for developing remuneration policies

Principle 7: Level and mix of remuneration

Principle 8: Disclosure on remuneration

Lim Ah Doo
Chairman

Jean-Paul Pinard	
Sanjiv Misra	
Kazuo Ito	(appointed 1 December 2018)
Chan Wai Ching (co-opted member)	(appointed 1 October 2018)
Rachel Eng Yaag Ngee	(stepped down 31 July 2018)
Mitsumasa Icho	(stepped down 1 December 2018)

The existing members of the HRCC, including the HRCC Chairman, are Independent and Non-Executive Directors, except for Mr. Kazuo Ito, who is Non-Executive and Ms. Chan Wai Ching, a Non-Director and Co-opted Member. The HRCC is established by the Board with the following principal functions:

- To review the executive leadership development process and programme;
- To review and recommend executives' compensation framework and equity-based plans;
- To review succession plans for key executives, including the Group CEO;
- To establish and oversee the process for evaluating the performance of the Group CEO, Group COO and other key executives in the fulfilment of their responsibilities, and the meeting of objectives and performance targets;
- To review the framework of remuneration for the Board and key management personnel;
- To review the specific remuneration packages for each director and key management personnel;
- To review the remuneration framework and the adequacy of the fees paid to Non-Executive Directors; and
- To review all aspects of remuneration, including termination, to ensure they are fair.

The HRCC carries out regular discussions with the Group CEO and the Board on succession planning at the Senior Management level including that of the Group CEO. The HRCC also engages external consultants to advise on its remuneration policy and to restructure the remuneration policy where necessary.

During the year, the HRCC reviewed with the Group CEO the succession plans for key executives and the progress, the compensation framework and the deliverables of the Group CEO and Group COO. The HRCC also reviewed and approved the recommendation for the issuance and allocation of new share grants under the Olam Share Grant Plan.

Remuneration policy for Non-Executive Directors

The existing remuneration framework for Non-Executive Directors adopted by the HRCC is a comprehensive framework consisting of base fee for membership on the Board and each Board Committee, Chairmanship, Lead Independent Director's fee and attendance fee.

The framework and details of the fees paid to the Non-Executive Directors approved at the previous AGM of the Company in April 2018 are provided in the following paragraphs.

The remuneration for Non-Executive Directors is in line with peer companies and those whom Olam was benchmarked against. The fees framework for Non-Executive Directors reflects an equitable and adequate remuneration on account of the responsibilities and average amount of time spent by a Director at Board and Board Committee meetings, as well as their discussions beyond formal meetings and separate discussions with management in the discharge of their responsibilities.

To facilitate timely payment of Directors' fees, the fees are paid in arrears on a quarterly basis for the current financial year once approval is obtained from shareholders at the AGM.

Fees for Non-Executive Directors

At the April 2018 AGM, shareholders approved the payment of Directors' fees of up to S$2,000,000 under the existing fees framework for Non-Executive Directors set out in the paragraphs below. The aggregate fees paid quarterly in arrears to the Non-Executive Directors for the financial year ended 31 December 2018 entirely in cash amounted to S$1,785,132 (excluding fees paid to a Director for his directorship with the subsidiary of the Company).

The HRCC yearly reviews the adequacy of fees paid to Non-Executive Directors and may commission an independent review by an external consultant on the remuneration framework of Directors as well as key management personnel.

Apart from the revision of fees paid to the BRC Chair and members in 2017, the Non-Executive Directors' fees have remained unchanged in the last four years. In 2018, the HRCC carried out a review on the adequacy of the Non-Executive Directors' fees, which took into consideration the size and complexity of the business, the extensive work done, the increased responsibilities of the Board with increased scrutiny and accountabilities from the changes in the regulatory and compliance landscape, the frequent interaction, formal and informal discussions held with the Group CEO, Group COO, Senior Management team and key stakeholders, the evolving issues and challenges of the industry and business, review and monitoring of the business and management performance and the need to recruit and retain directors best suited for the Company. Consequent to the review and recommendation of the HRCC, which was concurred by the Board, the following changes to the framework of the Non-Executive Directors' fees payable would be applicable from financial year ending 31 December 2019:

i. revision of Chairman's fees to a fixed fee payout of S$600,000 annually (excluding car-related benefits). No separate retainer fees, committee fees or attendance fees will be paid to the Chairman;

ii. revision of the fees payable to the CRSC Chair from S$30,000 to S$35,000 and to each member of the CRSC from S$15,000 to S$20,000;

iii. fees payable to the COC Chair at S$35,000 and to each of the COC member at S$20,000. The COC was formed since November 2017. No fees were paid to the COC for FY 2018.

iv. To align the interests of Directors with shareholders' interests, the HRCC has recommended to the Board the incorporation of an equity component in the total remuneration of Non-Executive Directors[1]. Subject to shareholders' approval of the fees at the April 2019 AGM, the Company will arrange for each such Non-Executive Director to receive approximately 70% of his/her total Directors' fees in cash and the balance approximately 30% in the form of Olam shares.

The Company will either arrange with the Non-Executive Directors for the Olam shares to be purchased from the market for them around the date of the announcement by the Company of its unaudited full year financial statements for the financial year ending 31 December 2019, or, subject to the amendment of the Olam Share Grant Plan (OSGP), for the balance approximately 30% of the total Directors' fees to be paid to each of the Non-Executive Directors in the form of restricted shares under the OSGP, which will be awarded as fully paid shares with no performance conditions attached and no vesting periods imposed.

The cash component of the Directors' fees will be paid to the Non-Executive Directors on a quarterly basis. In the event any Non-Executive Director leaves the Company prior to the acquisition of the Olam shares, the Directors' fees due to him/her up to his/her date of cessation will be paid to him/her in cash.

Each such Non-Executive Director is committed to holding, during his or her Board tenure, Olam shares of a value pegged to approximately his or her annual Directors' fees.

During the year in review, there was no adjustment of the fees payable to the Chairman of the HRCC and to each of its members.

1. Excluding certain Non-Executive Directors who, under their separate arrangements with their employers, do not retain their Directors' fees.

Details of the updated fees framework for Non-Executive Directors, which included the proposed increase to the aggregate Directors' fees payable and applicable from financial year ending 31 December 2019, are provided below:

Nature of appointment		S$
Board of Directors		
Chairman (Fixed fee)*		600,000
Base fee (Deputy Chairman)		130,000
Base fee (Member)		70,000
Lead Independent Director		25,000
Council of Chairs		
Chairman's fee		35,000
Member's fee		20,000
Audit Committee		
Board Risk Committee		
Capital and Investment Committee		
Chairman's fee		50,000
Member's fee		25,000
Human Resource and Compensation Committee		
Corporate Responsibility and Sustainability Committee		
Chairman's fee		35,000
Member's fee		20,000
Governance and Nomination Committee		
Chairman's fee		30,000
Member's fee		15,000
Attendance fee	**Board**	**Committee**
Home city meeting	3,000	1,500
Out-of-region meeting	4,500	2,250
Conference call	600	400
Odd hours	1,200	750
Board offsite		6,000

* No separate retainer fees, committee fees or attendance fees would be paid to the Chairman

The aggregate Directors' fees including the proposed increase in fees are subject to shareholders' approval at the AGM. The Non-Executive Directors will refrain from making any recommendation on and, being shareholders, shall abstain from voting on the ordinary resolution for the aggregate Directors' fees. Other than the Chairman who will be voting for proxies under the Listing Rules of the SGX-ST, the Directors shall also decline to accept appointment as proxies for any shareholder to vote in respect of this resolution unless the shareholder concerned shall have given instructions in his or her proxy form as to the manner in which his or her votes are to be cast in respect of this resolution.

Fees paid to the Non-Executive Directors for the financial year ended 31 December 2018

The breakdown of the fees paid to the Non-Executive Directors for the financial year ended 31 December 2018 is set out in the table below.

Name	FY 2018 S$
Current Directors	
Lim Ah Doo[1]	318,000
Jean-Paul Pinard	195,300
Sanjiv Misra	214,900
Nihal Vijaya Devadas Kaviratne CBE	156,200
Yutaka Kyoya	169,300
Yap Chee Keong	245,000
Marie Elaine Teo	216,900
Kazuo Ito[2]	18,066
Chan Wai Ching[3]	5,000
Rachel Eng Yaag Ngee[4]	89,333
Mitsumasa Icho[5]	157,133
Directorship on Subsidiary	
Nihal Vijaya Devadas Kaviratne CBE[6]	75,000

The aforementioned fees paid out quarterly in arrears were based on the fees' framework set out in page 21 of the Governance Report of the 2017 Annual Report.

1. In addition to the Directors' Fees set out above, Mr. Lim Ah Doo also received car-related benefits (S$4,573.91).
2. Appointed on 1 December 2018.
3. Appointed on 1 October 2018 as co-opted member.
4. Stepped down on 31 July 2018.
5. Stepped down on 1 December 2018.
6. Fees paid as Independent and Non-Executive Chairman of Caraway Pte. Ltd., a 75:25 joint venture subsidiary of the Company.

Remuneration policy for Executive Directors and other key executives

The Company's remuneration philosophy is aimed at attracting, retaining and motivating Executive Directors and key executives through a framework which rewards performance and achievement of the Company's strategic objectives.

The HRCC recognizes that the Company operates in a multinational environment and reviews remuneration through a process that considers the Group's businesses and individual performance, as well as relevant comparative remuneration in the market. In considering comparative remuneration in the market, the HRCC seeks to maintain an awareness of the level of pay and practices by peer companies so as to keep pay market competitive while mitigating increase of pay that is disconnected from actual performance. The performance evaluation for Executive Directors and key executives have been conducted with the considerations as indicated in the table below.

Aligned with interests of shareholders and other stakeholders

- Align interests between management and shareholders.
- Select appropriate performance metrics for annual and long-term incentive plans to support business strategies and ongoing enhancement of shareholder value
- Allow for performance-related clawback if long-term sustained performance targets are not met

Remuneration is linked to performance

- Measure performance based on a holistic balanced scorecard approach, comprising both financial and non-financial metrics
- Ensure targets are appropriately set for threshold, target, stretch and exceptional performance levels

Remuneration is appropriate and proportionate to sustained performance and value creation

- Ensure that the link between performance and remuneration is clear

Remuneration structure

The remuneration structure is designed such that the percentage of the performance-related components of the Executive Directors and key executives remuneration increases as they move up the organization. To remain competitive, the Company aim to benchmark executives' compensation with that of similar performing companies and remain in the top 25 percentile, taking into consideration the individual's performance, qualification and experience.
The Company advocates a performance-based remuneration system that is flexible and responsive to the market. The total remuneration comprises 3 components: an annual fixed cash component, an annual performance incentive and a long-term incentive. Executive Directors are not entitled to either base fees or fees for membership on Board Committees. Remuneration for Executive Directors currently comprises a base salary, a performance bonus tied to the Company's and the individual's performance, and participation in the OSGP.

Base salary

- The annual fixed component consists of the annual basic salary and other fixed allowances.
- The base salary reflects the market worth of the job but may vary with responsibilities, qualifications and the experience that the individual brings to the role.

Performance incentive

- The annual performance incentive is tied to the Company's and individual executive's performance.
- The annual performance incentive is designed to support the Group's business strategy and the ongoing enhancement of shareholder value.

Long-term incentive

- The long-term incentive is granted based on the individual's performance and contribution made.
- Long-term incentives reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain key talent.

Policy

- The Company contributes towards the Singapore Central Provident Fund where applicable to the individual.

Employee Share Grant Plan

- The Company had adopted the new Olam Share Grant Plan (OSGP) at the 2014 AGM. The OSGP involves the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished.
- Any performance targets set under the OSGP are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.
- Details of the OSGP including its objectives, key terms, potential size of grants, methodology of valuation, market price of shares that were granted as well as outstanding, and the vesting schedule may be read as part of the Financial Report.

The Company currently has 8 top key executives who are not Directors. Information on the compensation paid to all Directors (including Executive Directors) and key executives is summarily provided in the notes to the Financial Statements of the Financial Report.

In considering the disclosure of remuneration of the Executive Directors and top 8 key executives, the HRCC opined that the information provided on the framework, system and component of the remuneration of Executive Directors and the key executives would better provide shareholders with an understanding of the role played by the HRCC in ensuring that the remuneration paid is appropriate and proportionate to the sustained performance and value creation of the Company including taking into account the strategic objectives of the Company. The HRCC also considered the industry conditions in which the Group operates, the impact of the disclosure of specific compensation and the confidential nature of the Executive Directors' and key executives' remuneration.

Principle 9: Risk management and internal control

Principle 10: Audit Committee

Level and mix of remuneration of Executive Directors for the year ended 31 December 2018

Remuneration band	Base/fixed salary	Variable or performance related income/ bonuses	Benefits in kind	Total	Options	Share Grant
S$2,000,000 and above						
Sunny George Verghese	17%	79%	4%	100%	15,000,000[1]	2,066,057[3]
Shekhar Anantharaman	25%	75%	-	100%	5,000,000[2]	1,537,795[4]

1. The subscription/exercise price of S$2.35 per share for 15,000,000 share options is the price equal to the average of the last dealt prices for a share for the 5 consecutive market days preceding the date of grant.
2. The subscription/exercise price of S$2.28 per share for 1,750,000 share options and S$1.76 per share for 3,250,000 share options is the price equal to the average of the last dealt prices for a share for the 5 consecutive market days preceding the date of grant.
3. Share grant of 2,066,057 comprised of 1,280,147 Performance Share Awards and 785,910 Restricted Share Awards granted pursuant to the Olam Share Grant Plant. The actual number of shares to be delivered pursuant to the 410,000 Performance Share Awards granted will range from 0% to 192.5% of the base award and 870,147 Performance Share Awards granted will range from 0% to 200.0%, both of which are contingent on the achievement of pre-determined targets set out in the 3-year performance period and other terms and conditions being met.
4. Share grant of 1,537,795 comprised of 974,826 Performance Share Awards and 562,969 Restricted Share Awards granted pursuant to the Olam Share Grant Plan. The actual number of shares to be delivered pursuant to the 350,000 Performance Share Awards granted will range from 0% to 192.5% of the base award and 624,826 Performance Share Awards granted will range from 0% to 200.0%, both of which are contingent on the achievement of pre-determined targets set out in the 3 year performance period and other terms and conditions being met.

Remuneration band of the top key executives for the year ended 31 December 2018

Remuneration band	No. of executives
S$1,500,000 and above	3
Below S$1,000,000	5

Remuneration of employees who are immediate family members of a Director or the Group CEO

No employee of the Company and its subsidiaries whose remuneration exceeded S$100,000 during the year under review was an immediate family member of a Director or the Group CEO. Immediate family member is defined as a spouse, child, adopted child, step-child, brother, sister or parent.

Board Risk Committee (BRC)

Marie Elaine Teo

Chairman

Sanjiv Misra	
Yap Chee Keong	
Shekhar Anantharaman	(appointed 4 January 2018)
Kazuo Ito	(appointed 1 December 2018)
Mitsumasa Icho	(stepped down 1 December 2018)
Sunny George Verghese	(stepped down 4 January 2018)

Accountability and audit

The Board is responsible for the governance of risk and along with the BRC and AC, which are supported by various functions, ensures that Management maintains a sound system of risk management and internal controls and instills the appropriate culture throughout the Company, for effective risk governance to safeguard the interests of the Company and its shareholders.

To assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies, the BRC Committee was established in 2005. The BRC met 4 times during the year.

The BRC has oversight of the following matters:

- To review with Management the Group's framework, guidelines, policies and systems to govern the process for assessing and managing risks;
- To review and recommend annual risk limits and trading risk budgets;
- To review benchmarks for, and major risk exposures from, such risks;
- To request, receive and review reports from management on risk exposures;
- To identify and evaluate new risks at an enterprise level and to table a report to the Board;
- To review the Group Risk Dashboard, the Enterprise Risk Scorecard and the Risk Appetite Framework and to escalate to the Board as appropriate;
- To review market compliance updates and issues reported; and
- To review annually the Insurance Strategy and Plan.

The Company complies with the recommendations contained in the Code and the Risk Governance Guidelines issued by the Corporate Governance Council in the approach to risk governance for the Group. The Company has robust mechanisms and systems to identify risks inherent in the Group's business model and strategy, risks from external factors and other exposures, and to monitor the Company's exposure to key risks that could impact the business sustainability, strategy, reputation and long-term viability of the Group. The Board along with the BRC supported by the Chief Risk and Compliance Officer ("CRCO") and the Risk Office instils the right culture throughout the Company for effective risk governance.

The BRC Chair actively engages with the risk management team on various risk matters as well as the matters to be discussed at each BRC meeting. The BRC periodically reviews its terms of reference taking into consideration the Risk Governance Guidelines and the Code as well as the changing needs of the organization.

Risk Governance Structure

The Group has an institutionalized process in the governance of risk management matters. The CRCO is a member of the Executive Committee and reports to both the Group CEO and the BRC Chair.

The Risk Office reports to the CRCO and is responsible for identifying, assessing, measuring and monitoring risks, to provide the Company's senior management and the Board with assurance that all the risks borne by the Company are within its risk limits. The Risk Office is responsible for risk monitoring and control on an independent basis and undertakes regular stress-testing of the Company's portfolio.

The Company sets risk limits as part of the annual budgeting cycle, which are presented to the Board for approval. These limits include outright, basis, structure, arbitrage and Value-at-Risk (VaR) as well as credit and counterparty limits. The CRCO is mandated to allocate the risk capital across businesses considering the competitive position, trading and market conditions and the track record of each business. Performance is continuously monitored, and risk capital allocation is recalibrated where necessary. Limits are set at business unit and value-chain step level.

Enterprise Risk Management

The Company continually upgrades its risk management methodology to keep in line with industry best practices. The Company has a risk management framework designed to rigorously identify and assess the likelihood and impact of risks, and to manage the actions necessary to mitigate impact. The process identifies risk from a top-down strategic perspective and a bottom-up business perspective. The Company takes a holistic approach to enterprise-wide risk, monitoring across each value-chain step and a wide range of both quantifiable and non-quantifiable risks.

In 2017, the Company's Enterprise Risk Management framework defined 51 individual risks across 11 categories. The oversight of each of the 51 risks is divided among the 5 Board Committees, namely, the BRC, AC, CIC, CRSC and HRCC. During 2018, two new risks were introduced under the purview of CRSC, increasing the total to 53 risks. Of these risks, 16 are evaluated on a quantitative basis and represented in the company's Group Risk Dashboard ("GRD"), the output of which is presented to the BRC quarterly. The Enterprise Risk Scorecard ("ERS") is the result of an assessment of each of the 53 risks for likelihood of occurrence and impact. Each risk is evaluated for each business unit using a traffic-light system of red-amber-green. The ERS is also presented to the BRC on a quarterly basis which, in conjunction with the GRD assists the Board with (i) examining the effectiveness of the Company's risk management plans, systems, processes and procedures and (ii) reviewing Company-wide risk policies, guidelines and limits, as well as risk exposure and risk treatment plans. The Company's Enterprise Risk Management framework was further strengthened during FY18 through the introduction of the Risk Appetite Framework. The approach for Risk Appetite was developed taking into various factors including trading and operational risk, capital and liquidity risk, regulatory compliance risk, internal compliance risk and concentration risk. The Risk Office ensured finalization of the boundary conditions with the respective functional leads and Board Committee Chairs.

Risk Measurement, Market Compliance Controls, Risk Training and Communication

The BRC is advised by the CRCO and Risk Office on the risk measurement methodology adopted and any changes in methodology in line with industry best practices.

One of the Company's key priorities is to comply with the highest standards of business conduct. The Market Compliance Office (MCO) is responsible for ensuring regulatory compliance for the Company's derivative trading units globally. The MCO maintains and enforces a comprehensive derivative trading compliance program which includes formal onboarding to ensure that new hires are fully aware of the Company's trading compliance manual. Regular training sessions are conducted on an ongoing basis to ensure that the traders' knowledge and awareness of exchange rules is kept current. MCO monitors Company exposures against exchange limits on a daily basis and oversees a trade surveillance program. The BRC receives a quarterly update on the status of trading compliance, initiatives and changes in global regulatory laws and regulations impacting the Company's business and participation on exchanges. From time to time, the Company's MCO publishes compliance advisories on pertinent trading matters to raise awareness and to promote industry best practice.

This section should be read in conjunction with the section on Risk Management in the Strategy Report of the 2018 Annual Report and the section on internal control in this report.

Audit Committee (AC)

Yap Chee Keong

Chairman

Nihal Vijaya Devadas Kaviratne CBE	
Yutaka Kyoya	
Marie Elaine Teo	(appointed 1 October 2018)
Rachel Eng Yaag Ngee	(stepped down 31 July 2018)

All the members of the Audit Committee (AC) are Non-Executive Directors with a majority of members including the AC Chair being independent. Members of the AC have significant and varied experience and backgrounds in accounting, financial management-related and legal fields.

The AC met 6 times during the year under review. The AC Chair also meets with the Management team and internal and external auditors prior to each AC meeting to discuss and review matters to ensure the AC is provided with comprehensive information or additional assurance that maybe required. The AC has established terms of reference approved by the Board and has explicit authority to investigate any matter within its terms of reference. The key functions of the AC are to:

- Assist the Board in discharging its statutory and other responsibilities on internal controls, financial and accounting matters, operational, compliance and information technology controls, and business and financial risk management policies and systems; and to ensure that a review of the effectiveness of the same (which may be carried out by the external or internal auditors) is conducted at least annually;
- Review with the external auditors their audit plan, their evaluation of the system of internal controls, their report and management letter to the AC, Management's response, and the allocation of audit resources according to the key business and financial risk areas as well as the optimum coverage and efforts between the external and internal auditors;
- Review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major operating risk areas, the overview of all Group risk on an integrated basis, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, and compliance with any SGX and statutory/regulatory requirements;
- Review the proposed scope of the Internal Audit function, the performance of the Internal Audit function, Internal Audit findings and to approve the Annual Internal Audit Plan and as and when there are changes to the plan;
- Review the internal controls and procedures and ensure coordination between the external auditors, the internal auditors and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- Review and discuss with the internal auditors, external auditors and Management any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has, or is likely to have, a material impact on the Group's operating results or financial position, and Management's response to the same;
- Consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- Review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors, annually;
- Review interested person transactions falling within the scope of Chapter 9 of the Singapore Exchange Listing Rules;
- Undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC; and
- Undertake such other functions and duties as may be prescribed by statute and the Listing Rules or recommended by the Code and by such amendments made thereto from time to time.

The external auditors update the AC at its quarterly meetings on any changes to the accounting standards, issues and developments with a direct impact on financial statements.

The AC has clear authority to investigate any matter within its terms of reference, full access to and cooperation of the Management and full discretion to invite any Director, key executive or officers of the Company to attend its meetings. The Group COO, Group CFO, Global Head for Corporate Finance, the President and Head of Internal Audit and the external auditors are invited to attend these meetings.

The AC has also met with the President and Group Head for Strategic Investments and Shared Services, along with the Global Head for Tax to review the group tax structure management, compliance and reporting, transfer pricing, etc. The Chief Information Security Officer, the Group General Counsel and the EU Head of Compliance also met with the AC on matters relating to information security, global regulations impacting the group and the key legal policy, as well as, the operationalisation of the policies.

To enable it to discharge its functions properly, the AC, through Management, has access to external counsels and consultants.

Financial Reporting and Key Audit Matters

The external auditors and Management interact and held frequent discussions with the AC Chair and/or the AC throughout the year on the key areas of focus for audit, identifying early the Key Audit Matters, which enable better oversight of the business and entities. For the year under review, the AC discussed with Management and the external auditors salient accounting issues with an impact on the financials of the Company, changes in accounting policies and practices, major operating risk areas, the overview of all Group risk on an integrated basis, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with any SGX and statutory/regulatory requirements, and reviewed with Management and the external auditors the matters of significance in the audit of the financial statements. The AC concurs with the basis and assessment of the Key Audit Matters disclosed in the Independent Auditors' Report of the Financial Report section of the 2018 Annual Report.

External auditors

During the year in review, on the recommendation of the AC, the Board decided to undertake a thorough review of the appointment of its external auditors. The Company invited the big 4 accounting firms in Singapore to submit their proposals to be selected as the external auditors for the Company.

The AC together with management adopted a rigorous process in the selection of the auditing firm, taking into account factors such as the performance and quality of the audit, the size and complexity of the business, the size and coverage of the auditing firm, the independence of the proposed auditor. The AC and management conducted in-depth discussions on which auditing firm's proposal would best suit the needs of the Company, including reviewing the references of the proposed auditing partner. Following the decision to appoint the auditing firm, the AC and management conducted post-decision conversations with each of the accounting firms. Following the rigorous selection process, the AC recommended, and which was approved by the Board, the re-appointment of Ernst & Young as external auditors. As the Group has a wide geographical spread of businesses, it was important to the Company that its selected auditing firm appreciated and understood how its businesses in those geographical areas would operate, the level of engagement required as well as the resources allocated to the external audit of the Company. Pursuant to the requirements of SGX, an audit partner may only be in charge of 5 consecutive annual audits. Ernst & Young had met this requirement and the Company had complied with the requirements on Rules 712, 713 and 715 of the Listing Manual issued by SGX in relation to the appointment of auditors.

The role of the external auditors is to report their findings and recommendations independently to the AC. During the year, the AC reviewed the unaudited financial statements of the Company before the announcement of the financial results and the audited financial statements prior to despatch to shareholders. The AC along with Management reviewed the adequacy, structure and content of its results announcements to enable easier interpretation and analysis by its stakeholders. The AC also reviewed with the external auditors changes and proposed changes to the financial reporting standards and the impact on the Company's financial statements, tax matters, policies and global developments and their audit on the Company's systems of internal control.

The Committee met with the external auditors during the year under review, without the presence of the Management Team, to discuss with them any issues of concern. The AC reviewed the nature and extent of all non-audit services performed by the external auditors to establish their independence and objectivity.

From the review, the AC has confirmed that the non-audit services performed by the external auditors would not affect their independence. Details of the fees payable to the external auditors in respect of audit and non-audit services are set out in the notes to the financial statements of the Financial Report. The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the Listing Manual of the SGX-ST in relation to its auditing firms.

Taking all relevant factors into consideration, the Committee made its recommendation to the Board to re-appoint the current auditors, which was endorsed by the Board.

Internal audit

The Internal Audit function (IA) is an important line of defence for the Company; central to the overall Integrated Assurance Framework as well as the governance process. IA provides a source of confidence to both Management and the AC that there is sound managerial control over all aspects of the operations of the Group including statutory compliance, accounting, asset management and control systems.

The AC annually assesses the composition and the make-up of the IA team. Regular review of the IA team in terms of its size and adequacy of skills and resources, is conducted in order to keep up with the ever-changing needs of the Group's businesses and to ensure that internal audits are performed effectively.

The President and Global Head of Internal Audit, Rajeev Kadam, reports directly to the Chairman of the AC. The AC participates in the appointment, replacement or dismissal and the evaluation of the Head of Internal Audit. The IA team includes members with relevant qualifications and experience. Internal audit is carried out according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IA team has full, free and unrestricted access at all times to all books, personnel, documents, accounts, property, vouchers, records, correspondence and other data of the Company. The internal auditors also have the right to enter any premises of the Group and to request any officer to furnish all information and such explanations deemed necessary for them to form an opinion on the probity of action and adequacy of systems and/or controls.

As part of the Integrated Assurance Framework, the AC regularly reviews the scope of the internal audit carried out by the IA team to ensure that it is comprehensive and includes all key operational, financial and related activities. The internal audit coverage extends to all areas of the Company and its controlled entities and includes financial, accounting, administrative, computing and other operational activities. An internal compliance monitoring system is in place as a self-assessment tool for monitoring the performance of the business units on key control aspects and processes. The IA also works closely with management to promote effective risk management and robust risk internal control.

The AC reviews the proposed scope and performance of the IA function, internal audit findings (including fraud reporting and complaints received from the whistleblowing channel) and management response, and the Annual Internal Audit Plan. It ensures that no limitation on audit has been imposed.

During the year in review, the AC and IA collectively assess and agree on the scope and frequency with which each entity/operation is to be audited. This enables them to manage their resources in the most efficient manner. Following on from the IA's findings, the AC will assess actions taken to address the issues and to mitigate the risks as well as the improvements undertaken. Where no or minimal action has been taken to minimize the risk, the AC and Board will seek a response from the specific Group business unit concerned. This system empowers the IA and ensures that the source of any risk is addressed promptly. The internal audit findings are tracked and included as key performance indicators in managers' performance evaluation systems, to ensure the desired influence on behaviour.

During the year under review, the AC carried out a detailed review of the role, adequacy and effectiveness of the IA, the work done under the Internal Audit Plan, the adequacy of the reports tabled by the IA, the independence of the Function and its standing. The AC also met with IA, without the presence of Management, to discuss any issues of concern.

The AC is satisfied that the IA team is effective, independent and has appropriate standing within the Company. With the evolving nature of concerns and issues, the IA continues to resource itself with specialist auditors as well as employ the use of technological tools to provide assurance on the effectiveness of the internal processes and risk management.

Whistleblowing

The Company is committed to a high standard of ethical conducts and adopts a zero tolerance approach to fraud and corruption. The Company has put in place the Code of Conduct (CoC) and the Anti-Bribery and Corruption Policy (ABC Policy). As the Company continues to look towards the future of the Group's business and navigate an ever more challenging world, the elements of the CoC and ABC

Policy continues to take on increasing significance. The CoC provides one of the guiding frameworks to help the Company achieve its core purpose of “Growing Responsibly”. The CoC provides the key standards and policies that everyone working in and for the Company, including Directors, should adhere to. The CoC also encourages and provides a channel for employees to report possible improprieties, unethical practices, etc. in good faith and confidence, without fear of reprisals or concerns. All information and reports are received confidentially to protect the identity and the interest of all whistleblowers. To ensure that all incidents that are reported are adequately brought to the notice of the stakeholders concerned as well as to initiate corrective action, a reporting structure is provided in detail in the CoC.

A simple communication channel to allow anonymous reporting of any fraud, misappropriation, improprieties or unethical practices is set out in the CoC. A completely anonymous online report may be made using a reporting link http://www.jotform.me/iaolamint/FraudInformation Channel. Any report so made reaches the Internal Audit department immediately. An alternative to the above for reporting a fraud can be by email sent directly to the Internal Audit department at ia@olamnet.com. Report can also be made by mail to the Head of Risk and Compliance. The phone line to the Compliance Officer is 65 6339 4100 (ask for the compliance officer).

To safeguard the whistleblower from retaliation, should employees suspect that they are being targeted or have actions taken against them in retaliation for raising a compliance or integrity issue, they should immediately report such suspicions using the communication channels provided in the CoC and as set out above.

The implementation of the CoC and ABC Policy has been communicated to the employees of the Company and is posted on the Company’s intranet. The CoC is also available on the Company’s website at olamgroup.com. Globally, employees have undergone online training to familiarize with the ABC Policy. Periodic reminders and updates on the CoC and ABC Policy are communicated to all staff as part of the Company’s efforts to promote strong ethical values.

Internal controls

The Company’s internal controls processes are regularly strengthened to take into account the changing needs of the Group’s businesses. The Company’s internal controls structure consists of the policies and procedures established to provide reasonable assurance that the organisation’s related objectives will be achieved, the enterprise risk management framework to examine the effectiveness of the Company’s risk management plans, systems, processes and procedures, the In-Business Control framework implemented across the geography and entities where the Company operates, the Integrated Assurance Framework implemented across all Functions, the audit by internal auditors including any specialised audit commissioned and the work done by external auditors.

Olam has established authorisation and financial approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. Apart from reserved matters that require the Board’s specific approval, such as the issue of equity and dividend and other distributions, Board approval is required for capex transactions, investments and divestments exceeding certain threshold limits, while delegating authority for transactions below those limits to Board Committees and Management to optimise operational efficiency.

The Standard Operating Procedure (SOP) and Field Operations Manual (FOM) policies prescribe the process and documentation requirements for all our procurement, grading, sorting, processing, storage, transits and shipment of our products. Strict adherence to the SOP and FOM is the key to our control over financial and operational risks. To ensure compliance, periodical internal and external audit reviews are routinely carried out.

In 2018, Management in consultation with the AC further improved on the In-Business Control (IBC) framework implemented since 2016 to capture the inherent level of risk, its impact, the monitoring frequency and the risk owners. The year in review is the first full year in which the IBC framework has been fully rolled out to all the countries within the Group’s presence. To date, the IBC covers 6 major risk areas and 34 controls across 70 countries and 170 legal entities. Some of the risk areas include capex execution and monitoring; credit control-trade debtors, credit control-advance to suppliers and inventory control, etc. The IBC Framework forms part of the integrated assurance framework, which includes the Risk Dashboard and the work done by Internal Audit.

The IBC framework has allowed the Company to pre-emptively understand and appreciate the key business risks faced by each sector for the next quarter and allows them to take on a focused and detailed approach to manage the risks identified.

Integrated assurance

The Company has in place an Integrated Assurance Framework to ensure the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The Board has received assurance from the Group CEO, the Group COO and the Group CFO that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- from their review with the risk owners of their assessments of the standard operating procedures framework, escalation reporting, breaches and assurance processes, they are satisfied with the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the work performed under the integrated assurance framework, the work performed by the control functions, the internal and external auditors, the assurance received from the Group CEO, the Group COO and the Group CFO as well as the reviews undertaken by various Board Committees:

- the Board, with the concurrence of the BRC, is of the view that the Group's risk management systems are adequate and effective; and
- the Board, with the concurrence of the AC, is of the opinion that the internal controls, addressing the financial, operational, compliance and information technology controls of the Company, are adequate and effective to meet the needs of the Group in its current business environment.

The Board notes that whilst the internal audit and the internal controls systems put in place by Management provide reasonable assurance against material financial misstatements or loss, and assurance reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations, it is opined that such assurance cannot be absolute in view of the inherent limitations of any internal audit and internal controls system against the occurrence of significant human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

Capital and Investment Committee (CIC)

Sanjiv Misra
Chairman

Lim Ah Doo	
Sunny George Verghese	
Marie Elaine Teo	
Yap Chee Keong	(appointed 4 January 2018)
Kazuo Ito	(appointed 1 December 2018)
Jean-Paul Pinard	(stepped down 1 March 2019)
Shekhar Anantharaman	(stepped down 1 March 2019)
Mitsumasa Icho	(stepped down 1 December 2018)

The CIC meets every quarter, and more often if required, either by way of physical meetings or via telephone conference.

The purpose of the CIC is to assist the Board to review the current businesses and current/proposed strategic plan, the critical issues and challenges that will face the Board in the future, in particular its core business, existing and proposed investments and investment strategy; to identify and review capital raising opportunities and plans; to consider the long term prospects of the Company's strategic investments.

The CIC is governed by established terms of reference and has oversight of the following matters:

- Review and recommend for approval of the Board, the overall capital structure, gearing and net debt norms for the Company.
- Establish a policy on approval limit for capital expenditure and acquisitions
- Review and approve (or recommend to the Board for approval) the Company's operating and capital expenditure budgets annually, and review performance against these budgets on a periodic basis.
- Review periodically the performance of investments and acquisitions made by the Company, its subsidiaries or associates against the investment thesis.
- Review and recommend for approval of the Board, any new equity capital raising or issuance of any equity linked instruments, including convertible bonds and perpetual securities.
- Review and approve the Annual Financing Plans (debt raising or refinancing).
- Review investment policy guidelines and capital expenditure plans against the same.
- Consider and approve all capital expenditure, acquisition and/or divestment proposals pursuant to the policy on approval limit for capital expenditure and acquisitions.
- Monitor interest rate trends and implications.
- Review and assess the adequacy of foreign currency management.

In 2018, the CIC met 5 times. The CIC reviewed its terms of reference, the policy governing the authority limits of Management, the CIC and the Board in respect of capital expenditure and divestments, the financing plans and authority of Management arising thereto, the findings reported under the Integrated Assurance Framework where CIC has oversight and the Risk Appetite Framework.

A semi-annual review of the progress of all investments made to date was also carried out by the CIC. Under the revised Enterprise Risk Management framework, the CIC also provides oversight on certain risk category and risk events.

The CIC has access to any member of the team in its review of investments and divestments, and actively engages the Management Team and consultants when deliberating on any investment or divestment proposal.

Corporate Responsibility and Sustainability Committee (CRSC)

Jean-Paul Pinard

Chairman

Nihal Vijaya Devadas Kaviratne CBE	
Yutaka Kyoya	
Sunny George Verghese	(appointed 4 January 2018)
Shekhar Anantharaman	(stepped down 4 January 2018)
Marie Elaine Teo	(stepped down 1 October 2018)

At Olam, we believe that profitable growth, as a way of doing business, needs to reflect a creation of value that is ethical, socially responsible and environmentally sustainable. We have called this 'Growing Responsibly'.

As an agriculture company, how we manage social and environmental issues are common questions from across a broad spectrum of stakeholders. To help achieve this overall objective of Growing Responsibly and respond to stakeholders' concerns, we have established a dedicated Corporate Responsibility and Sustainability (CR&S) Function, and embedded sustainability experts in businesses across the world.

The CRSC met 5 times during the year. The terms of reference of this Committee include:

- To review and recommend to the Board the CR&S vision and strategy for the Group;
- To oversee the integration of CR&S perspectives into the Company's strategy and businesses;
- To review global CR&S issues and trends and assess their potential impact on the Group;
- To review the state of the Group's health and safety measures and status;
- To monitor implementation, through the CR&S function, strategy as well as policies and investments in the CR&S area;
- To review the progress made on various initiatives;
- To support Management's response to crisis, where required;
- To review the Company's report and statement on sustainability activities, commitment and involvement and its (Olam) Livelihood Charter; and
- To review the adequacy of the CR&S function.

The CRSC actively engages the CR&S function headed by Dr. Christopher Stewart with oversight by Gerard Manley, a member of the Executive Committee, in the formulation and implementation of various sustainability policies and projects.

The CRSC also plays a pivotal role in monitoring the state of health and safety of our employees, ensuring a culture of zero tolerance to fatality. As such, it reviews the health and safety report from MATS on a quarterly basis.

During the year under review, the Committee held an offsite to review and discuss the Olam CR&S Vision and CRS framework, AtSource, CRS strategy and activities at the Business Unit level, integrated reporting and integrated impact statement as well as integrated reporting and integrated impact statement. The Committee also reviewed and discussed the Company's engagement with the Non-Governmental Organisations in the sustainability sphere as well as the approach to the global environmental and social issues. The Company proactively enters into discussions with interested Non-Governmental Organisations and informs stakeholders of the practices it has developed to reflect its philosophy of conducting business in an ethical, socially responsible and environmentally sustainable manner. The CRSC also reviewed various Company policies such as the Fair Employment Policy and the Olam Living Landscape Policy, and discussed the framework of other sustainability-related policies, seen as critical to the ongoing activities of the Company. The Committee actively monitors how corporate responsibility and sustainability issues, and the reporting by Management on such issues, are incorporated in the Company's pursuit of various investments. As part of the CRSC's engagement on corporate responsibility and sustainability matters concerning the Group's business and operations, the Chairman and members of the CRSC may, collectively or individually, visit some of the Company's global operations, along with members of the Management Team, to gain deeper insights into the CR&S activities on the ground.

Principle 11: Shareholders' rights

Principle 12: Engagement with shareholders

Principle 13: Managing stakeholders relationships

Stakeholders

Given the extent of our business – sourcing, trading, growing, processing and distributing crops and industrial raw materials, many considered to be 'high-risk' sustainability-wise, and many in emerging markets, Olam has a wide and diverse stakeholder base. Engagement therefore happens at every level of the business, across products, geographies and functions. Our stakeholders include:

- Employees and contract workers;
- Investors;
- Large and small-scale farmer suppliers;
- Communities;
- Customers from multi-national brands and retailers to SMEs;
- Campaigning NGOs;
- Technical NGOs who are partners in many cases;
- Financiers, including Development Finance Institutions;
- Governments;
- Regulatory bodies such as the commodity exchanges;
- Industry standard bodies;
- Trade associations;
- Certification partners;
- Foundations; and
- Research Institutions.

We have provided throughout the Annual Report notable engagements and stakeholder concerns during 2018. You may also refer to the section on Engaging Stakeholders in the Strategy Report.

Enhancing investor communication

At Olam, we believe it is important for us to communicate our business, strategic developments, financial, environmental, social and governance and other non-financial information to shareholders, investors, analysts (collectively referred to as the investing community) and key intermediaries (including financial media, brokers and independent research organisations) who provide research and information on the Company. Concurrently, we aim to understand their perspectives and requirements for decision-making and improve two-way communication.

Since the 2014-2016 Strategic Plan, one of our strategic priorities has been to promote a better understanding of Olam's business by enhancing stakeholder communication. We have supplemented our Company disclosure with details on investment performance and held investor days and field visits to Olam's operational sites.

To facilitate better understanding and analysis, we have improved the structure and content of our results announcements by publishing a quarterly Management Discussion and Analysis (MD&A) statement, which includes a business commentary, key operational and financial highlights and a detailed review of financial performance.

We have also produced additional corporate literature, such as 'Olam Insights' since 2015, a newsletter for investors that features our different business platforms and profit centres around the world.

The Group Investor Relations department has lead responsibility for enhancing communication with the investing community, with the active involvement of the Group CEO, Group COO and Group CFO, and in consultation with the Global Corporate Responsibility and Sustainability department on environmental, social and governance issues.

In order to track and measure progress against our targets as stated in the Strategic Plan, we have also introduced new key financial metrics and enhanced the quality of our financial information.

Delivering quality and timely information in a transparent manner

We aim to deliver information to the investing community and key intermediaries in a timely manner. We hold media and analysts' conferences quarterly to announce our financial and operating results. These quarterly results briefings are webcast live to cater to global audiences. The full financial statements, press release, MD&A and presentation materials provided at the conferences are disseminated through the SGXNET onto the SGX website outside trading hours, uploaded onto the Company's website and disseminated by email to subscribers to our news alerts and investor relations mailing list.

In addition to the quarterly results briefings, we hold media and analysts' conferences and teleconference calls to communicate important corporate developments. Such media and analyst conferences are also webcast live.

Our investor relations website (olamgroup.com/investors.html) is the go-to resource for the investing community for quality and timely information. Besides announcements, it contains Company news, investor presentations, earnings webcasts, transcripts of earnings conference calls, historical financial information on spreadsheets, annual reports, consensus estimates, upcoming events, shareholding structure and dividend information. In 2018, we added a financials dashboard onto our website. This financials dashboard is an interactive financial analysis tool that provides a comprehensive overview of our Company's financial performance and allows investors to search, display and download historical financial data for trend analysis.

Engaging the investing community

Apart from these forums, we hold meetings, telephone and video conference calls with the investing community to facilitate their understanding of the Company's business model and growth strategies. We conduct investment roadshows and participate in investment conferences on a selective basis. Where necessary, the frequency of conducting roadshows and attending investment conferences may increase to meet the Company's requirements of communicating important key messages and addressing market concerns.

Investor Relations activities in 2018

Date	Event
27 February	Briefing on 2017 results
25 April	23rd Annual General Meeting
14 May	Briefing on Q1 2018 results
14 August	Briefing on Q2 2018 results
14 November	Briefing on Q3 2018 results

The Group Investor Relations department periodically receives investor/analyst requests for meetings or conference calls to discuss the Company. Generally, we accede to all requests for meetings/calls where our schedule permits, provided these meetings/calls do not fall within the closed periods prior to the announcement of financial results.

In addition to outreach programmes targeted at institutional investors, we maintain communication with our employee and retail shareholders, through our employee portal and shareholder communication services facilitated by the Securities Investors' Association of Singapore (SIAS) respectively.

Tracking changes in the shareholder base and interaction with the investing community

We track and monitor changes in our shareholder base regularly to help us tailor our shareholder engagement and targeting programmes.

We maintain an active electronic database of the investing community, which allows us to target investors and track every investor meeting so that we can measure the frequency and quality of conversations.

This system also enables us to deliver our Company results and announcements to the investing community electronically at the same time as these are disseminated through SGXNET so that investors have access to our information on a timely basis.

As the internet, social media and other mobile applications have become more accessible, we continue to leverage such means to achieve a greater and faster reach to the investing community and facilitate their research by providing on-the-go access to financial and non-financial information, webcasts, tweets and other resources.

Obtaining and acting on feedback from the investing community

We conduct investor perception surveys to seek the investing community's feedback on the Company. The study we undertook in 2013 informed our 2013 Strategy Review and helped formulate our 2014-2016 Strategic Plan. We hold dialogues with investors as part of our stakeholder consultation process prior to reviewing our Strategic Plans. We also commission annual surveys with the investing community to gather their feedback on annual reports.

Encouraging greater shareholder participation at Annual General Meetings (AGMs)

We regard the AGM as an opportunity to communicate directly with shareholders. We are committed to establishing more effective ways of communicating with our shareholders around the AGM. Shareholders are informed of these meetings through notices published in the newspapers or through circulars. To encourage more shareholder participation, our AGMs are held in Singapore's city centre, which is easily accessible by most shareholders.

Board members including the Chairman of all Board Committees, namely, the AC, BRC, CIC, COC, CRSC, GNC and HRCC, and key executives of the Senior Management Team, attend the AGM. Our external auditors are also present to assist the Directors in addressing shareholders' queries. The Group CEO or Group COO delivers a presentation to update shareholders on the Group's progress over the past year.

We treat shareholder issues, particularly those that require shareholders' approval, such as the re-election of Directors and approval of Directors' fees, as distinct subjects and submit them to the AGM as separate resolutions.

In support of greater transparency and an efficient voting system, the Company has been conducting electronic poll voting since 2011. Shareholders who are present in person or represented at the meeting will be entitled to vote on a one-share, one-vote basis on each of the resolutions by poll, using an electronic voting system.

Voting and vote tabulation procedures are declared and presented to shareholders in a video before the AGM proceeds. The Company appoints an independent scrutineer to count and validate the votes at the AGM. The independent scrutineer for the 23rd AGM was RHT Corporate Advisory. The results of all votes cast for and against in respect of each resolution, including abstaining votes, are instantaneously displayed at the meeting and announced on SGXNET after the AGM.

All Board members were present at the 23rd AGM:

Chairman of the Board Committees

Lim Ah Doo, Chair of the COC, GNC and HRCC

Yap Chee Keong, Chair of the AC

Marie Elaine Teo, Chair of the BRC

Sanjiv Misra, Chair of the CIC

Jean Paul Pinard, Chair of the CRSC

Board Members

Sunny George Verghese, Executive Director, Co-Founder and Group CEO

Nihal Vijaya Devadas Kaviratne CBE, Independent and Non-Executive Director

Yukaka Kyoya, Non-Executive Director

Shekhar Anantharaman, Executive Director and Group COO

Rachel Eng Yaag Ngee (stepped down on 31 July 2018), Independent and Non-Executive Director

Mitsumasa Icho (stepped down on 1 December 2018), Non-Executive Director

During the AGM, shareholders are given the opportunity to ask questions or raise issues. The questions and answers are recorded and detailed in the minutes. The Company currently provides shareholders with the minutes of all general meetings upon request. Starting from the 2019 AGM, minutes of all general meetings will be available on the Company's IR page at www.olamgroup.com/investors.

The Constitution of the Company provides the Board with the authority to approve the implementation of security measures to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or fax. Voting in absentia by mail or electronic means requires careful study and is only feasible if there is no compromise to either the integrity of the information and/or the true identity of the shareholder. The Company has decided, for the time being, not to implement voting in absentia.

As a practice, the Company provides an explanation on the dividend recommended at the AGM in the explanatory notes of the Notice to AGM. The Company does not have a fixed dividend policy. The Directors seek to recommend dividends consistent with the Company's overall governing objective of maximising intrinsic value for its continuing shareholders. Please refer to the explanatory note for more information.

Recognitions

Olam is named one of the Top 30 listed companies in the ASEAN Corporate Governance Awards under the ASEAN public listed companies category based on an assessment using the ASEAN Corporate Scorecard in 2017. The scorecard assesses the level of corporate governance practices of ASEAN's top 100 public listed companies by market capitalisation in each of the 6 ASEAN countries. The Company is also one of the two most improved companies in Singapore.

Olam's 2017 Annual Report was awarded Best Annual Report (Silver) at the Singapore Corporate Awards 2018. Launched in 2005, the Singapore Corporate Awards are umbrella awards for exemplary corporate governance practices for listed companies in Singapore, seeking to consolidate existing awards while introducing new awards in the area of corporate governance.

The Company was declared the Winner of Sustainability Award and Runner Up of the Most Transparent Company Award, Commerce, at SIAS 19th Investors' Choice Awards. The Singapore Corporate Governance Award is jointly developed by SIAS with the Centre for Governance, Institutions and Organisations (CGIO) of the NUS Business School to recognise listed companies that have excellent corporate governance practices and shareholder interests.

Securities transactions

The Company is committed to transparency, fairness and equity in dealing with all shareholders and in ensuring adherence to all laws and regulations that govern a company listed and trading on the SGX-ST. The Employee Share Dealing Committee ('ESDC') was set up to formulate and review best practice in the dealing of securities by Directors, executives and employees.

Through the ESDC, the Company has a policy on dealings in securities of the Company in line with the SGX-ST Listing Rules for its Directors and employees, setting out the implications of insider trading and guidance on such dealings. The policy provides that the Company, its Directors and employees must not deal in the Company's securities at any time after a price-sensitive development has occurred, or has been the subject of a decision, until the price-sensitive decision has been publicly announced. Directors and employees are discouraged from short-term speculative trading in the Company's securities; personal investment decisions should be geared towards long-term investment. In particular, the Company, its Directors and executives will not deal in the Company's securities during the following periods:

- commencing 2 weeks prior to making public the quarterly financial results and ending at the close of trading on the date of the announcement of the relevant results; and
- commencing 1 month prior to making public the annual financial results and ending at the close of trading on the date of the announcement of the relevant results.

In keeping with the policy, Directors and employees of the Company are notified of close periods for dealing in the Company's securities as well as any special dealing restriction that may be imposed from time to time.

Directors who deal in the shares and any other securities of the Company are required to notify the Company within 2 business days of becoming aware of the transaction.

Material contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder.

Interested person transactions

All transactions with interested persons are reviewed by the internal auditors and reported to the AC for approval. The transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders. The Company's disclosures in respect of interested person transactions (IPT) for the financial year ended 31 December 2018 are as follows:

Parties	FY2018 S$
Singapore Telecommunications Limited	915,921
SP Services Ltd	8,290
StarHub Ltd	1,070
DBS Bank Limited	684,351
Standard Chartered Bank	695,375
Mitsubishi International Corporation	427,246
MC Agri Alliance, Ltd	129,613,666
MS Commercial Pte. Ltd.	4,215,696
Total	**136,561,615**

In the event that any of the AC members has an interest in an IPT under review or any business or personal connection with the parties or any of its associates, the relevant AC member shall abstain from any decision-making procedure in respect of that IPT, and the review and approval of that IPT will be undertaken by the remaining members of the AC where applicable. If there is only 1 member of that approving authority or where all the members of the relevant approving authority of the IPT are conflicted, the approval from the next higher approving authority shall be sought.

Shareholders of the Company who are interested persons of an IPT shall also abstain from voting their shares on a resolution put to the vote of shareholders in relation to the approval of such IPT.

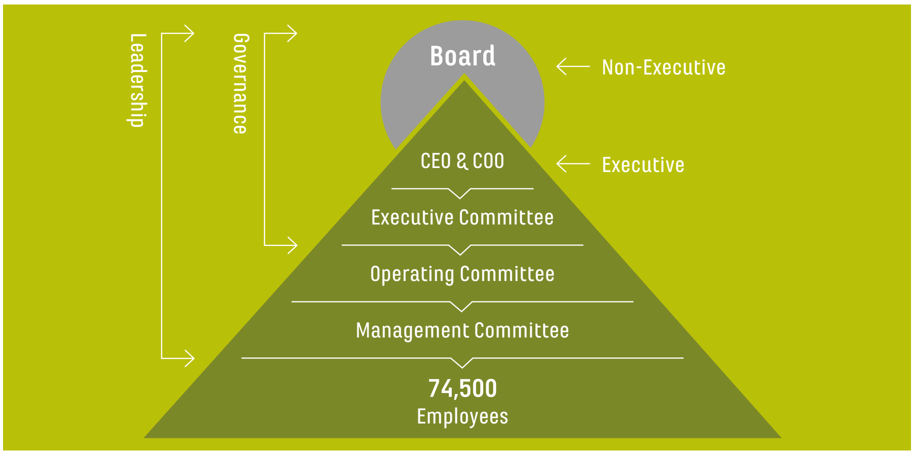
Directors who are deemed an interested person of an IPT that requires the approval of shareholders will abstain from voting his/her holding of shares (if any) on any resolution put to the vote of shareholders in relation to the approval of any IPT. Directors will also decline to accept appointment as proxy for any shareholder to vote in respect of such resolution unless the shareholder concerned shall have given specific instructions in his/ her proxy form as to the manner in which his/her votes are to be cast in respect of such resolution.

Board Committee Membership – At a glance

Board	Membership	Board Committees	Date of first appointment
Lim Ah Doo	Chairman Independent Non-Executive	• Council of Chairs (Chairman) • Capital & Investment Committee • Governance & Nomination Committee (Chairman) • Human Resource & Compensation Committee (Chairman)	1 November 2016 (assumed Chairmanship on 1 January 2017)
Sunny George Verghese	Executive Co-Founder and Group CEO	• Capital & Investment Committee • Corporate Responsibility & Sustainability Committee	11 July 1996
Jean-Paul Pinard	Independent Non-Executive	• Council of Chairs • Corporate Responsibility & Sustainability Committee (Chairman) • Human Resource & Compensation Committee	29 October 2008
Sanjiv Misra	Independent Non-Executive	• Council of Chairs • Board Risk Committee • Capital & Investment Committee (Chairman) • Human Resource & Compensation Committee	1 November 2013
Nihal Vijaya Devadas Kaviratne CBE	Independent Non-Executive	• Audit Committee • Corporate Responsibility & Sustainability Committee	1 October 2014
Yap Chee Keong	Independent Non-Executive	• Council of Chairs • Audit Committee (Chairman) • Board Risk Committee • Capital & Investment Committee • Governance & Nomination Committee	1 December 2015
Marie Elaine Teo	Independent Non-Executive	• Council of Chairs • Audit Committee • Board Risk Committee (Chairman) • Capital & Investment Committee	1 December 2015
Yutaka Kyoya	Non-Executive	• Audit Committee • Corporate Responsibility & Sustainability Committee • Governance & Nomination Committee	1 November 2015
Kazuo Ito	Non-Executive	• Board Risk Committee • Capital & Investment Committee • Human Resource & Compensation Committee	1 December 2018
Shekhar Anantharaman	Executive Group Chief Operating Officer	• Board Risk Committee	1 April 1998

Corporate Information

Leadership Team



Executive Committee

Sunny George Verghese
Shekhar Anantharaman
Jagdish Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Ashok Hegde
Srivathsan Venkataramani
Greg Estep
KC Suresh

Operating Committee

Amit Khirbat
Anupam Gupta
Anupam Jindel
Arun Sharma
Ashok Hegde
Ashok Krishen
Devashish Chaubey
Gagan Gupta
Gerard Anthony Manley
Greg Estep
Jagdish Parihar
Jayant Parande
Joydeep Bose
KC Suresh
Mahesh Menon
Martial Genthon
Mehra Saurabh
MD Ramesh
Mukul Mathur
Neelamani Muthukumar
Prakash Jhanwer
Rahul Salim Verghese
Raja Saoud
Rajeev Kadam
Ramanarayanan Mahadevan
Ravi Pokhriyal
S. Venkita Padmanabhan
Sandeep Kumar Jain
Sathyamurthy Mayilswamy
Shekhar Anantharaman
Srivathsan Venkataramani
Sunny George Verghese
Supramaniam Ramasamy
Suresh Sundararajan
Tejinder Singh Saraon
Vivek Verma

Management Committee

Abhishek Sahai
Aditya Renjen
Alain Fredericq
Amit Agrawal
Amit Gulrajani
Amit Khirbat
Amit Verma
Anthony Ian Clark
Anurag Shukla
Anupam Gupta
Anupam Jindel
Arouna Coulibaly
Arun Sharma
Ashish Govil
Ashok Hegde
Ashok Krishen
Bikash Prasad
Brijesh Krishnaswamy
Briony Rudder Mathieson
Chandrasekaran Balaji
Chris Beetge
Christopher Stewart
Chye Yeong
Damien Houlahan
Darshan Raiyani
Dave De Frank
Deven Chitaliya
David Watkins
Deepak Kaul
Devashish Chaubey
Eduardo Andrade
De Freitas
Evert Vrugt
G. Srinivasakumar
Ganesh Rajaraman
Gagan Gupta
George Joseph
Gerard Anthony Manley
Girish Kumar Nair
Gaurav Grover
Greg Estep
Gurpreet Singh
Ipsita Aggarwal
Jagdish Parihar
Janaky Grant (Dr)
Jayant Parande
Jeronimo Antonio Pereira
Jim Fenn
Joydeep Bose
Juan Antonio Rivas
Kartik Balasubramanian
Kattie Emmanuel
KC Suresh
Kameswar Ellajosyula
Kaushal Khanna
L. G. Moorthy
Mahesh Menon
Manish Dhawan
Manoj Vashista
Manvinder Singh
Martial Genthon
MD Ramesh
Mehra Saurabh
Michael J Smyth
Mukul Agrawal
Mukul Mathur
Munish Minocha
Murali Krishnan
Naveen Sharma
Neelamani Muthukumar
Noornie Subramanian Karthik
Partheeban Theodore
Paul Hutchinson
Prakash Jhanwer
Prakash Kanth
Premender Sethi
Rahul Salim Verghese
Raja Saoud
Rajat Kumar
Rajeev Kadam
Ramakrishna Prasad
Ramanarayanan Mahadevan
Ranjan Naik
Ravi Pokhriyal
Rishi Kalra
Roel Van Poppel
Robert Dall'Alba
Roshan Kapoor
S. Venkita Padmanabhan
Sachin Sachdev
Sameer Kaushal
Sameer Patil
Sandip Sharma
Sandeep Daga
Sandeep Hota
Sandeep Jain
Sanjeev Goel
Shailendra Mishra
Sanjay Sacheti
Sanjeev Sharma
Sathyamurthy Mayilswamy
Shalinder Taneja
Shankar Rao
Sharad Gupta
Shekhar Anantharaman
Sridhar Krishnan
Sriram Subramanian
Srivathsan Venkataramani
Stephan Ariyan
Subramaniam Venkatesh
Sumanta De
Sunil Agarwal
Sunny George Verghese
Supramaniam Ramasamy
Suresh Sundararajan
Syed Abdul Azeez
Thiagaraja Manikandan
Tejinder Singh Saraon
Thomas Gregersen
Vasanth Subramanian
Venkataraman Krishnan
Vibhu Nath
Vinayak Mohan
Vinayak Narain
Vipan Kumar
Vivek Verma

Company Secretary

Victor Lai Kuan Loong

Registered office

7 Straits View
Marina One East Tower
#20-01
Singapore 018936

Telephone: (65) 6339 4100
Fax: (65) 6339 9755

Auditor

Ernst & Young LLP
One Raffles Quay North Tower
Level 18
Singapore 048583

Partner in charge:
Wilson Woo Siew Wah
(since financial year 31 December 2018)

Principal bankers

ABN AMRO Bank N.V.

Australia and New Zealand Banking Group Limited

Banco Bilbao Vizcaya Argentaria S.A

Banco Santander, S.A.

BNP Paribas

Citibank N.A.

Commonwealth Bank of Australia

DBS Bank Ltd

ING Bank N.V.

JPMorgan Chase Bank N.A.

Mizuho Bank, Ltd

MUFG Bank, Ltd

National Australia Bank Limited

Natixis

Rabobank International

Standard Chartered Bank

Sumitomo Mitsui Banking Corporation

The Hongkong and Shanghai Banking Corporation Limited

Unicredit Bank AG

Westpac Banking Corporation

Shareholding Information

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 18 March 2019)

Name of Shareholder	Direct Number of Shares[1]	Deemed Number of Shares[1]
Breedens Investments Pte. Ltd.[2]	1,394,271,494	–
Aranda Investments Pte. Ltd.[2]	312,814,360	–
Seletar Investments Pte Ltd[2]	–	1,707,085,854
Temasek Capital (Private) Limited[2]	–	1,707,085,854
Temasek Holdings (Private) Limited[2]	–	1,707,085,854
Mitsubishi Corporation[3]	554,689,829	–
Allan & Gill Gray (Foundation) (Guernsey)[4]	–	221,277,796
Orbis Allan Gray Limited[4]	–	221,277,796
Orbis Holdings Limited[4]	–	221,277,796
Orbis Investment Management Limited[4]	–	221,277,796
Orbis Investment Management (Hong Kong) Limited[4]	–	181,506,595
Kewalram Singapore Limited[5]	223,769,921	–
Chanrai Investment Corporation Limited[5]	–	223,769,921
Kewalram Chanrai Holdings Limited[5]	–	223,769,921
GKC Trustees Limited (as trustees of Girdhar Kewalram Chanrai Settlement)[5]	–	223,769,921
MKC Trustees Limited (as trustees of Hariom Trust)[5]	–	223,769,921
DKC Trustees Limited (as trustees of DKC Settlement)[5]	–	223,769,921

Notes:

(1) Percentages of interests are calculated based on the total number of issued ordinary Shares (excluding treasury shares and subsidiary holdings) being 3,182,429,334 as at 18 March 2019.

(2) Temasek Holdings (Private) Limited's ("**Temasek**") interest arises from the direct interest held by Breedens Investments Pte. Ltd. ("**Breedens**") and Aranda Investments Pte. Ltd. ("**Aranda**").

(A) Temasek's deemed interest through Breedens 43.81%

(i) Breedens has a direct interest in 43.81% of voting Shares of the Company.

(ii) Breedens is a wholly-owned subsidiary of Seletar Investments Pte Ltd (**"Seletar"**).

(iii) Seletar is a wholly-owned subsidiary of Temasek Capital (Private) Limited (**"Temasek Capital"**).

(iv) Temasek Capital is a wholly-owned subsidiary of Temasek.

(B) Temasek's deemed interest through Aranda 9.83%

(i) Aranda has a direct interest in 9.83% of voting shares of the Company.

(ii) Aranda is a wholly-owned subsidiary of Seletar.

(iii) Seletar is a wholly-owned subsidiary of Temasek Capital.

(iv) Temasek Capital is a wholly owned subsidiary of Temasek.

Total interest of Temasek 53.64%

(3) Total interest of Mitsubishi Corporation 17.43%

(4) Orbis Holdings, Orbis Allan Gray Limited and Allan & Gill Gray Foundation (Guernsey) are substantial shareholders of the Company by virtue of their deemed interest in the Shares managed by their indirect subsidiary, Orbis Investment Management Limited ("**OIML**"), which is the fund manager for the Orbis funds. OIML has the ability to vote and acquire/dispose of the Company's Shares for and on behalf of the Orbis funds.

OIML has also sub-delegated some of its portfolio management duties, including the authority to dispose of securities, to Orbis Investment Management (Hong Kong) Limited ("**OIMHK**"). By virtue of the sub-delegation, OIMHK has deemed interest in the voting Shares of the Company. However, OIML still retains overall investment management oversight, including voting Shares in the Company, held by the portfolios.

OIML is a substantial shareholder of the Company as it has deemed interests in the Shares of the Company held by the following Orbis funds,

1. Orbis Emerging Markets Equity Fund (Australia Registered)
2. Orbis Institutional Emerging Markets Equity LP
3. Orbis Global Equity LE Fund (Australia Registered)
4. Orbis Global Equity Fund (Australia Registered)
5. Orbis Global Balanced Fund Wholesale Class (Australia Registered)
6. Orbis SIVAC – Orbis Global Balanced Fund
7. Orbis Institutional Equity LP
8. Orbis Institutional Global Equity Fund
9. Orbis Global Equity Fund
10. Orbis Institutional Global Equity (OFO) Fund
11. Orbis Institutional Global Equity LP
12. Orbis Institutional International Equity LP
13. Orbis Optimal LP
14. Orbis Optimal SA
15. Orbis SICAV – Orbis Global Equity
16. Allan Gray Australia Balanced Fund
17. Orbis SICAV – Orbis Institutional Equity
18. Orbis OEIC Global Balanced Fund
19. Orbis OEIC Global Equity Fund
20. Orbis SICAV - Orbis Emerging Markets Fund

None of the above Orbis funds individually holds 5% or more of the Company's Shares.

Total deemed interest of Orbis Group 6.95%

(5) Kewalram Singapore Limited ("**KSL**") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("**CICL**"), which in turn is a wholly-owned subsidiary of Kewalram Chanrai Holdings Limited ("**KCHL**"). By virtue of Section 4(7)(d) of the Securities and Futures Act, each of CICL and KCHL is deemed to be interested in the 223,769,921 Shares held by KSL.

GKC Trustees Limited (as trustees of Girdhar Kewalram Chanrai Settlement) ("**GKC Settlement**"), MKC Trustees Limited (as trustees of Hariom Trust) ("**Hariom Trust**") and DKC Trustees Limited (as trustees of DKC Settlement) ("**DKC Settlement**") are shareholders of KCHL. By virtue of Section 4(5) of the Securities and Futures Act, each of the GKC Settlement, Hariom Trust and DKC Settlement is deemed to be interested in the 223,769,921 Shares in which KCHL has an interest.

CICL, KCHL, GKC Settlement, Hariom Trust and DKC Settlement are deemed interested in the 223,769,921 Shares held by KSL.

Total interest of the Kewalram Group 7.03%

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

Issued and fully Paid-up Capital	S$3,812,922,224.14
Number of Ordinary Shares in issue (excluding Treasury Shares)	3,182,429,334
Number of Ordinary Shares held as Treasury Shares	88,589,323
Percentage of Treasury Shares held against the total number of Issued Ordinary Shares outstanding (excluding Treasury Shares)	2.78%
Class of Shares	Ordinary Shares
Voting Rights	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	109	1.79	3,523	0.00
100 – 1,000	815	13.36	656,646	0.02
1,001 – 10,000	3,999	65.54	19,004,848	0.60
10,001 – 1,000,000	1,158	18.98	47,048,411	1.48
1,000,001 and above	20	0.33	3,115,715,906	97.90
Total	**6,101**	**100.00**	**3,182,429,334**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Breedens Investments Pte. Ltd.	1,394,271,494	43.81
2	HSBC (Singapore) Nominees Pte Ltd	575,887,045	18.10
3	Citibank Nominees Singapore Pte Ltd	359,330,948	11.30
4	Aranda Investments Pte. Ltd.	312,814,360	9.83
5	Kewalram Singapore Limited	223,769,921	7.03
6	DBS Nominees (Private) Limited	84,939,832	2.67
7	Raffles Nominees (Pte.) Limited	66,003,938	2.07
8	Daiwa Capital Markets Singapore Limited	50,000,000	1.57
9	UOB Kay Hian Private Limited	10,935,309	0.34
10	DBS Vickers Securities (Singapore) Pte Ltd	9,470,598	0.30
11	DBSN Services Pte. Ltd.	4,781,056	0.15
12	OCBC Securities Private Limited	4,232,583	0.13
13	United Overseas Bank Nominees (Private) Limited	4,112,517	0.13
14	CGS-CIMB Securities (Singapore) Pte. Ltd.	3,496,611	0.11
15	Mak Seng Fook	3,028,296	0.10
16	Maybank Kim Eng Securities Pte. Ltd.	2,675,739	0.08
17	Merrill Lynch (Singapore) Pte. Ltd.	2,015,336	0.06
18	OCBC Nominees Singapore Private Limited	1,897,503	0.06
19	BPSS Nominees Singapore (Pte.) Ltd.	1,052,424	0.03
20	Thomas Gregersen	1,000,396	0.03
Total		**3,115,715,906**	**97.90**

Public Float

Approximately 10.24% of the Company's Shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

Olam International Limited

(Company Registration No. 199504676H)
(Incorporated in The Republic of Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of Olam International Limited (the "**Company**") will be held at **12 Marina View, Asia Square Tower 2, Ballroom 1, The Westin Singapore**, **Singapore 018961**, on **Wednesday, 24 April 2019 at 10.00 a.m.** for the following purposes:

ORDINARY BUSINESS	Ordinary Resolutions
1. To receive and adopt the Directors' Statement and the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon. Please refer to the explanatory note (i) provided.	**Resolution 1**
2. To declare a second and final dividend of 4 cents per share, tax exempt (one-tier), for the financial year ended 31 December 2018. Please refer to the explanatory note (ii) provided.	**Resolution 2**
3. To re-elect the following Directors retiring pursuant to Regulation 107 of the constitution of the Company (the "**Constitution**"), and who, being eligible, offer themselves for re-election:	
(a) Mr. Lim Ah Doo	**Resolution 3**
(b) Mr. Sanjiv Misra	**Resolution 4**
(c) Mr. Shekhar Anantharaman Please refer to the explanatory note (iii) provided.	**Resolution 5**
4. To re-elect Mr. Kazuo Ito who will cease to hold office in accordance with Regulation 113 of the Constitution, and who, being eligible, offers himself for re-election. Please refer to the explanatory note (iv) provided.	**Resolution 6**
5. To approve the payment of Directors' fees of up to S$2,600,000 for the financial year ending 31 December 2019 ("**FY 2019**") (2018: S$2,000,000). Please refer to the explanatory note (v) provided.	**Resolution 7**
6. To re-appoint Messrs Ernst & Young LLP as the auditors of the Company and to authorise the Directors to fix their remuneration. Please refer to the explanatory note (vi) provided.	**Resolution 8**

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. **General Authority to Issue Shares**

Resolution 9

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), the Directors be authorised and empowered to:

(a) (i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:

(A) new Shares arising from the conversion or exercise of any convertible securities;

(B) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(C) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company ("**AGM**") or the date by which the next AGM is required by law to be held, whichever is the earlier.

Please refer to the explanatory note (vii) provided below.

SPECIAL BUSINESS | **Ordinary Resolutions**

8. **Renewal of the Share Buyback Mandate** — **Resolution 10**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to this Resolution may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earlier;

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing not more than five per cent. (5%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined below), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time and subsidiary holdings);

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed 105% of the Average Closing Price.

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

Please refer to the explanatory note (viii) provided.

9. **Authority to issue Shares under the Olam Share Grant Plan** **Resolution 11**

That the Directors be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the Olam Share Grant Plan; and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of awards under the Olam Share Grant Plan,

provided that the total number of Shares which may be allotted and issued and/or Shares which may be delivered pursuant to awards granted under the Olam Share Grant Plan on any date, when added to:

(i) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered in respect of all awards granted under the Olam Share Grant Plan; and

(ii) all Shares, options or awards granted under any other share schemes of the Company then in force,

shall not exceed ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.

Please refer to the explanatory note (ix) provided.

By Order of the Board

Lai Kuan Loong Victor
Company Secretary
Singapore

Date: 8 April 2019

Please read the following notes and the explanations of the resolutions before deciding how to vote.

Appointment of Proxy

a. A member entitled to attend and vote at the AGM, and who is not a Relevant Intermediary (as hereinafter defined) is entitled to appoint one (1) or two (2) proxies to attend and vote in his stead. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote in his place, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. A proxy need not be a member of the Company.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

b. The instrument appointing a proxy must be deposited at the registered office of the Company at 7 Straits View, #20-01 Marina One East Tower, Singapore 018936, or at the office of the Share Registrar of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the AGM. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

c. Personal data privacy:

   By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Voting

a. In compliance with Rule 730A(2) of the Listing Manual, the Company intends to call a poll on all resolutions to be passed at the AGM. The Company intends to conduct the poll electronically. Voting and vote tabulation procedures will be read and explained at the start of the AGM before voting begins. An independent scrutineer will be appointed to count and validate the votes at the AGM. If an electronic poll is conducted, the results of each resolution will be instantaneously displayed at the AGM, showing the total number of Shares represented by votes cast for and against each resolution as well as abstentions. Shareholders who are unable to attend the AGM may refer to the Company's announcement on SGXNet after the AGM.

b. Shareholders who are unable to attend the AGM are entitled to appoint proxies to attend and vote at the AGM on their behalf by duly completing the Proxy Form. All valid votes cast by proxies on each resolution will be counted. Accordingly, shareholders may ensure that their views are counted by appointing a proxy to cast the votes on their behalf. The duly completed Proxy Form must be deposited at the Company's registered office at 7 Straits View, #20-01 Marina One East Tower, Singapore 018936, or at the office of the Company's Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Please complete and return your Proxy Form as soon as possible and in any event not less than 72 hours before the time appointed for the AGM. Please refer to the Proxy Form for further information.

Website

The Company's website, www.olamgroup.com, provides more information about the Company, including the latest Annual Report, the Notice of AGM and the Proxy Form.

Admission to the AGM

Please arrive with sufficient time to allow registration. Please bring your attendance and identification documentation with you.

Explanatory notes of the resolutions to be proposed at the AGM

Resolutions 1 to 11 are proposed as ordinary resolutions. For an ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolution.

(i) Ordinary Resolution 1

The Companies Act requires the audited consolidated financial statements of the Company for each financial year to be tabled before the shareholders in a general meeting. The audited consolidated financial statements are to be accompanied by the Directors' Statement and the Auditors' Report thereon. The Directors' Statement and the audited consolidated financial statements for the financial year ended 31 December 2018 together with the Auditors' Report thereon are provided in the Financial Report of the Annual Report. A copy may also be read on our website at olamgroup.com/investors/investor-library.html.

(ii) Ordinary Resolution 2

Ordinary Resolution 2 is to declare a final tax-exempt dividend of 4 cents per Share for the financial year ended 31 December 2018 ("**FY 2018**"). Together with the sum of 3.5 cents per Share of interim dividend declared for the second quarter FY 2018, the total dividend for FY 2018 is 7.5 cents per Share (approximately S$238 million). The Company does not have a fixed dividend policy. The Directors' policy is to recommend dividends consistent with the Company's overall governing objective of maximising intrinsic value for its continuing shareholders. Dividend payments are affected by matters such as the level of the Company's future earnings, results of operations, capital requirements, cash flows, financial conditions, the Company's plans for expansion, general business conditions and other factors, including such legal or contractual restrictions as may apply from time to time or which the Directors may consider appropriate in the interests of the Company. The Directors will consider all these factors before proposing any dividends. The Company may, by ordinary resolution at a general meeting of shareholders, declare dividends, but the amount of such dividends shall not exceed the amount recommended by the Directors. The Directors may also declare an interim dividend without seeking shareholders' approval. Potential investors should note that this statement is a statement of the Company's present intention and shall not constitute a legally binding commitment in respect of the Company's future dividends and dividend pay-out ratio which may be subject to modification (including reduction or non-declaration thereof) in the Directors' sole and absolute discretion. All dividends are distributed as tax-exempt dividends in accordance with the Income Tax Act, Chapter 134 of Singapore.

(iii) Ordinary Resolutions 3, 4 and 5

Mr. Lim Ah Doo will, upon re-election as a Director, continue his office as Chairman, Non-Executive and Independent Director and will remain as Chairman of the Board, Council of Chairs ("**COC**"), Governance and Nomination Committee ("**GNC**") and Human Resource and Compensation Committee ("**HRCC**") and a member of the Capital and Investment Committee ("**CIC**"). He will be considered independent.

Mr. Sanjiv Misra will, upon re-election as a Director, continue his office as Non-Executive and Independent Director. He will remain as Chairman of CIC and a member of the COC, HRCC and the Board Risk Committee ("**BRC**").

Mr. Shekhar Anantharaman will, upon re-election as a Director, continue his office as Executive Director and Group Chief Operating Officer and will remain a member of the BRC.

Please refer to the Addendum for the additional information on the aforementioned Directors provided pursuant to Rule 720(6) of the Listing Manual. You may also refer to the Governance Report of the 2018 Annual Report for the profile of each of these Directors.

(iv) Ordinary Resolution 6

Mr. Kazuo Ito will, upon re-election as a Director, continue his office as Non-Executive Director and will remain as a member of the BRC, CIC and HRCC.

Please refer to the Addendum for the additional information on Mr. Kazuo Ito provided pursuant to Rule 720(6) of the Listing Manual. You may also refer to the Governance Report of the 2018 Annual Report for his profile.

(v) Ordinary Resolution 7

Ordinary Resolution 7 seeks the payment of up to S$2,600,000 to all Directors (other than the Executive Directors) as Directors' fees for FY 2019. The Directors' fees approved for FY 2018 were S$2,000,000 with the aggregate fees paid quarterly in arrears to the Non-Executive Directors for FY 2018 entirely in cash amounted to S$1,785,132. The exact amount of Directors' fees received by each Director for FY 2018 is disclosed on page 24 of the Governance Report of the 2018 Annual Report.

The proposed Directors' fees for FY 2019 included a revision of fees from the following changes to the framework of the Non-Executive Directors' fees payable, which will be applicable from financial year ending 31 December 2019:

(i) revision of Chairman's fees to a fixed fee payout of S$600,000 annually (excluding car-related benefits). No separate retainer fees, committee fees or attendance fees will be paid to the Chairman;

(ii) revision of the fees payable to the CRSC Chair from S$30,000 to S$35,000 and to each member of the CRSC from S$15,000 to S$20,000;

(iii) fees payable to the COC Chair at S$35,000 and to each of the COC member at S$20,000. The COC was formed since November 2017. No fees were paid to the COC for FY 2018.

(iv) To align the interests of Directors with shareholders' interests, the HRCC has recommended to the Board the incorporation of an equity component in the total remuneration of Non-Executive Directors (excluding certain Non-Executive Directors who, under their separate arrangements with their employers, do not retain their Directors' fees). Subject to shareholders' approval of the fees at the April 2019 AGM, the Company will arrange for each such Non-Executive Director to receive approximately 70% of his or her total Directors' fees in cash and the balance approximately 30% in the form of Olam shares.

The Company will either arrange with the Non-Executive Directors for the Olam shares to be purchased from the market for them around the date of the announcement by the Company of its unaudited full year financial statements for FY 2019, or, subject to the amendment of the Olam Share Grant Plan (OSGP), for the balance approximately 30% of the total Directors' fees to be paid to each of the Non-Executive Directors in the form of restricted shares under the OSGP, which will be awarded as fully paid shares with no performance conditions attached and no vesting periods imposed.

The cash component of the Directors' fees will be paid to the Non-Executive Directors on a quarterly basis. In the event any Non-Executive Director leaves the Company prior to the acquisition of the Olam shares, the Directors' fees due to him or her up to his or her date of cessation will be paid to him or her in cash.

Each such Non-Executive Director is committed to holding, during his or her Board tenure, Olam shares of a value pegged to approximately his or her annual Directors' fees.

The FY 2019 fees also included an additional provision of approximately thirty per cent. (30%) for developments in the year (such as the appointment of additional Directors, additional meetings of the Board and Board Committees and Board offsites and/or the formation of ad-hoc and additional Board Working Team and Board Committees) during FY 2019.

Ordinary Resolution 7, if passed, will approve an increase in Directors' fees and to facilitate the quarterly payment in arrears of Directors' fees during FY 2019 in which the fees are incurred.

(vi) Ordinary Resolution 8

Ordinary Resolution 8 seeks the re-appointment of Ernst & Young LLP as independent auditors to the Company (the "**Auditors**") and requests authority for the Directors to set the remuneration of the Auditors. The Board is careful that the Auditors' independence should not be compromised and the AC takes responsibility for reviewing the performance of the Auditors and making recommendations about the scope of their work and fees. The Audit Committee has recommended to the Board that the appointment of Ernst & Young LLP should be renewed until the conclusion of the next AGM. More details on the external auditors and the review by the AC may be found in the Governance Report on page 30.

(vii) Ordinary Resolution 9

Ordinary Resolution 9, if passed, will empower the Directors, effective until the earlier of (1) the conclusion of the next AGM, or (2) the date by which the next AGM is required by law to be held (unless such authority is varied or revoked by the Company in a general meeting), to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued Shares, of which up to ten per cent. (10%) may be issued other than on a *pro rata* basis to shareholders. Although the Listing Manual enables the Company to seek a mandate to permit its Directors to issue shares up to the fifty per cent. (50%) limit if made on a *pro rata* basis to shareholders, and up to a sub-limit of twenty per cent. (20%) if made other than on a *pro rata* basis to shareholders, the Company is nonetheless only seeking a sub-limit of ten per cent. (10%).

For determining the aggregate number of Shares that may be issued, the total number of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution 9 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 9 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(viii) Ordinary Resolution 10

Ordinary Resolution 10, if passed, will empower the Directors from the date of the passing of this Ordinary Resolution 10 until the earlier of the date of the next AGM, or the date by which the next AGM is required by law to be held, to purchase or otherwise acquire, by way of Market Purchases or Off-Market Purchases, up to five per cent. (5%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Ordinary Resolution 10 on the terms of the Share Buyback Mandate as set out in the Letter to Shareholders dated 8 April 2019 accompanying this Notice of AGM (the "**Letter**"), unless such authority is earlier revoked or varied by the shareholders of the Company in a general meeting.

The Company may use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased, whether the purchase is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition of the maximum number of Shares by way of Market Purchase or Off-Market Purchase, at a purchase price equivalent to the Maximum Price per Share based on the audited financial statements of the Company and its subsidiaries for FY 2018 and certain assumptions, are set out in paragraph 2.4.6 of the Letter.

(ix) Ordinary Resolution 11

The Olam Share Grant Plan was adopted at the AGM held on 30 October 2014. Other than the Olam Share Grant Plan, the Company does not have any other share scheme which is currently in force. Ordinary Resolution 11, if passed, will empower the Directors to grant awards under the Olam Share Grant Plan and to issue new Shares in respect of such awards, subject to the limitations described in this Ordinary Resolution 11. Unless such authority has been varied or revoked by the Company in a general meeting, such authority shall expire at the conclusion of the next AGM, or the date by which the next AGM is required by law to be held, whichever is the earlier.

More details on the Olam Share Grant Plan may be found in the Governance Report and the Financial Report of the 2018 Annual Report.

NOTICE OF BOOKS CLOSURE

As stated in the Notice of Books Closure set out in the Company's announcement dated 28 February 2019, the Company wishes to notify shareholders that the Share Transfer Books and Register of Members of the Company will be closed at **5.00 p.m. on 3 May 2019** for the preparation of dividend warrants. Duly completed registrable transfers of Shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services (Pte) Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to **5.00 p.m. on 3 May 2019** will be registered to determine members' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at **5.00 p.m. on 3 May 2019** will be entitled to the proposed final dividend. Payment of the final dividend, if approved by the members at the AGM to be held on **24 April 2019**, will be made on **10 May 2019.**

Addendum to the Annual Report 2018

Additional Information on Directors seeking Re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr Lim Ah Doo, Mr Sanjiv Misra, Mr Shekhar Anantharaman and Mr Kazuo Ito are the Directors seeking re-election at the AGM under Ordinary Resolutions 3, 4, 5 and 6 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	Lim Ah Doo	Sanjiv Misra	Shekhar Anantharaman	Kazuo Ito
Date of Appointment	1 November 2016 (first appointment as Director and Chairman-designate) 1 January 2017 (as Chairman)	1 November 2013	1 April 1998	1 December 2018
Date of Last Re-appointment	25 April 2017	25 April 2017	25 April 2017	N.A.
Age	69	58	55	50
Country of principal residence	Singapore	Singapore	Singapore	Japan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	N.A.	N.A.	N.A.	N.A.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Executive/Group Chief Operating Officer	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman, Independent Non-Executive Director Chairman, Council of Chairs ("**COC**") Chairman, Governance & Nomination Committee Chairman, Human Resource & Compensation Committee ("**HRCC**") Member, Capital & Investment Committee ("**CIC**")	Independent Non-Executive Director Chairman, CIC Member, Board Risk Committee ("**BRC**") Member, COC Member, HRCC	Executive Director Group Chief Operating Officer Member, BRC	Non-Executive Director Member, BRC Member, CIC Member, HRCC
Professional qualifications	Degree (Honours) in Engineering, Queen Mary College, University of London Master in Business Administration, Cranfield School of Management	Bachelor's Degree in Economics, St Stephen's College, University of Delhi, India Postgraduate Degree in Management, University of Delhi, Indian Institute of Management, Ahmedabad Master in Management, JL Kellogg Graduate School of Management, Northwestern University	Bachelor's Degree in Aeronautical Engineering, Panjab University, India Postgraduate Degree in Business Management, Panjab University, India Advanced Management Program, Harvard Business School	BA Economics, Keio University BPSE, IMD Business School

Name of Director	Lim Ah Doo	Sanjiv Misra	Shekhar Anantharaman	Kazuo Ito
Working experience and occupation(s) during the past 10 years	Mr. Lim was formerly the President and subsequently the non-executive Vice Chairman of RGE Pte Ltd (formerly known as RGM International Pte Ltd). His past working experience includes an 18-year banking career in Morgan Grenfell from 1977 to 1995, during which he held several key positions including that of Chairman of Morgan Grenfell (Asia) Limited. Mr. Lim was previously Chairman of Singapore Technologies Marine Ltd, a subsidiary of Singapore Technologies Engineering Ltd, and was an Independent Director at SembCorp Marine Ltd as well as its Audit Committee Chair. He was also an Independent Director at EDB Investments and SM Investments Corporation and an Independent Commissioner and Chairman of the Audit Committee of PT Indosat (Indonesia).	Mr. Misra's career featured several senior positions, namely, Chief Executive Officer of Citigroup's Global Corporate and Investment Banking Group in Singapore and Brunei and Country Officer in Singapore, Head of Asia Pacific Investment Banking and Head of the Asia Pacific Corporate Bank, in a career spanning 11 years with the Citigroup. His career prior to Citigroup included stints with Salomon Brothers and Goldman Sachs & Co. His board experience includes being the Lead Independent Director and Audit and Risk Committee Chair at OUE Hospitality REIT Management Pte. Ltd., a member of GNC and RC at Clifford Capital, Member of AC at EDBI.	Mr. Anantharaman has been with the Group since 1992. As the Group Chief Operating Officer of the Company, he jointly oversees all aspects of the Company's global business with the Group CEO. Prior to his current role, he was the Executive Director – Finance and Business Development for the Group leading the Company's overall Strategy and Business Development activities along with responsibility for various functions including the Group's Finance and Accounts, Treasury and IR, IT and Shared Services, Legal and Corporate Secretarial and Manufacturing and Technical Services. He has incubated and managed various global businesses for the Group including its Edible Nuts, Spices and Vegetable Ingredients and Packaged Foods businesses. As the Global Head of these businesses, Mr. Anantharaman has been directly involved in identifying and leading many of the Company's organic and inorganic growth initiatives. He has also played a variety of country management and regional oversight roles across Africa, Asia, Russia, South and North America.	Mr. Ito is currently the Division Chief Operating Officer, Food Resources Division, Food Industry Group of Mitsubishi Corporation. He has been with Mitsubishi Corporation since 1991 and has held other managerial roles. He was previously General Manager, Strategic and Planning Office of its Living Essential Consumer Products Division. During 2018 Mr Ito served as a Non-Executive Director of Princes Limited, a global food and drink group involved in the manufacture, import and distribution of branded products, having been its Chairman between 2007 to March 2018 and its Director since 2001 till January 2019.
Shareholding interest in the listed issuer and its subsidiaries?	Nil	Nil	15,896,204 Shares 5,000,000 Options 974,826 Performance Share Awards *(subject to performance targets being met)* 562,969 Restricted Share Awards	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	As described above	As described above Mitsubishi Corporation is a controlling shareholder of the Company.

Name of Director	Lim Ah Doo	Sanjiv Misra	Shekhar Anantharaman	Kazuo Ito
Conflict of interests (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships				
Past (for the last 5 years)	ARA-CWT Trust Management (Cache) Limited *(Trustee Manager of Cache Logistics Trust)* Bracell Limited Chemoil Energy Ltd EDB Investments Pte Ltd Linc Energy Limited PST Management Pte Ltd SembCorp Marine Ltd Singapore Technologies Marine Ltd SM Investments Corporation	Edelweiss Financial Services Ltd Edelweiss Capital (Singapore) Pte Ltd National University Health System	Nil	Princes Holding (Rotterdam) B.V. Princes Limited YSW Co. Ltd Princes Foods B.V. Princes Tuna (Mauritius) Limited Well Well Well (UK) Limited
Present	Listed company GDS Holdings Ltd GP Industries Ltd Singapore Technologies Engineering Ltd Non-listed company STT GDC Pte. Ltd. STT Global Data Centres India Private Limited U Mobile Sdn Bhd Virtus HoldCo Limited	Listed company OUE Hospitality REIT Management Pte. Ltd. *(Manager of OUE Hospitality Real Estate Investment Trust)* Non-listed company EDBI Pte Ltd OUE Hospitality Trust Management Pte. Ltd. Phoenix Advisers Pte. Ltd. Phoenix E.K. Limited Singapore Symphony Group Clifford Capital Pte. Ltd. Chairman, Apollo Management Asia Pacific Advisory Board	Listed company Nil Non-listed company Caraway Pte Ltd Far East Agri Pte. Ltd.	Listed company Nil Non-listed company Nosan Corporation MC Agri Alliance Limited

Name of Director		Lim Ah Doo	Sanjiv Misra	Shekhar Anantharaman	Kazuo Ito
Information required pursuant to Listing Rule 704(7) or Catalist Rule 704(6)					
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

Name of Director		Lim Ah Doo	Sanjiv Misra	Shekhar Anantharaman	Kazuo Ito
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

Name of Director	Lim Ah Doo	Sanjiv Misra	Shekhar Anantharaman	Kazuo Ito
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes, please refer to Appendix 1.	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	Yes, please refer to Appendix 1.	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	Yes, please refer to Appendix 1.	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Yes, please refer to Appendix 1.	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Disclosure applicable to appointment of Director only				
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

Appendix 1 to the Addendum

Additional Information on Directors' seeking Re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr. Lim Ah Doo

Linc Energy Ltd

Mr Lim was an independent and non-executive director of Linc Energy Ltd ("Linc") from 23 November 2013 to 23 June 2015. Linc is a global oil and gas company with a broad portfolio of oil, gas and coal assets. Linc announced on 15 April 2016 that it entered into voluntary administration and appointed administrators working with the company's management team to understand the options available which might potentially include a restructure of the company. Linc subsequently entered into liquidation on 23 May 2016.

PT Indosat

Mr Lim was non-executive Independent Commissioner of PT Indosat Tbk ("PT Indosat") from December 2002 to August 2008, and Chairman of Audit committee from June 2004 to June 2008.

In November 2007, PT Indosat along with 6 other Indonesian telecommunications companies were investigated by Indonesia's anti-competition, KKPU, on allegations of price-fixing of charges for short text messages and breach of Anti-monopoly Law of Indonesia. PT Indosat and 8 other companies were also investigated by KKPU of concern of breaches of Article 27(a) of the Anti-monopoly law of Indonesia. There was no finding of breach of law by PT Indosat at the time Mr Lim left PT Indosat.

Asian Agri

Mr Lim was president of RGM International Pte Ltd ("RGMI") from October 2003 to June 2007 and non-executive vice chairman of RGMI from June 2007 to November 2008. Mr Lim was also acting president of AAA Oils and Fats Pte Ltd ("AAA") from June 2007 to November 2007 and non-executive deputy chairman of AAA from November 2007 to November 2008. RGMI provides strategy services and support to a global group of independent companies (the "RGM Group") operating in the resources development sector. Each business group within the RGM group operates independently with its own holding company and directors responsible for the operation of that business group. Asian Agri is a member of the RGM group and AAA is a member of Asian Agri.

Certain Indonesian companies of Asian Agri operating in Indonesia were investigated by the tax authorities of Indonesia in November 2006 for alleged non-payment of certain tax. The tax authorities of Indonesia had not confirmed any findings of breach of law at the time when Mr Lim left the RGM Group in November 2008. Mr Lim was not a member of the board nor was he concerned with the management of the companies under investigation.

Proxy Form

Olam International Limited

(Company Registration No. 199504676H)
(Incorporated in The Republic of Singapore with limited liability)

IMPORTANT:
For Central Provident Fund ("CPF") and/or Supplementary Retirement Scheme ("SRS") investors who have used their CPF/SRS monies to buy ordinary shares in the capital of Olam International Limited ("Shares"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries as to how they may be appointed as proxies.

(Please see notes overleaf before completing this Form)

*I/We, ______________________________

Of ______________________________

being a *member/members of Olam International Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or *(delete as appropriate)*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Twenty-Fourth Annual General Meeting of the Company (the "Meeting") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Meeting to be held on Wednesday, 24 April 2019 at 10.00 a.m. at 12 Marina View, Asia Square Tower 2, Ballroom 1, The Westin Singapore, Singapore 018961, and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick [✓] within the box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the boxes provided.)

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Directors' Statement and the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2018 ("**FY 2018**") together with the Auditors' Report thereon		
2.	Payment of a second and final dividend of 4 cents per share for FY 2018		
3.	Re-election of Mr. Lim Ah Doo as a Director retiring under Regulation 107		
4.	Re-election of Mr. Sanjiv Misra as a Director retiring under Regulation 107		
5.	Re-election of Mr. Shekhar Anantharaman as a Director retiring under Regulation 107		
6.	Re-election of Mr. Kazuo Ito as a Director retiring under Regulation 113		
7.	Approval of payment of Directors' fees of up to S$2,600,000 for the financial year ending 31 December 2019		
8.	To re-appoint Messrs Ernst & Young LLP as the auditors of the Company		
	Special Business		
9.	General authority to issue Shares		
10.	Renewal of the Share Buyback Mandate		
11.	Authority to issue Shares under the Olam Share Grant Plan		

Dated this ____________ day of ____________ 2019

Total number of Shares Held

____
Signature of Shareholder(s) or
Common Seal of Corporate Shareholder

* *Delete where inapplicable*

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2019.

Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).
2. A member of the Company (other than a relevant intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him/her. A proxy need not be a member of the Company. Any appointment of a proxy by an individual member attending in person shall be null and void and such proxy shall not be entitled to vote at the meeting.
3. Where a member (other than a relevant intermediary*) appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. A relevant intermediary may appoint more than two (2) proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him (which number or class of Shares shall be specified).
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Straits View, #20-01 Marina One East Tower, Singapore 018936, or at the office of the Share Registrar of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for the Meeting.
5. (i) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing.

   (ii) Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   (iii) Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) be duly stamped (if required by law) and be deposited at the registered office of the Company or at the office of the Share Registrar, not less than 72 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").
7. Subject to note 2, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

* The term "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. The Company shall not be responsible to confirm nor be liable for the rejection of any incomplete or invalid proxy instrument. In addition, in the case of Shares entered in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Olam

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Financial Report

Olam International Limited Annual Report 2018

About this report

Financial Report

Our figures and respective notes are enclosed within this chapter. It should be read in conjunction with the Strategy Report to give a balanced account of internal and external factors.

Strategy Report

This chapter offers narrative about our strategy, our performance and key market factors and trends. It can be read independently as an Executive Summary or as part of the full report.

Governance Report

This section gives detailed information about our rigorous governance framework and those responsible for ensuring it is followed. Shareholder information is also held within this chapter.

Contents

Financial report

Front cover image:

Johan Monteza, Olam's certified coffee 'Q' grader and Quality Analyst in Peru, prepares the 'coffee cupping' practice, where the aromas and flavours are expertly examined to ensure the finished coffee product satisfies variable customer demand.

As set out in our refreshed Strategic Plan, by 2024 we will be a **global food and agri-business** that **delivers food, feed** and **fibre along** with **innovative solutions** to **our customers.**

This supports our customers' growing need for **sustainable** and **transparent supply chains** with a clear focus on **tomorrow's consumer preferences.**

“2018 was a pivotal year for Group Finance as we continued to deliver on our key priorities as well as reimagine various aspects of Finance in our quest to become world-class business partners.”

Group Finance as "co-strategists" in Strategic Plan execution

Delivering on our key priorities

i. **Strengthening controls** to minimise controllable losses: institutionalised an In-Business Control (IBC) framework that tracks key risk areas related to Capex execution, Credit control, Inventory management and Statutory compliance

ii. **Optimising balance sheet**: established a Capital Productivity Task Force ("CPTF") in 2017 – a collaborative effort between Finance and Business Units – enabling the Group in 2018 to further reduce working capital by S$903.9 million.

iii. **Diversifying sources of capital**: secured a US$500 million sustainability-linked club loan facility – the first of its kind in Asia – that would help us reduce financing costs as we improve our sustainability metrics

Transforming Group Finance

i. **Operational excellence**: designed and rolled-out a Finance process maturity framework to support and sustain operational excellence at scale

ii. **Digital**: launched a Digital@Finance initiative to enable faster decision making and drive process efficiency

iii. **Leadership & talent**: developed "Career Conversations" and continued our efforts in developing diverse talent and building leadership pipeline

iv. **Sustainability**: established Asia's first A4S chapter (Accounting for Sustainability, an HRH Price Charles foundation) and co-designed the Group's Integrated Impact Statement (IIS)

v. **Cross-functional collaboration**: worked closely with other central functions e.g. IT, OGBS, Internal Audit, HR, Risk Office, Legal, Group Tax and Market Compliance to drive joint-agenda and deliver on Group's key priorities

As we embark upon the Strategic Plan for FY 2019 – 24, Group Finance – as "co-strategists" – will partner with Business Units to strengthen, streamline & focus our portfolio, improve cost effectiveness and drive capital productivity, offer differentiated products & services and explore investments in new engines for growth.

With much to do over the coming months, we are looking forward to the journey!

Neelamani Muthukumar
Group Chief Financial Officer

Strengthening controls to minimise controllable losses

Continuing focus on working capital productivity

Improving Finance process maturity to enable operational excellence

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Olam International Limited (the 'Company') and its subsidiary companies (the 'Group') and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements set out on pages 15 to 82 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, changes in equity of the Group and of the Company, the financial performance and the cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:-

Lim Ah Doo

Sunny George Verghese

Jean-Paul Pinard

Sanjiv Misra

Nihal Vijaya Devadas Kaviratne CBE

Yap Chee Keong

Marie Elaine Teo

Yutaka Kyoya

Kazuo Ito (Appointed on 1 December 2018)

Shekhar Anantharaman

3. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year ended 31 December 2018 was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

According to the register of the directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Held in the name of the director or nominee			Deemed interest		
Name of directors	As at 1.1. 2018 or date of appointment, if later	**As at 31.12.2018**	**As at 21.1.2019**	As at 1.1.2018 or date of appointment, if later	**As at 31.12.2018**	**As at 21.1.2019**
The Company						
Olam International Limited						
(a) Ordinary shares						
Sunny George Verghese	111,748,977	**133,112,233**	**133,112,233**	–	**–**	**–**
Shekhar Anantharaman	12,677,672	**15,896,204**	**15,896,204**	–	**–**	**–**
Jean-Paul Pinard	806,761	**806,761**	**806,761**	–	**–**	**–**
(b) Euro Medium Term Note Programme						
Nihal Vijaya Devadas Kaviratne CBE [1]	US$200,000	**US$200,000**	**US$200,000**	–	**–**	**–**
(c) Options to subscribe for ordinary shares						
Sunny George Verghese	15,000,000	**15,000,000**	**15,000,000**	–	**–**	**–**
Shekhar Anantharaman	5,000,000	**5,000,000**	**5,000,000**	–	**–**	**–**

4. Directors' interests in shares and debentures continued

Name of directors	Held in the name of the director or nominee: As at 1.1. 2018 or date of appointment, if later	As at 31.12.2018	As at 21.1.2019	Deemed interest: As at 1.1.2018 or date of appointment, if later	As at 31.12.2018	As at 21.1.2019
Subsidiaries of the Company's ultimate holding company						
Temasek Group of companies						
(a) Mapletree Greater China Commercial Trust Management Ltd (Unit holdings in Mapletree Greater China Commercial Trust)						
Sunny George Verghese	510,000	**510,000**	**510,000**	–	**–**	**–**
(b) Mapletree Logistics Trust Management Ltd (Unit holdings in Mapletree Logistics Trust)						
Sunny George Verghese	505,000	**505,000**	**505,000**	–	**–**	**–**
Lim Ah Doo	185,000	**185,000**	**185,000**	–	**–**	**–**
(c) Mapletree Commercial Trust Management Ltd. (3.25% Bonds due 3 February 2023)						
Yap Chee Keong	$250,000	**$250,000**	**$250,000**	–	**–**	**–**
(d) Singapore Technologies Engineering Ltd (Ordinary Shares)						
Lim Ah Doo	42,600	**60,000**	**60,000**	–	**–**	**–**
(e) Starhub Ltd (Ordinary Shares)						
Nihal Vijaya Devadas Kaviratne CBE[3]	23,000	**46,800**	**46,800**	–	**67,600**	**67,600**
Sanjiv Misra[2]	60,000	**60,000**	**60,000**	–	**–**	**–**
(f) Mapletree Industrial Trust (Ordinary Shares)						
Marie Elaine Teo	11,800	**11,800**	**11,800**	–	**–**	**–**
Sanjiv Misra[2]	100,000	–	–	–	**–**	**–**
(g) Singapore Airlines Limited (3.035% Notes due 2025)						
Yap Chee Keong	$250,000	**$250,000**	**$250,000**	–	**–**	**–**
(h) Astrea IV Pte Ltd (4.35% bonds due 2028)						
Yap Chee Keong	–	**$250,000**	**$250,000**	–	**–**	**–**

1. This refers to the Notes issued under Series 006 of the US$5,000,000,000 Euro Medium Term Note Programme ('EMTN') established by the Company on 6 July 2012 and subsequently updated on 14 July 2014, 21 August 2015, 23 November 2016 and 16 March 2018, comprising US$300,000,000 in principal amount of 4.50 per cent fixed rate notes due 2020.
2. Held in trust by Windsor Castle Holding Ltd for Sanjiv Misra and spouse.
3. Held by DBS Nominees Pte Ltd for Green Willow Worldwide Inc., a company wholly-owned by a trust in which Mr Nihal Kaviratne is a named beneficiary.

5. Olam employee share option scheme and Olam share grant plan

The Company offers the following share plans to its employees:

(a) Olam Employee Share Option Scheme, and

(b) Olam Share Grant Plan.

These share plans are administered by the Human Resource & Compensation Committee ('HRCC'), which comprises the following directors:-

Lim Ah Doo

Jean-Paul Pinard

Sanjiv Misra

Kazuo Ito (Appointed on 1 December 2018)

Chan Wai Ching (Co-opted member appointed on 1 October 2018)

Olam Employee Share Option Scheme

The Olam Employee Share Option Scheme ('the ESOS') was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company. The ESOS Rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive directors and Independent directors) and employees of the Group are eligible to participate in the ESOS, and all subsequent options issued to the Group's employees and Executive directors shall have a life of ten years instead of five. For options granted to the Company's Non-Executive directors and Independent directors, the option period shall be no longer than five years. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

Pursuant to the voluntary conditional cash offer by Breedens International Pte Ltd approval was sought and granted on 8 April 2014 such that all outstanding options which have not been exercised at the expiry of the accelerated exercise period shall not automatically lapse and become null and void but will expire in accordance with their original terms. The ESOS has expired on 3 January 2015. The terms of the ESOS continue to apply to outstanding options granted under the ESOS. The ESOS rules amended on 29 October 2008 may be read in the Appendix 1 of the Company's circular dated 13 October 2008.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 31 December 2018 are as follows:-

Expiry date	Exercise price ($)	Number of options
21 July 2019	2.28	31,195,000
17 February 2020	2.35	15,000,000
23 July 2020	2.64	2,885,000
17 December 2020	3.10	650,000
14 March 2021	2.70	1,195,000
30 December 2021	2.16	2,060,000
15 June 2022	1.76	15,967,000
Total		**68,952,000**

The details of options granted to the directors, are as follows:-

Name of Participant	Options granted during financial year under review	Exercise price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Sunny George Verghese	–	–	30,000,000	15,000,000	15,000,000
Shekhar Anantharaman	–	–	5,800,000	800,000	5,000,000

The 15,000,000 options granted to Sunny George Verghese in financial year 2010 were exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries of the grant date (17 February 2010) at the exercise price of $2.35 where the vesting conditions were met. The options will expire ten years after the date of grant.

The 1,750,000 options granted to Shekhar Anantharaman in financial year 2010 were exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary from the date of grant (21 July 2009) at the exercise price of $2.28 where the vesting conditions were met. The 3,250,000 options granted to Shekhar Anantharaman in financial year 2012 are exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary respectively from the date of grant (15 June 2012) at the exercise price of $1.76 if the vesting conditions are met. The options will expire ten years after the date of grant.

5. Olam employee share option scheme and Olam share grant plan continued

Olam Share Grant Plan

The Company had adopted the Olam Share Grant Plan ('OSGP') at the 2014 Annual General Meeting.

The OSGP helps retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. The OSGP gives participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- motivate participants to optimise their performance standards and efficiency, maintain a high level of contribution to the Group and strive to deliver long-term shareholder value;
- align the interests of employees with the interests of the Shareholders of the Company;
- retain key employees and executive directors of the Group whose contributions are key to the long-term growth and profitability of the Group;
- instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company; and
- attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company.

An employee's Award under the OSGP will be determined at the absolute discretion of the HRCC. In considering an Award to be granted to an employee, the HRCC may take into account, inter alia, the employee's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skills set. The OSGP contemplates the award of fully-paid Shares, when and after pre-determined performance or service conditions are accomplished. Any performance targets set under the OSGP are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Examples of performance targets include targets based on criteria such as total shareholders' return, return on invested capital, economic value added, or on the Company meeting certain specified corporate target(s). It is also currently intended that a Retention Period, during which the Shares awarded may not be transferred or otherwise disposed of (except to the extent set out in the Award Letter or with the prior approval of the HRCC), may be imposed in respect of Shares awarded to the employees under the OSGP.

Details of the Awards granted (including to the directors), are as follows:-

Type of Grant	Performance share awards ('PSA')		Restricted share awards ('RSA')	
Date of Grant	16 April 2018	12 April 2018	16 April 2018	12 April 2018
Number of Shares which are subject of the Awards granted	779,800	8,183,700	491,500	4,932,400
Number of employees receiving Shares Awards	2	712	2	712
Market Value of Olam Shares on the Date of Grant	$2.34	$2.36	$2.34	$2.36
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 478,000	–	Sunny George Verghese 286,800	–
	Shekhar Anantharaman 301,800	–	Shekhar Anantharaman 204,700	–
Vesting Date of Shares awarded	April 2021	April 2021	Tranche 1 – 25%: 1 April 2019 Tranche 2 – 25%: 1 April 2020 Tranche 3 – 25%: 1 April 2021 Tranche 4 – 25%: 1 April 2022	Tranche 1 – 25%: 1 April 2019 Tranche 2 – 25%: 1 April 2020 Tranche 3 – 25%: 1 April 2021 Tranche 4 – 25%: 1 April 2022

5. Olam employee share option scheme and Olam share grant plan continued

Olam Share Grant Plan continued

Type of Grant	Performance share awards ('PSA')		Restricted share awards ('RSA')	
Date of Grant	24 April 2017	5 May 2017	24 April 2017	5 May 2017
Number of Shares which are subject of the Awards granted	9,711,173	40,000	4,456,173	20,000
Number of employees receiving Shares Awards	320	1	319	1
Market Value of Olam Shares on the Date of Grant	$1.91	$1.90	$1.91	$1.90
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 392,147	–	Sunny George Verghese 392,147	–
	Shekhar Anantharaman 323,026	–	Shekhar Anantharaman 323,026	–
Vesting Date of Shares awarded	April 2020	April 2020	Tranche 1 – 25%: 1 April 2018 Tranche 2 – 25%: 1 April 2019 Tranche 3 – 25%: 1 April 2020 Tranche 4 – 25%: 1 April 2021	Tranche 1 – 25%: 1 April 2018 Tranche 2 – 25%: 1 April 2019 Tranche 3 – 25%: 1 April 2020 Tranche 4 – 25%: 1 April 2021

The actual number of shares to be delivered pursuant to the PSA granted in the table above will range from 0% to 200.0% of the base award and is contingent on the achievement of pre-determined targets set out in the three year performance period and other terms and conditions being met.

Type of Grant	Performance share awards ('PSA')		Restricted share awards ('RSA')
Date of Grant	7 April 2015	15 April 2016	15 April 2016
Number of Shares which are subject of the Awards granted	11,817,500	10,397,000	5,423,000
Number of employees receiving Shares Awards	280	297	294
Market Value of Olam Shares on the Date of Grant	$1.985	$1.72	$1.72
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 400,000	Sunny George Verghese 410,000	Sunny George Verghese 410,000
	Shekhar Anantharaman 250,000	Shekhar Anantharaman 350,000	Shekhar Anantharaman 232,000
Vesting Date of Shares awarded	April 2018	April 2019	Tranche 1 – 25%: 1 April 2017 Tranche 2 – 25%: 1 April 2018 Tranche 3 – 25%: 1 April 2019 Tranche 4 – 25%: 1 April 2020

The actual number of shares to be delivered pursuant to the PSA granted in the table above will range from 0% to 192.5% of the base award and is contingent on the achievement of pre-determined targets set out in the three year performance period and other terms and conditions being met.

5. Olam employee share option scheme and Olam share grant plan continued

Olam Share Grant Plan continued

The details of awards granted to the directors, are as follows:-

Name of Participant	Share awards granted during financial year under review	Aggregate share awards granted since the commencement of the scheme to the end of financial year under review	Aggregate share awards vested since the commencement of the scheme to the end of financial year under review	Aggregate share awards cancelled since the commencement of the scheme to the end of the financial year under review	Aggregate share awards outstanding as at the end of financial year under review
Performance Share Awards:					
Sunny George Verghese	478,000	1,680,147	317,600	82,400	1,280,147
Shekhar Anantharaman	301,800	1,224,826	198,500	51,500	974,826
Restricted Share Awards:					
Sunny George Verghese	286,800	1,088,947	303,037	–	785,910
Shekhar Anantharaman	204,700	759,726	196,757	–	562,969

Apart from that which is disclosed above, no directors or employees of the Group received 5% or more of the total number of options/shares available under the ESOS/OSGP.

The options/shares granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

There were no incentive options/shares granted from commencement of ESOS/OSGP to the financial year end under review.

There were no options/shares granted at a discount.

There were no options/shares granted to controlling shareholders of the Company and their associates.

6. Audit Committee

The Audit Committee (the 'AC' or "Committee") comprises three Independent Non-Executive directors and a Non-Executive director. The members of the AC are Yap Chee Keong (Chairman), Nihal Vijaya Devadas Kaviratne CBE, Marie Elaine Teo (appointed on 1 October 2018) and Yutaka Kyoya. The AC performed the functions specified in section 201B(5) of the Singapore Companies Act, Chapter 50, the Singapore Code of Corporate Governance and the Listing Manual of the SGX-ST with full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

In performing its function, the AC held 6 meetings during the year and reviewed the following:

- audit plans of the internal and external auditors of the Company, and ensured the adequacy of the Company's system of accounting controls and the cooperation given by the Company's management to the external and internal auditors;
- quarterly and annual financial statements of the Group and the Company prior to their submission to the board of directors for adoption;
- scope of work of the external and internal auditors, the results of their examinations and their evaluation of the Company's internal accounting control systems;
- the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management systems via the integrated assurance framework (including the in-business control framework and reporting), audit and reviews carried out by the internal auditors along with the reviews by the control functions;
- whistle-blowers' reports;
- legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- independence and objectivity of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST); and
- the scope and results of the audit.

Further, the Committee

- held meetings with the external auditors, internal auditors and the management in separate executive sessions to discuss any matters that these groups believed should be discussed privately with the AC;
- made recommendations to the board of directors in relation to the external auditor's reappointment and their compensation; and
- reported actions and minutes of the AC meetings to the board of directors with such recommendations as the AC considered appropriate.

As part of the review of the independence and objectivity of the external auditors, the Committee reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non-audit services performed by the external auditors, and has confirmed that such services would not affect their independence.

The Committee has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as independent external auditor of the Company at the forthcoming Annual General Meeting. In appointing the auditors of the Company and its subsidiaries, the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST.

Please refer to the additional disclosures on the AC provided in the Corporate Governance Report in the Company's Annual Report to shareholders.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as independent external auditor.

On behalf of the board of directors,

Lim Ah Doo
Director

Sunny George Verghese
Director
20 March 2019

Independent Auditor's Report
For the financial year ended 31 December 2018
To the Members of Olam International Limited

Report on the financial statements

We have audited the accompanying financial statements of Olam International Limited (the 'Company') and its subsidiaries (collectively, the 'Group') set out on pages 15 - 82, which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) in Singapore (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1 **Impairment assessment of goodwill, indefinite life intangible assets and property, plant and equipment**

The Group has significant investments in property, plant and equipment, goodwill and intangible assets as disclosed in Notes 10 and 11. Management performs periodic and annual impairment reviews of goodwill, intangible assets with indefinite life and impairment assessments for identified property, plant and equipment where there are indications of impairment. Recoverable values of the property, plant and equipment, goodwill and indefinite life intangible assets are determined based on the business units' cash flow forecasts and are performed by management with the help of independent professional valuers where applicable. As these assessments require element of judgement exercised in forecasting and discounting future cash flows, we have considered this to be a key audit matter.

We have obtained the value-in-use assessment prepared by management and evaluated the reasonableness of management's conclusions on key assumptions including forecast cash flows focusing on revenues and earnings before interest, tax, depreciation and amortisation ('EBITDA'). We also assessed the appropriateness of discount rates with the assistance of our internal valuation specialist where required and growth rates to historical and market trends to assess the reliability of management's forecast. To the extent where independent professional valuers are involved, we have reviewed the competence, capabilities and objectivity and evaluating the appropriateness of the impairment model prepared by independent professional valuers.

We have also reviewed the adequacy of the Group's disclosures in relation to goodwill, indefinite life intangible assets and property, plant and equipment as disclosed in Notes 10 and 11.

Key audit matters continued

2 Valuation of biological assets

The Group operates various farms and plantations for which the dairy cows, poultry, agricultural produce ('fruits on trees') and annual crops are subject to fair valuation. These significant biological assets across the Edible Nuts, Spices and Vegetable Ingredients and Food Staples and Packaged Foods segments, are fair valued by management and/or independent professional valuers engaged by the Group using industry/ market accepted valuation methodology and approaches. As the measurement of fair value involves judgement on the assumptions and estimates used, we have considered this to be a key audit matter.

We had obtained the valuations of biological assets prepared by management and/or independent professional valuers engaged by the Group. The fair value reports are reviewed by us, together with our internal valuation specialists where required for appropriateness of the fair value methodology used and reasonableness of the assumptions used, including forecast cash flows, discount rates and yield rates for the plantations and market prices of the fruits or nuts/crop and livestock. To the extent where independent professional valuers are involved, we have reviewed the competence, capabilities and objectivity and evaluating the appropriateness of the valuation models prepared by independent professional valuers.

We have also reviewed the adequacy of the Group's disclosures in relation to biological assets as disclosed in Note 12.

3 Valuation of financial instruments

The Group enters into various financial instruments which are required to be carried at fair value as disclosed in Notes 34 and 35. This include fair value of financial assets and financial liabilities amounting to $74,556,000 and $5,316,000 respectively relating to Level 3 financial instruments. Estimation uncertainty is high for these financial instruments where significant valuation inputs are unobservable as it involves judgement on the assumptions and estimates used and therefore, considered a key audit matter.

We have reviewed and assessed the controls over identification, measurement and management of valuation risk, and evaluating the methodologies, inputs and assumptions used by the Group in determining fair values. We have also evaluated the assumptions and models used or performed an independent valuation to assess the reasonableness of the computed fair value with the help of our internal valuation specialist where required. The review also included comparisons of observable inputs against independent sources and externally available market data. Additionally, we reviewed the adequacy of disclosures of fair value risks and sensitivities in Note 34 and 35 to the financial statement to reflect the Group's exposure to valuation risk.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information in the Annual Report 2018 comprises the information included in (i) Strategy Report, (ii) Governance Report and (iii) Directors' Statement (within the Financial Report) sections, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have nothing to report in this regard.

Responsibilities of Management and Directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Wilson Woo Siew Wah.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

20 March 2019

Consolidated Profit and Loss Account
For the financial year ended 31 December 2018

		Group	
	Note	**2018 $'000**	2017 $'000
Sale of goods and services	4	**30,479,056**	26,272,529
Other income	5	**87,742**	207,531
Cost of goods sold	6	**(27,985,803)**	(23,757,685)
Net gain/(loss) from changes in fair value of biological assets	12	**61,270**	(15,250)
Depreciation and amortisation	10, 11	**(392,836)**	(380,680)
Other expenses	7	**(1,462,564)**	(1,297,602)
Finance income		**79,689**	65,597
Finance costs	8	**(548,464)**	(531,178)
Share of results from joint ventures and associates		**62,525**	67,631
Profit before taxation		**380,615**	630,893
Income tax expense	9	**(57,422)**	(79,248)
Profit for the financial year		**323,193**	551,645
Attributable to:			
Owners of the Company		**347,870**	580,743
Non-controlling interests		**(24,677)**	(29,098)
		323,193	551,645
Earnings per share attributable to owners of the Company (cents)			
Basic	25	**9.20**	18.62
Diluted	25	**9.08**	17.92

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2018

	Group	
	2018 $'000	2017 $'000
Profit for the financial year	**323,193**	551,645
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net (loss)/gain on fair value changes during the financial year	**(72,544)**	214,878
Recognised in the profit and loss account on occurrence of hedged transactions	**(2,474)**	(68,037)
Foreign currency translation adjustments	**(43,473)**	(357,694)
Share of other comprehensive income of joint ventures and associates	**(33,940)**	65,520
	(152,431)	(145,333)
Items that will not be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain on equity instrument at fair value through other comprehensive income	**(121,742)**	121,198
Other comprehensive income for the year, net of tax	**(274,173)**	(24,135)
Total comprehensive income for the year	**49,020**	527,510
Attributable to:		
Owners of the Company	**87,778**	560,419
Non-controlling interests	**(38,758)**	(32,909)
	49,020	527,510

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets
As at 31 December 2018

		Group			Company		
	Note	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Non-current assets							
Property, plant and equipment	10	**5,809,948**	5,625,837	5,367,039	**10,722**	13,285	12,581
Intangible assets	11	**1,199,912**	1,207,283	1,313,608	**290,058**	280,547	304,573
Biological assets	12	**511,931**	471,656	450,564	**–**	–	–
Subsidiary companies	13	**–**	–	–	**7,001,031**	6,043,511	5,550,460
Deferred tax assets	9	**166,785**	95,871	95,735	**–**	–	–
Investments in joint ventures and associates	14	**691,692**	1,070,940	889,838	**439,099**	780,557	724,826
Long-term investments	15	**135,777**	257,519	148,492	**135,777**	257,519	136,321
Other non-current assets	21	**27,786**	25,852	30,400	**–**	–	–
		8,543,831	8,754,958	8,295,676	**7,876,687**	7,375,419	6,728,761
Current assets							
Amounts due from subsidiary companies	16	**–**	–	–	**3,988,713**	1,926,416	3,583,148
Trade receivables	17	**2,435,168**	1,901,925	1,656,457	**1,307,958**	965,592	385,620
Margin accounts with brokers	18	**–**	399,680	164,958	**–**	304,862	153,544
Inventories	19	**6,468,157**	6,044,681	7,414,311	**1,608,225**	1,405,000	1,144,986
Advance payments to suppliers	20	**805,472**	743,516	880,602	**44,457**	116,243	142,456
Advance payments to subsidiary companies	20	**–**	–	–	**1,816,605**	852,001	2,196,193
Cash and short-term deposits	33	**2,480,374**	1,986,351	2,144,051	**891,379**	1,137,011	1,274,672
Derivative financial instruments	34	**1,835,043**	1,619,249	1,926,151	**1,317,899**	1,098,147	1,118,686
Other current assets	21	**878,772**	848,187	986,678	**205,968**	168,061	151,116
		14,902,986	13,543,589	15,173,208	**11,181,204**	7,973,333	10,150,421
Current liabilities							
Trade payables and accruals	22	**(3,633,860)**	(2,184,352)	(2,201,494)	**(2,352,435)**	(1,087,350)	(949,283)
Margin accounts with brokers	18	**(121,017)**	–	–	**(168,499)**	–	–
Borrowings	24	**(4,777,121)**	(4,660,209)	(5,983,035)	**(2,891,457)**	(2,309,058)	(3,632,631)
Derivative financial instruments	34	**(928,631)**	(851,947)	(987,942)	**(688,823)**	(685,128)	(681,162)
Provision for taxation		**(151,994)**	(162,977)	(84,949)	**(26,954)**	(81,343)	(24,739)
Other current liabilities	23	**(456,399)**	(473,313)	(383,731)	**(100,003)**	(111,131)	(115,176)
		(10,069,022)	(8,332,798)	(9,641,151)	**(6,228,171)**	(4,274,010)	(5,402,991)
Net current assets		**4,833,964**	5,210,791	5,532,057	**4,953,033**	3,699,323	4,747,430
Non-current liabilities							
Deferred tax liabilities	9	**(422,625)**	(416,991)	(505,876)	**(2,957)**	(6,662)	(8,103)
Borrowings	24	**(6,491,114)**	(6,927,729)	(7,687,553)	**(4,478,115)**	(4,985,786)	(6,435,337)
		(6,913,739)	(7,344,720)	(8,193,429)	**(4,481,072)**	(4,992,448)	(6,443,440)
Net assets		**6,464,056**	6,621,029	5,634,304	**8,348,648**	6,082,294	5,032,751
Equity attributable to owners of the Company							
Share capital	26	**3,748,994**	3,674,206	3,087,894	**3,748,994**	3,674,206	3,087,894
Treasury shares	26	**(166,280)**	(187,276)	(190,465)	**(166,280)**	(187,276)	(190,465)
Capital securities	26	**1,046,406**	1,045,773	930,416	**1,046,406**	1,045,773	930,416
Reserves		**1,696,246**	1,910,878	1,570,498	**3,719,528**	1,549,591	1,204,906
		6,325,366	6,443,581	5,398,343	**8,348,648**	6,082,294	5,032,751
Non-controlling interests		**138,690**	177,448	235,961	**–**	–	–
Total equity		**6,464,056**	6,621,029	5,634,304	**8,348,648**	6,082,294	5,032,751

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2018

31 December 2018 Group	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Capital securities (Note 26) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000	Total non-controlling interests $'000	Total equity $'000
				Attributable to owners of the Company								
At 1 January 2018	3,674,206	(187,276)	1,045,773	295,563	(1,006,585)	(130,785)	136,515	2,616,170	1,910,878	6,443,581	177,448	6,621,029
Profit for the financial year	–	–	–	–	–	–	–	347,870	347,870	347,870	(24,677)	323,193
Other comprehensive income												
Net loss on fair value changes during the financial year	–	–	–	–	–	(194,286)	–	–	(194,286)	(194,286)	–	(194,286)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(2,474)	–	–	(2,474)	(2,474)	–	(2,474)
Foreign currency translation adjustments	–	–	–	–	(29,392)	–	–	–	(29,392)	(29,392)	(14,081)	(43,473)
Share of other comprehensive income of joint ventures and associates	–	–	–	–	(33,940)	–	–	–	(33,940)	(33,940)	–	(33,940)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(63,332)	(196,760)	–	–	(260,092)	(260,092)	(14,081)	(274,173)
Total comprehensive income for the year	–	–	–	–	(63,332)	(196,760)	–	347,870	87,778	87,778	(38,758)	49,020
Contributions by and distributions to owners												
Buy back of treasury shares (Note 26)	–	(2,636)	–	–	–	–	–	–	–	(2,636)	–	(2,636)
Issue of shares on exercise of warrants (Note 26)	71,782	–	–	–	–	–	–	–	–	71,782	–	71,782
Issue of shares on exercise of share options (Note 26)	3,006	2,887	–	–	–	–	(2,887)	–	(2,887)	3,006	–	3,006
Issue of treasury shares for Restricted Share Award (Note 26)	–	20,745	–	–	–	–	(20,745)	–	(20,745)	–	–	–
Share-based expense	–	–	–	–	–	–	14,432	–	14,432	14,432	–	14,432
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(237,728)	(237,728)	(237,728)	–	(237,728)
Accrued capital securities distribution	–	–	55,482	–	–	–	–	(55,482)	(55,482)	–	–	–
Payment of capital securities distribution	–	–	(54,849)	–	–	–	–	–	–	(54,849)	–	(54,849)
Total contributions by and distributions to owners	74,788	20,996	633	–	–	–	(9,200)	(293,210)	(302,410)	(205,993)	–	(205,993)
Total transactions with owners in their capacity as owners	74,788	20,996	633	–	–	–	(9,200)	(293,210)	(302,410)	(205,993)	–	(205,993)
At 31 December 2018	3,748,994	(166,280)	1,046,406	295,563	(1,069,917)	(327,545)	127,315	2,670,830	1,696,246	6,325,366	138,690	6,464,056

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

31 December 2017 Group	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Capital securities (Note 26) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000	Total non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company											
At 1 January 2017	3,087,894	(190,465)	930,416	280,647	(703,305)	(398,824)	119,520	2,272,460	1,570,498	5,398,343	235,961	5,634,304
Profit for the financial year	–	–	–	–	–	–	–	580,743	580,743	580,743	(29,098)	551,645
Other comprehensive income												
Net gain on fair value changes during the financial year	–	–	–	–	–	336,076	–	–	336,076	336,076	–	336,076
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(68,037)	–	–	(68,037)	(68,037)	–	(68,037)
Foreign currency translation adjustments	–	–	–	–	(353,883)	–	–	–	(353,883)	(353,883)	(3,811)	(357,694)
Share of other comprehensive income of joint ventures and associates	–	–	–	14,916	50,604	–	–	–	65,520	65,520	–	65,520
Other comprehensive income for the financial year, net of tax	–	–	–	14,916	(303,279)	268,039	–	–	(20,324)	(20,324)	(3,811)	(24,135)
Total comprehensive income for the year	–	–	–	14,916	(303,279)	268,039	–	580,743	560,419	560,419	(32,909)	527,510
Contributions by and distributions to owners												
Buy back of capital securities (Note 26)	–	–	(235,800)	–	–	–	–	–	–	(235,800)	–	(235,800)
Issue of shares on exercise of warrants (Note 26)	585,542	–	–	–	–	–	–	–	–	585,542	–	585,542
Issue of shares on exercise of share options (Note 26)	770	–	–	–	–	–	–	–	–	770	–	770
Issue of treasury shares for Restricted Share Award (Note 26)	–	3,189	–	–	–	–	(3,189)	–	(3,189)	–	–	–
Issue of capital securities, net of transaction costs (Note 26)	–	–	347,727	–	–	–	–	–	–	347,727	–	347,727
Share-based expense	–	–	–	–	–	–	20,184	–	20,184	20,184	–	20,184
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(180,399)	(180,399)	(180,399)	–	(180,399)
Accrued capital securities distribution	–	–	56,635	–	–	–	–	(56,635)	(56,635)	–	–	–
Payment of capital securities distribution	–	–	(53,205)	–	–	–	–	–	–	(53,205)	–	(53,205)
Total contributions by and distributions to owners	586,312	3,189	115,357	–	–	–	16,995	(237,034)	(220,039)	484,819	–	484,819
Changes in ownership interests in subsidiaries that do not result in loss of control												
Capital reduction in subsidiary without change in ownership	–	–	–	–	–	–	–	–	–	–	(25,604)	(25,604)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	(25,604)	(25,604)
Total transactions with owners in their capacity as owners	586,312	3,189	115,357	–	–	–	16,995	(237,034)	(220,039)	484,819	(25,604)	459,215
At 31 December 2017	3,674,206	(187,276)	1,045,773	295,563	(1,006,585)	(130,785)	136,515	2,616,170	1,910,878	6,443,581	177,448	6,621,029

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity continued
For the financial year ended 31 December 2018

31 December 2018 Company	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Capital securities (Note 26) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000
				Attributable to owners of the Company						
At 1 January 2018	3,674,206	(187,276)	1,045,773	140,486	(141,027)	(130,779)	136,515	1,544,396	1,549,591	6,082,294
Profit for the financial year	–	–	–	–	–	–	–	2,530,133	2,530,133	2,530,133
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	–	–	(194,286)	–	–	(194,286)	(194,286)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(2,474)	–	–	(2,474)	(2,474)
Foreign currency translation adjustments	–	–	–	–	138,974	–	–	–	138,974	138,974
Other comprehensive income for the financial year, net of tax	–	–	–	–	138,974	(196,760)	–	–	(57,786)	(57,786)
Total comprehensive income for the year	–	–	–	–	138,974	(196,760)	–	2,530,133	2,472,347	2,472,347
Contributions by and distributions to owners										
Buy back of treasury shares (Note 26)	–	(2,636)	–	–	–	–	–	–	–	(2,636)
Issue of shares on exercise of warrants (Note 26)	71,782	–	–	–	–	–	–	–	–	71,782
Issue of shares on exercise of share options (Note 26)	3,006	2,887	–	–	–	–	(2,887)	–	(2,887)	3,006
Issue of treasury shares for Restricted Share Awards (Note 26)	–	20,745	–	–	–	–	(20,745)	–	(20,745)	–
Share-based expense	–	–	–	–	–	–	14,432	–	14,432	14,432
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(237,728)	(237,728)	(237,728)
Accrued capital securities distribution	–	–	55,482	–	–	–	–	(55,482)	(55,482)	–
Payment of capital securities distribution	–	–	(54,849)	–	–	–	–	–	–	(54,849)
Total contributions by and distributions to owners	74,788	20,996	633	–	–	–	(9,200)	(293,210)	(302,410)	(205,993)
Total transactions with owners in their capacity as owners	74,788	20,996	633	–	–	–	(9,200)	(293,210)	(302,410)	(205,993)
At 31 December 2018	3,748,994	(166,280)	1,046,406	140,486	(2,053)	(327,539)	127,315	3,781,319	3,719,528	8,348,648

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

31 December 2017 Company	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Capital securities (Note 26) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000
				Attributable to owners of the Company						
At 1 January 2017	3,087,894	(190,465)	930,416	140,486	298,656	(398,818)	119,520	1,045,062	1,204,906	5,032,751
Profit for the financial year	–	–	–	–	–	–	–	736,368	736,368	736,368
Other comprehensive income										
Net gain on fair value changes during the financial year	–	–	–	–	–	336,076	–	–	336,076	336,076
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(68,037)	–	–	(68,037)	(68,037)
Foreign currency translation adjustments	–	–	–	–	(439,683)	–	–	–	(439,683)	(439,683)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(439,683)	268,039	–	–	(171,644)	(171,644)
Total comprehensive income for the year	–	–	–	–	(439,683)	268,039	–	736,368	564,724	564,724
Contributions by and distributions to owners										
Buy back of capital securities (Note 26)	–	–	(235,800)	–	–	–	–	–	–	(235,800)
Issue of shares on exercise of warrants (Note 26)	585,542	–	–	–	–	–	–	–	–	585,542
Issue of shares on exercise of share options (Note 26)	770	–	–	–	–	–	–	–	–	770
Issue of treasury shares for Restricted Share Awards (Note 26)	–	3,189	–	–	–	–	(3,189)	–	(3,189)	–
Issue of capital securities, net of transaction costs (Note 26)	–	–	347,727	–	–	–	–	–	–	347,727
Share-based expense	–	–	–	–	–	–	20,184	–	20,184	20,184
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(180,399)	(180,399)	(180,399)
Accrued capital securities distribution	–	–	56,635	–	–	–	–	(56,635)	(56,635)	–
Payment of capital securities distribution	–	–	(53,205)	–	–	–	–	–	–	(53,205)
Total contributions by and distributions to owners	586,312	3,189	115,357	–	–	–	16,995	(237,034)	(220,039)	484,819
Total transactions with owners in their capacity as owners	586,312	3,189	115,357	–	–	–	16,995	(237,034)	(220,039)	484,819
At 31 December 2017	3,674,206	(187,276)	1,045,773	140,486	(141,027)	(130,779)	136,515	1,544,396	1,549,591	6,082,294

1 Capital reserves

Capital reserves represent the premium paid and discounts on acquisition of non-controlling interests, gain on partial disposal of subsidiary which did not result in loss of control, residual amount of convertible bonds net of proportionate share of transaction costs, after deducting the fair value of the debt and derivative component on the date of issuance, the share of capital reserve of a joint venture and warrants arising from the Rights Issue (Note 26).

2 Foreign currency translation reserves

The foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company and the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the share of foreign currency translation reserves of joint ventures and associates.

3 Fair value adjustment reserves

Fair value adjustment reserves record the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges as well as fair value changes of long term investment.

4 Share-based compensation reserves

Share-based compensation reserves represent the equity-settled shares and share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement
For the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Profit before taxation	**380,615**	630,893
Adjustments for:-		
Allowance for doubtful debts	**32,699**	43,911
Amortisation of intangible assets and depreciation of property, plant and equipment	**392,836**	380,680
Share-based expense	**14,432**	20,184
Fair value of biological assets (Note 12)	**(61,270)**	15,250
Gain on disposal of subsidiary	**(5,831)**	(121,188)
Loss on disposal of joint venture and associate	**25,930**	–
Gain on disposal of property, plant and equipment and intangible assets	**(28,718)**	(29,205)
Interest income	**(79,689)**	(65,597)
Interest expense	**548,464**	531,178
Inventories (written back)/written down	**(2,265)**	30,718
Share of results from joint ventures and associates	**(62,525)**	(67,631)
Operating cash flows before reinvestment in working capital	**1,154,678**	1,369,193
(Increase)/decrease in inventories	**(339,985)**	856,220
Increase in receivables and other current assets	**(508,939)**	(35,655)
(Increase)/decrease in advance payments to suppliers	**(49,597)**	86,083
Decrease/(increase) in margin account with brokers	**502,716**	(196,761)
Increase in payables and other current liabilities	**1,326,433**	124,835
Cash flows from operations	**2,085,306**	2,203,915
Interest income received	**79,689**	65,597
Interest expense paid	**(543,811)**	(529,581)
Tax paid	**(137,929)**	(82,098)
Net cash flows generated from operating activities	**1,483,255**	1,657,833
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**77,323**	197,359
Purchase of property, plant and equipment (Note 10)	**(804,180)**	(951,086)
Purchase of intangibles (Note 11)	**(16,956)**	(7,163)
Acquisition of subsidiaries, net of cash acquired (Note 11)	**(10,359)**	–
Advance for acquisition of subsidiary	**(21,329)**	–
Net proceeds from associates and joint ventures	**142,470**	(12,374)
Dividends received from associate and joint venture	**1,009**	22,278
Proceeds on disposal of intangible asset	**2,642**	–
Proceeds from disposal of joint venture and associate	**195,162**	–
Proceeds from divestment of subsidiary (Note 13)	**17,228**	113,539
Net cash flows used in investing activities	**(416,990)**	(637,447)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	2018 $'000	2017 $'000
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	**(237,728)**	(180,399)
Repayment from borrowings, net	**(308,265)**	(1,385,209)
Proceeds from issuance of shares on exercise of share options	**3,006**	770
Proceeds from exercise of warrants	**71,782**	585,542
(Payment of)/Proceeds from capital securities, net of distribution	**(54,849)**	58,722
Purchase of treasury shares	**(2,636)**	–
Net cash flows used in financing activities	**(528,690)**	(920,574)
Net effect of exchange rate changes on cash and cash equivalents	**(26,236)**	(157,423)
Net increase/(decrease) in cash and cash equivalents	**511,339**	(57,611)
Cash and cash equivalents at beginning of period	**1,881,807**	1,939,418
Cash and cash equivalents at end of period (Note 33)	**2,393,146**	1,881,807

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

These notes form an integral part of the financial statements.

The financial statements for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 20 March 2019.

1. Corporate information

Olam International Limited ('the Company') is a limited liability company, which is domiciled and incorporated in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company's immediate holding company is Temasek Capital (Private) Limited and its ultimate holding company is Temasek Holdings (Private) Limited, both companies are incorporated in Singapore.

The principal activities of the Company are those of sourcing, processing, packaging and merchandising of agricultural products. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The registered office and principal place of business of the Company is at 7 Straits View, #20-01 Marina One East Tower, Singapore 018936.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 First time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemption:

- SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies continued

2.2 First time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) continued

SFRS(I) 15 Revenue from contracts with customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017;
- For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 December 2017.

Based on the assessment performed, there is no material impact to the Group adopting SFRS(I) 15, please refer to Note 2.20 for the accounting policy in relation to revenue from contracts with customers.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations applicable to the Group that have been issued but are not yet effective:

Description	Effective for financial year beginning on
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement	1 January 2019
SFRS(I) 17 Insurance Contracts	1 January 2021
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle (March 2018):	
Amendments to SFRS(I) 3 Business Combinations	1 January 2019
Amendments to SFRS(I) 11 Joint Arrangements	1 January 2019
Amendments to SFRS(I) 1-12 Income Taxes	1 January 2019
Amendments to SFRS(I) 1-23 Borrowing Costs	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for SFRS(I) 16 Leases, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 Leases is described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019. On the adoption of SFRS(I) 16, the Group expects to measure the right-of-use asset on a lease-by-lease basis as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

2. Summary of significant accounting policies continued

2.3 Standards issued but not yet effective continued

SFRS(I) 16 Leases continued

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of $605,799,000 and lease liabilities of $605,799,000 for its leases previously classified as operating leases and to be adjusted for prepaid lease payments of $24,200,000 as of 1 January 2019.

2.4 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars as the Company is domiciled in Singapore.

The Company's functional currency is the United States Dollar ('USD'), which reflects the economic substance of the underlying events and circumstances of the Company as most of the Company's transactions are denominated in USD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or joint ventures that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Translation to the presentation currency

The financial statements are presented in Singapore Dollar ('SGD') as the Company's principal place of business is in Singapore.

The financial statements are translated from USD to SGD as follows:-

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date;
- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

All exchange differences arising on the translation are included in the foreign currency translation reserves.

2. Summary of significant accounting policies continued

2.5 Subsidiary companies, basis of consolidation and business combinations

(a) Subsidiary companies

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

A list of the Group's significant subsidiary companies is shown in Note 13.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(c) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date. The accounting policy for goodwill is set out in Note 2.10(a).

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. Summary of significant accounting policies continued

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated profit and loss and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

2. Summary of significant accounting policies continued

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.16. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, all items of property, plant and equipment (except for freehold land) are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and buildings are depreciable over the shorter of the estimated useful life of the asset or the lease period.

Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful life except for ginning assets of Queensland Cotton Holdings, which are depreciated using the units of use method. The estimated useful life of the assets is as follows:-

Bearer plants	• 15 to 30 years
Leasehold land and buildings	• 5 to 50 years
Plant and machinery	• 3 to 25 years; 30 years for ginning assets
Motor vehicles	• 3 to 5 years
Furniture and fittings	• 5 years
Office equipment	• 5 years
Computers	• 3 years

Other assets in Note 10 comprise motor vehicles, furniture and fittings, office equipment and computers.

Bearer plants - Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, farming inputs and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature plantations and an allocation of other indirect costs based on planted hectarage.

Capital work-in-progress is not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. Summary of significant accounting policies continued

2.10 Intangible assets continued

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or that are not yet available for use are not subject to amortisation and they are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

2.11 Biological assets

(a) Agricultural produce ('Fruits on trees') and annual crops

The agricultural produce ('fruits on trees') are valued at fair value less costs to sell, with any changes recognised in the profit or loss. The fair value amount is an aggregate of the fair valuation of the current financial year and the reversal of the prior year's fair valuation. The fair value takes into account current selling prices and related costs. The calculated value is then discounted by a suitable factor to take into account the agricultural risk until maturity.

The annual crops have been valued using adjusted cost, which is the estimate of the yield and cost of the crop at harvest discounted for the remaining time to harvest, which approximate fair value.

(b) Livestock

Livestock are stated at fair value less estimated costs to sell, with any resultant gain or loss recognised in the profit or loss. Costs to sell include all costs that would be necessary to sell the assets. The fair value of livestock is determined based on valuations by an independent professional valuer using the market prices of livestock of similar age, breed and generic merit.

(c) Poultry

Poultry are stated at fair value less estimated costs to sell, with any resultant gain or loss recognised in the profit or loss. Costs to sell include all costs that would be necessary to sell the assets. The fair value of poultry is determined based on estimated market price of livestock of similar age, breed and generic merit.

Breeding chickens are carried at fair value, which approximates cost and are amortised over the economic egg-laying lives of the breeding chickens after it starts producing eggs.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The Group makes an estimate of the asset's recoverable amount with the help of independent professional valuers where applicable.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2. Summary of significant accounting policies continued

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments. The Group determines the classification of its financial assets at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments – amortised costs

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Equity instruments

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at FVOCI are recognised in OCI and are not reclassified to profit or loss. Consequently, there is no need to review such instruments for impairment.

On derecognition of the equity instrument in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income may however be transferred to another component of equity.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Impairment

For trade receivables, the Group applies a simplified approach in calculating expected credit losses ('ECLs'). The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. This is similar for other financial assets on the balance sheet. Impairment losses are reflected in the allowance account of the respective financial asset class on the balance sheet:

- Trade receivables (Note 17)
- Loans to joint ventures and associates (Note 14)
- Other current assets – Sundry receivables, export incentives and subsidies receivable, deposits, staff advances, insurance receivables, amount due from joint venture, associates and a shareholder related company (Note 21)
- Amount due from subsidiary companies (Note 16)

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments, is recognised in profit or loss.

2. Summary of significant accounting policies continued

2.13 Financial instruments continued

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts are recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management. Cash and cash equivalents carried in the balance sheets are classified and accounted as measured at amortised cost under SFRS(I) 9. The accounting policy for this category of financial assets is stated in Note 2.13.

2.15 Inventories

Inventories for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the change.

Other inventories are stated at the lower of cost and net realisable value and are valued on a first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damages and slow-moving items.

For fruits on trees that are harvested, are stated at fair value less estimated point-of-sale costs at the time of harvest (the 'initial cost'). Thereafter these inventories are carried at the lower of initial cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies continued

2.18 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(c) Employee share options scheme/share grant plan

Employees (including senior executives) of the Group receive remuneration in the form of share options or shares as consideration for services rendered ('equity-settled transactions').

The cost of these equity-settled share-based payment transactions with employees is measured with reference to the fair value at the date on which the share subscriptions/options are granted which takes into account market conditions and non-vesting conditions.

This cost is recognised in the profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.19 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) Finance lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2. Summary of significant accounting policies continued

2.20 Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods as performance obligation is judged to have been satisfied and revenue is therefore recognised.

Revenue is measured at the consideration promised in the contract with a customer, less discounts and rebates.

(b) Sale of services

Revenue from services rendered is recognised in the accounting period in which services are rendered.

2.21 Interest income

Interest income is recognised using the effective interest method.

2.22 Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair values when there is reasonable assurance that the grant will be received and all conditions attached will be complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match it on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:-

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:-

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies continued

2.23 Taxes continued

(b) Deferred tax continued

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would be treated either as a reduction to goodwill (as long as it does not exceed goodwill) if incurred during the measurement period or in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:-

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company which regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issue expenses

Proceeds from issuance of ordinary shares net of directly attributable expenses are recognised as share capital in equity.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost (including directly attributable expenses) and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Perpetual capital securities

The perpetual capital securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the terms and conditions of the securities issue. The Company is considered to have no contractual obligation to make principal repayments or distributions in respect of its perpetual capital securities issue. Accordingly, the perpetual capital securities do not meet the definition for classification as financial liability and are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

2. Summary of significant accounting policies continued

2.28 Contingencies

A contingent liability is:-

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

2.29 Derivative financial instruments and hedging activities

Derivative financial instruments include forward currency contracts, commodity futures, options, over-the-counter ('OTC') structured products, commodity physical forwards, foreign currency swap, interest rate swap contracts and power purchase agreements. These are used to manage the Group's exposure to risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures, options, OTC structured products and physical forwards are determined by reference to available market information and market valuation methodology. Where the quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by reference to market prices.

Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:-

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

(a) Fair value hedges

Fair value hedge accounting is applied to hedge the Group's exposure to changes in the fair value portion of such an asset or liability or an identified portion of such an asset or liability that is attributable to a particular risk – commodity price risk that could affect the profit and loss account. For fair value hedges, the carrying amount of the hedged item (inventories) is adjusted for gains and losses attributable to the risk being hedged, the derivative (hedging instrument) is remeasured at fair value, gains and losses from both are taken to the profit and loss account.

When inventories are designated as a hedged item, the subsequent cumulative change in the fair value of these inventories attributable to the hedged commodity price risk is recognised as part of inventories with a corresponding gain or loss in the profit and loss account. The hedging instrument is recorded at fair value as an asset or liability and the changes in the fair value of the hedging instrument are also recognised in the profit and loss account.

The application of hedge accounting is discontinued in cases where the Group revokes the hedging relationship. Effective from SFRS(I) 9, hedging relationships may not be voluntarily revoked unless there is a change in risk management objective. Accordingly, in cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the Group adjusts the hedging ratio to re-establish the effectiveness of the hedging relationship. Furthermore, the Group discontinues the application of hedge accounting in cases where there is a change in the risk management objective for the hedging relationship.

2. Summary of significant accounting policies continued

2.29 Derivative financial instruments and hedging activities continued

Hedge accounting continued

(b) Cash flow hedges

For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the profit and loss account at the time hedge effectiveness is tested.

When a cash flow hedge is discontinued, any cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur. If the hedged future cash flows no longer expected to occur, the net cumulative gain or loss is immediately reclassified to profit and loss account.

2.30 Convertible bonds

When convertible bonds are issued, the total proceeds net of transaction costs are allocated to the debt component, the fair value of derivative financial instruments component and the equity component, which are separately presented on the balance sheet.

The debt component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the debt is extinguished on conversion or redemption of the bonds.

The derivative financial instruments component is determined by the fair value of the embedded derivatives on the date of issue. The fair value is reassessed at every balance sheet date and the difference is recognised in the profit and loss account.

The balance after reducing the debt component and the fair value of the embedded derivatives component from the net proceeds is presented as capital reserve under equity. The carrying amount of the equity component is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amount of the equity component will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.31 Related parties

A related party is defined as follows:-

(a) A person or a close member of that person's family is related to the Group and Company if that person:
   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-
   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
   (vi) The entity is controlled or jointly controlled by a person identified in (a).
   (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty as at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of goodwill and intangible assets with indefinite useful life

Management performs periodic reviews of goodwill, intangible assets with indefinite life for indication of impairment. The Group estimates the value in use of the cash-generating units to which the goodwill and intangible asset with indefinite useful life is allocated. Estimating the value in use requires the Group, with the help of independent professional valuers where applicable, to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The impairment tests are sensitive to forecasted EBITDA, growth rates and discount rates. Changes in these assumptions may result in changes in recoverable values. The carrying amount of the Group's goodwill and indefinite life intangible assets at the balance sheet date is disclosed in Note 11 to the financial statements.

(b) Impairment of property, plant and equipment

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model and requires the Group, with the help of independent professional valuers where applicable, to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The impairment tests are sensitive to forecasted EBITDA, growth rates and discount rates. Changes in these assumptions may result in changes in recoverable values. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 10 to the financial statements.

(c) Biological assets

The fair value of biological assets (other than annual crops, livestock and poultry) is estimated using the discounted cash flow model, which requires the Group to make an estimate of the expected future cash flows from the biological assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows, which is referenced to professional valuations or fair valued by independent professional valuers where significant. The valuation of these biological assets is particularly sensitive to discount rates and they are disclosed in Note 12.

(d) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values (Level 3). The judgements include considerations of model inputs regarding forward prices, credit risk, volatility and counterparty risk that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 35.

(e) Taxation

The Group establishes provisions, based on reasonable estimates, of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of the Group's income tax payables, deferred tax assets and deferred tax liabilities as at 31 December 2018 is disclosed in Note 9 to the financial statements.

4. Revenue from contracts with customers – disaggregation of revenue

	Group	
	2018 $'000	2017 $'000
Types of goods or services		
Sale of goods	**30,221,716**	26,068,654
Sale of services	**257,340**	203,875
Total revenue from contracts with customers	**30,479,056**	26,272,529
Timing of revenue recognition		
Goods transferred at point in time	**30,221,716**	26,068,654
Services transferred at point in time	**253,153**	191,381
Others	**4,187**	12,494
Total revenue from contracts with customers	**30,479,056**	26,272,529

Revenue from sale of services mainly represents ginning and toll processing income and freight charter income.

For further disaggregation disclosure of revenue from contracts with customers by business and geographical segments – refer to Note 38.

5. Other income

Other income included the following:-

	Group	
	2018 $'000	2017 $'000
Gain on disposal of subsidiary (Note 13)	**5,831**	121,188
Gain on disposal of property, plant and equipment and intangible assets, net [1]	**28,718**	29,205
Commissions and claims, sale of packaging materials, sales of scrap and others	**53,193**	57,138
	87,742	207,531

1. Net gain on disposal of property, plant and equipment in the current financial year includes gain on sale of spices, vegetable & dehydrates facility and almonds farmland in USA amounting to $23,772,000. In the previous financial year, net gain on disposal of property, plant and equipment includes gain on sale of USA orchards farmland amounting to $34,168,000 in a Revenue Tier Sharing Arrangement where the Group will pay the buyer a share of the annual revenue from sale of harvests, while the Group continues to operate the orchards for the next 25 years.

6. Cost of goods sold

The significant portion of the cost of goods sold pertains to the purchase costs of inventories sold. There are other directly attributable costs associated with cost of goods sold and these include:-

	Group	
	2018 $'000	2017 $'000
Shipping, logistics, commission and claims	**(3,025,881)**	(2,832,574)
Foreign exchange on cost of goods sold [1]	**(157,466)**	247,008
Gains on derivatives net of fair value changes	**203,480**	246,472
Inventories written back/(written down), net (Note 19)	**2,265**	(30,718)
Export incentives, subsidies and grant income received [2]	**21,276**	27,789

1. Foreign exchange on cost of goods sold relate to foreign exchange movement arising between the time of purchase of goods and the time of sale of such goods.

2. Export incentives and subsidies relate to income from government agencies of various countries for the export of agricultural products.

7. Other expenses

Other expenses are stated after (charging)/crediting:-

	Group 2018 $'000	2017 $'000
Loss on disposal of associate and joint venture	**(25,930)**	–
Employee benefits expenses (Note 30)	**(753,660)**	(704,252)
(Loss)/gain on foreign exchange, net	**(30,470)**	31,518
Bank charges	**(88,608)**	(74,416)
Travelling expenses	**(66,452)**	(67,867)
Impairment loss on financial assets – Trade receivables (Note 17)	**(27,087)**	(41,207)
Allowance for doubtful debts – Advance payments to suppliers (Note 20)	**(5,612)**	(2,704)
Auditor's remuneration:		
• Ernst & Young LLP, Singapore	**(1,772)**	(1,518)
• Other member firms of Ernst & Young Global	**(5,858)**	(8,458)
• Other auditors	**(1,174)**	(920)
Non-audit fees:		
• Ernst & Young LLP, Singapore	**(1,901)**	(776)
• Other member firms of Ernst & Young Global	**(781)**	(1,983)
• Other auditors	**(5,332)**	(629)

8. Finance costs

Finance costs include the following:-

	Group 2018 $'000	2017 $'000
Interest expense:		
• On bank overdrafts	**17,108**	36,670
• On bank loans	**372,380**	298,195
• On medium-term notes	**167,790**	204,154
• On bonds	**24,705**	25,950
• Others	**38,458**	37,249
	620,441	602,218
Less: interest expense capitalised in:		
• Property, plant and equipment and biological assets	**(71,977)**	(71,040)
	548,464	531,178

Interest was capitalised to capital work-in-progress, plant and machinery, buildings and biological assets by various subsidiaries of the Group at rates ranging from 3.50% to 7.50% (31 December 2017: from 5.50% to 7.50%) per annum.

9. Income tax

(a) Major components of income tax expense

	Group 2018 $'000	Group 2017 $'000
Profit and loss account		
Current income tax:		
• Singapore	**27,841**	81,210
• Foreign	**82,940**	73,742
Under/(over) provision in respect of prior years	**1,965**	(900)
	112,746	154,052
Deferred income tax:		
• Singapore	**1,296**	(9,311)
• Foreign	**(56,620)**	(65,493)
Income tax expense	**57,422**	79,248

	Group 2018 $'000	Group 2017 $'000
Statement of comprehensive income:		
Deferred income tax related to items charged/(credited) directly to other comprehensive income:		
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	**3,324**	(7,179)
Deferred tax recorded in other comprehensive income	**3,324**	(7,179)

(b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's effective tax rate is as follows:-

	Group 2018 %	Group 2017 %
Tax using Singapore tax rate 17% (2017: 17%)	**17.0**	17.0
Tax effect of non-deductible expenses	**4.3**	2.3
Higher statutory tax rates of other countries[1]	**9.9**	3.3
Tax effect on under/(over) provision in respect of prior years	**0.5**	(0.3)
Tax effect of income taxed at concessionary rate[2]	**(3.2)**	(0.2)
Tax effect on non-taxable/exempt income[3]	**(12.5)**	(6.2)
Tax effect of joint ventures/associates	**(2.7)**	(1.8)
Tax effect of deferred tax assets not recognised	**3.3**	2.1
Tax effect of others, net	**(1.5)**	(3.6)
	15.1	12.6

1. The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.
2. The Company is an approved company under the Global Trader Programme ('GTP') of Enterprise Singapore and Development and Expansion Incentive ('DEI') under the International Headquarters ('IHQ') award of Singapore Economic Development Board. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% and 5.5% respectively for a period of 5 years from 1 July 2018 until and including 31 December 2022 on qualifying activities, products and income.
3. There are six (31 December 2017: seven) subsidiaries within the Group that are taxed at the preferential tax rate of 0% (as opposed to the local headline/ statutory tax rates ranging from 20% to 30%) by the local tax authorities for periods ranging from 1 to 5 years (31 December 2017: 2 to 6 years), except one subsidiary which does not have an expiry date on preferential tax rate.

9. Income tax continued

(c) Deferred income tax

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The amounts, after such offsets, are disclosed on the balance sheet as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Deferred tax assets	**166,785**	95,871	95,735	**–**	–	–
Deferred tax liabilities	**(422,625)**	(416,991)	(505,876)	**(2,957)**	(6,662)	(8,103)
Net deferred tax liabilities	**(255,840)**	(321,120)	(410,141)	**(2,957)**	(6,662)	(8,103)

Details of deferred tax assets and liabilities before offsetting is as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Deferred tax liabilities on:						
Property, plant and equipment	**221,717**	228,577	294,559	**509**	626	680
Intangible assets	**6,073**	3,742	3,660	**–**	–	–
Fair value adjustment on business combinations	**125,203**	128,037	198,461	**1,974**	1,417	9,634
Biological assets	**75,132**	69,895	63,814	**–**	–	–
Revaluation of financial instruments to fair value	**16,014**	9,264	350	**1,079**	4,762	–
Convertible bonds	**–**	446	483	**–**	446	483
Others	**25,314**	29,186	33,775	**–**	–	(76)
	469,453	469,147	595,102	**3,562**	7,251	10,721
Amount offset against deferred tax assets	**(46,828)**	(52,156)	(89,226)	**(605)**	(589)	(2,618)
	422,625	416,991	505,876	**2,957**	6,662	8,103
Deferred tax assets on:						
Property, plant and equipment	**46,971**	46,128	90,577	**–**	–	–
Intangible assets	**83,777**	45,776	21	**–**	–	–
Allowance for impairment	**2,462**	(1,040)	(3,467)	**–**	–	–
Inventories written down	**3,120**	4,731	2,364	**605**	589	–
Revaluation of financial instruments to fair value	**8,706**	–	2,618	**–**	–	2,618
Unabsorbed losses	**6,738**	7,884	43,912	**–**	–	–
Others	**61,839**	44,548	48,936	**–**	–	–
	213,613	148,027	184,961	**605**	589	2,618
Amount offset against deferred tax liabilities	**(46,828)**	(52,156)	(89,226)	**(605)**	(589)	(2,618)
	166,785	95,871	95,735	**–**	–	–
Net deferred tax assets/(liabilities)	**(255,840)**	(321,120)	(410,141)	**(2,957)**	(6,662)	(8,103)

9. Income tax continued

(c) Deferred income tax continued

Movements in deferred tax during the financial year is as follows:-

	Group	
	31 December 2018 $'000	31 December 2017 $'000
As at beginning of year	**(321,120)**	(410,141)
Business combination (Note 11)	**(2,530)**	–
Tax expenses recognised in profit and loss	**55,324**	74,804
Tax income/(expense) recognised in equity	**3,324**	(7,179)
Foreign currency translation adjustments	**9,162**	21,396
	(255,840)	(321,120)

Unrecognised tax losses and capital allowances for which no deferred tax assets have been recognised

The Group has tax losses of $464,116,000 (31 December 2017: $372,978,000; 1 January 2017: $320,957,000) and capital allowances of $102,636,000 (31 December 2017: $93,864,000; 1 January 2017: $99,149,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate and there is no expiry date on the utilisation of such tax losses and capital allowances for offset against future taxable profits, except for amounts of $326,929,000 (31 December 2017: $284,965,000; 1 January 2017: $272,996,000) which will expire over financial years 2019 to 2027.

Unrecognised temporary differences relating to investments in subsidiaries and joint ventures

At the end of the financial years ended 31 December 2017 and 31 December 2018, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and joint ventures as:-

- The Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future; and
- The joint ventures of the Group cannot distribute its earnings until it obtains the consent of both parties. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $173,110,000 (31 December 2017: $158,785,000; 1 January 2017: $163,009,000). The deferred tax liability is estimated to be $29,429,000 (31 December 2017: $26,993,000; 1 January 2017: $27,711,000).

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements in respect of the current and previous financial year (Note 27).

10. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Other assets[1] $'000	Capital work-in-progress $'000	Bearer plants $'000	Total $'000
Cost							
As at 1 January 2017	422,654	1,774,316	2,179,048	272,918	636,119	1,293,255	6,578,310
Additions	1,404	155,727	82,437	37,435	462,562	211,521	951,086
Disposals	(121,996)	(31,704)	(23,867)	(32,002)	(2,552)	–	(212,121)
Reclassification	17,144	221,619	158,624	9,188	(430,587)	24,012	–
Disposal of ownership interest in subsidiaries resulting in loss of control	–	(7,672)	(48,002)	(903)	(662)	–	(57,239)
Foreign currency translation adjustments	(26,228)	(62,021)	(124,037)	2,350	(11,065)	1,689	(219,312)
As at 31 December 2017 and 1 January 2018	292,978	2,050,265	2,224,203	288,986	653,815	1,530,477	7,040,724
Additions in relation to business combinations (Note 11)	–	3,739	2,947	267	610	–	7,563
Additions	8,712	130,732	131,305	44,235	148,620	340,576	804,180
Disposals	(8,204)	(24,543)	(43,179)	(34,059)	(6,950)	–	(116,935)
Reclassification	59,522	96,490	204,966	2,148	(380,988)	17,862	–
Sale of subsidiary	–	(12,292)	–	–	–	–	(12,292)
Foreign currency translation adjustments	(3,300)	(72,113)	(58,495)	(2,597)	(18,585)	(60,560)	(215,650)
As at 31 December 2018	**349,708**	**2,172,278**	**2,461,747**	**298,980**	**396,522**	**1,828,355**	**7,507,590**
Accumulated depreciation and impairment loss							
As at 1 January 2017	–	262,301	694,699	149,438	–	104,833	1,211,271
Charge for the year	–	83,158	158,366	45,420	–	60,101	347,045
Disposals	–	(14,708)	(15,477)	(28,253)	–	–	(58,438)
Reclassification	–	8,362	(9,377)	1,015	–	–	–
Disposal of ownership interest in subsidiaries resulting in loss of control	–	(3,781)	(29,594)	(715)	–	–	(34,090)
Foreign currency translation adjustments	–	(11,427)	(37,094)	6,329	–	(8,709)	(50,901)
As at 31 December 2017 and 1 January 2018	–	323,905	761,523	173,234	–	156,225	1,414,887
Charge for the year	–	80,353	175,873	43,180	–	61,008	360,414
Disposals	–	(6,117)	(19,185)	(29,163)	–	–	(54,465)
Reclassification	–	1,038	(205)	(892)	–	59	–
Sale of subsidiary	–	(872)	–	–	–	–	(872)
Foreign currency translation adjustments	–	(7,246)	(14,249)	1,804	–	(2,631)	(22,322)
As at 31 December 2018	**–**	**391,061**	**903,757**	**188,163**	**–**	**214,661**	**1,697,642**
Net carrying value							
As at 31 December 2018	**349,708**	**1,781,217**	**1,557,990**	**110,817**	**396,522**	**1,613,694**	**5,809,948**
As at 31 December 2017	292,978	1,726,360	1,462,680	115,752	653,815	1,374,252	5,625,837
As at 1 January 2017	422,654	1,512,015	1,484,349	123,480	636,119	1,188,422	5,367,039

1. Other assets comprise of motor vehicles, furniture and fittings, office equipment and computers.

10. Property, plant and equipment continued

Company	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost							
As at 1 January 2017	597	952	1,275	2,188	1,157	29,026	35,195
Additions	–	–	–	7,284	700	1,320	9,304
Foreign currency translation adjustments	(45)	(73)	(97)	(349)	(106)	(2,255)	(2,925)
As at 31 December 2017 and 1 January 2018	552	879	1,178	9,123	1,751	28,091	41,574
Additions	–	–	878	1,868	3	2,263	5,012
Disposals	–	–	(476)	(1,756)	(651)	(5,422)	(8,305)
Foreign currency translation adjustments	11	18	27	185	30	541	812
As at 31 December 2018	**563**	**897**	**1,607**	**9,420**	**1,133**	**25,473**	**39,093**
Accumulated depreciation							
As at 1 January 2017	354	429	885	2,153	1,087	17,706	22,614
Charge for the year	49	105	141	743	92	6,465	7,595
Foreign currency translation adjustments	(28)	(35)	(71)	(183)	(86)	(1,517)	(1,920)
As at 31 December 2017 and 1 January 2018	375	499	955	2,713	1,093	22,654	28,289
Charge for the year	48	76	155	2,000	133	5,283	7,695
Disposals	–	–	(371)	(1,756)	(630)	(5,422)	(8,179)
Foreign currency translation adjustments	8	11	18	56	18	455	566
As at 31 December 2018	**431**	**586**	**757**	**3,013**	**614**	**22,970**	**28,371**
Net carrying value							
As at 31 December 2018	**132**	**311**	**850**	**6,407**	**519**	**2,503**	**10,722**
As at 31 December 2017	177	380	223	6,410	658	5,437	13,285
As at 1 January 2017	243	523	390	35	70	11,320	12,581

The carrying amount of freehold land, leasehold buildings, plant and machinery and bearer plants of the Group held under financial lease at the end of the reporting period was $95,673,000 (31 December 2017: $81,072,000; 1 January 2017: $124,600,000). The Group's land, buildings, plant and machinery with a carrying amount of $150,356,000 (31 December 2017: $230,053,000; 1 January 2017: $201,931,000) have been pledged to secure the Group's borrowings as set out in Note 24 to the financial statements.

Bearer plants consist of mature and immature almond orchards, coffee, cocoa, palm and rubber plantations.

The almond orchards and coffee plantations presently consist of trees aged between 1 and 29 years and 1 and 17 years respectively (31 December 2017: 1 and 28 years and 1 and 16 years respectively). The cocoa plantations presently consist of trees aged between 1 and 18 years (31 December 2017: 1 and 17 years).

Immature plantations mainly consist of almond, palm and rubber trees aged between 1 and 6 years (31 December 2017: 1 and 5 years) amounting to $878,649,000 (31 December 2017: $707,317,000; 1 January 2017: $509,965,000).

At the end of the financial year, the Group's total planted area of plantations is approximately 105,467 (31 December 2017: 96,786) hectares, excluding hectares for those commodities whose plantations are not managed by the Group.

11. Intangible assets

Group	Goodwill $'000	Customer relationships $'000	Brands and trademarks[1] $'000	Software $'000	Water Rights[2] $'000	Concession Rights[3] $'000	Others[4] $'000	Total $'000
Cost								
As at 1 January 2017	694,567	136,864	156,627	78,443	185,811	80,851	140,752	1,473,915
Additions	–	–	–	6,947	–	–	216	7,163
Disposals	–	–	–	(797)	–	–	(117)	(914)
Re-classification	–	–	–	176	–	–	(176)	–
Foreign currency translation adjustments	(51,786)	(10,351)	(11,995)	(5,557)	66	(738)	(9,775)	(90,136)
As at 31 December 2017 and 1 January 2018	642,781	126,513	144,632	79,212	185,877	80,113	130,900	1,390,028
Additions in relation to business combinations (Note 11)	–	5,681	–	23	–	–	–	5,704
Additions	–	–	183	12,327	–	4,214	232	16,956
Disposals	–	–	–	(21)	–	–	(2,316)	(2,337)
Re-classification	–	–	34	178	–	–	(212)	–
Foreign currency translation adjustments	11,416	2,496	2,914	376	(14,704)	288	968	3,754
As at 31 December 2018	**654,197**	**134,690**	**147,763**	**92,095**	**171,173**	**84,615**	**129,572**	**1,414,105**
Accumulated amortisation and impairment								
As at 1 January 2017	3,723	47,405	–	35,656	–	40,929	32,594	160,307
Amortisation	–	12,470	–	6,680	–	4,258	10,227	33,635
Disposals	–	–	–	(348)	–	–	(113)	(461)
Re-classification	–	–	–	39	–	–	(39)	–
Foreign currency translation adjustments	198	(3,879)	–	(2,297)	–	(2,514)	(2,244)	(10,736)
As at 31 December 2017 and 1 January 2018	3,921	55,996	–	39,730	–	42,673	40,425	182,745
Amortisation	–	11,620	–	7,759	–	4,527	8,516	32,422
Disposals	–	–	–	(19)	–	–	(2,316)	(2,335)
Re-classification	–	(889)	–	1	–	–	888	–
Foreign currency translation adjustments	(204)	1,065	–	(197)	–	619	78	1,361
As at 31 December 2018	**3,717**	**67,792**	**–**	**47,274**	**–**	**47,819**	**47,591**	**214,193**
Net carrying value								
As at 31 December 2018	**650,480**	**66,898**	**147,763**	**44,821**	**171,173**	**36,796**	**81,981**	**1,199,912**
As at 31 December 2017	638,860	70,517	144,632	39,482	185,877	37,440	90,475	1,207,283
As at 1 January 2017	690,844	89,459	156,627	42,787	185,811	39,922	108,158	1,313,608
Average remaining amortisation period (years) – 31 December 2018	**–**	**1–13**	**–**	**1–14**	**–**	**8–18**	**1–47**	
Average remaining amortisation period (years) – 31 December 2017	–	1–14	–	1–10	–	9–19	1–48	

11. Intangible assets continued

Company	Goodwill $'000	Brands and trademarks $'000	Software $'000	Others[4] $'000	Total $'000
Cost					
As at 1 January 2017	210,488	915	44,468	71,291	327,162
Additions	–	–	5,993	–	5,993
Disposal	–	–	(726)	–	(726)
Foreign currency translation adjustments	(16,120)	(70)	(3,536)	(5,460)	(25,186)
As at 31 December 2017 and 1 January 2018	194,368	845	46,199	65,831	307,243
Additions	–	–	10,880	–	10,880
Foreign currency translation adjustments	3,914	17	1,013	1,325	6,269
As at 31 December 2018	**198,282**	**862**	**58,092**	**67,156**	**324,392**
Accumulated amortisation					
As at 1 January 2017	–	–	12,715	9,874	22,589
Amortisation	–	–	4,068	2,240	6,308
Disposals	–	–	(322)	–	(322)
Foreign currency translation adjustments	–	–	(1,067)	(812)	(1,879)
As at 31 December 2017 and 1 January 2018	–	–	15,394	11,302	26,696
Amortisation	–	–	4,836	2,211	7,047
Foreign currency translation adjustments	–	–	347	244	591
As at 31 December 2018	**–**	**–**	**20,577**	**13,757**	**34,334**
Net carrying amount					
As at 31 December 2018	**198,282**	**862**	**37,515**	**53,399**	**290,058**
As at 31 December 2017	194,368	845	30,805	54,529	280,547
As at 1 January 2017	210,488	915	31,753	61,417	304,573
Average remaining amortisation period (years)					
– 31 December 2018	**–**	**–**	**2–10**	**1–47**	
– 31 December 2017	–	–	1–10	2–48	

1. Brands and trademarks include 'Dona', 'OK Foods' and 'OK Sweets' brands. The useful lives of the brands are estimated to be indefinite as management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows for the Group.
2. Water rights relate to perpetual access to share of water from a specified consumptive pool.
3. Concession rights consist of rights to harvest trees in designated areas. Amortisation is charged over the estimated useful life of the concession rights.
4. Others comprise land use rights, trade names, marketing agreements and non-compete fees. Land use rights relate to rights to land where the Group has acquired plantations. Amortisation is charged over the estimated useful lives of the land use rights.

11. Intangible assets continued

Impairment testing of goodwill and other intangible assets

Goodwill and intangible assets with indefinite lives arising from business combinations have been allocated to the following cash-generating units ('CGU'), for impairment testing:-

	Goodwill			Brands and trademark			Water rights		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Olam Orchards Australia Pty Ltd	**–**	–	–	**–**	–	–	**171,173**	185,877	185,811
Cocoa Processing Business	**236,503**	231,835	251,062	**–**	–	–	**–**	–	–
Quintessential Foods Nigeria Limited	**76,253**	74,748	80,947	**–**	–	–	**–**	–	–
McCleskey Mills Inc.	**76,174**	74,671	80,864	**–**	–	–	**–**	–	–
Universal Blanchers	**67,526**	66,193	71,684	**–**	–	–	**–**	–	–
Brooks Peanuts Company	**49,638**	48,659	52,694	**–**	–	–	**–**	–	–
Packaged Foods brands	**32,128**	31,494	34,108	**122,768**	120,164	130,130	**–**	–	–
Caraway Africa Nigeria Limited (Formerly known as 'Ranona Limited')	**43,898**	43,032	46,599	**–**	–	–	**–**	–	–
Progida Group	**12,750**	12,499	13,535	**–**	–	–	**–**	–	–
Acacia Investment Limited	**11,834**	11,600	12,562	**24,132**	23,648	25,608	**–**	–	–
Olam Spices & Vegetables Ingredients	**9,316**	9,134	9,965	**863**	820	889	**–**	–	–
Olam Food Ingredients Holdings UK Limited	**7,789**	7,708	8,226	**–**	–	–	**–**	–	–
Others	**26,671**	27,287	28,598						
	650,480	638,860	690,844	**147,763**	144,632	156,627	**171,173**	185,877	185,811

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five year period. The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are as follows:-

	Growth rates			Discount rates		
	31 December 2018 %	31 December 2017 %	1 January 2017 %	**31 December 2018 %**	31 December 2017 %	1 January 2017 %
Olam Orchards Australia Pty Ltd	**–**	–	–	**13.00**	13.00	13.00
Cocoa Processing Business	**2.00**	2.00	2.00	**10.00**	10.00	10.00
Quintessential Foods Nigeria Limited	**–**	–	–	**11.40**	11.40	11.40
McCleskey Mills Inc.	**1.50**	1.50	1.50	**8.00**	8.00	8.00
Universal Blanchers	**2.00**	2.00	2.00	**8.00**	8.00	8.00
Brooks Peanuts Company	**1.50**	1.50	1.50	**8.00**	8.00	8.00
Packaged Foods brands	**3.00**	3.00	3.00	**12.50**	12.50	12.50
Caraway Africa Nigeria Limited (Formerly known as 'Ranona Limited')	**3.00**	3.00	3.00	**12.50**	12.50	12.50
Progida Group	**2.00**	2.00	2.00	**12.50**	12.50	12.50
Acacia Investment Limited	**3.00**	3.00	3.00	**17.70**	17.70	17.70
Olam Spices & Vegetables Ingredients	**2.00**	2.00	2.00	**12.00**	12.00	12.00
Olam Food Ingredients Holdings UK Limited	**–**	–	–	**12.50**	12.50	12.50
Others	**Range from 0.00 – 2.00**			**Range from 11.50 – 13.00**		

The calculations of value in use for the CGUs are most sensitive to the following assumptions:-

Forecasted EBITDA – Forecasted EBITDA are based on average values achieved at prevailing market conditions at the start of the budget period.

Growth rates – The growth rates indicated are as estimated by the management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates reflect management's estimate of risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

11. Intangible assets continued

Business combinations

During the current financial year, the Group entered into the following business combinations:-

	Total other acquisitions $'000
Fair value of assets and liabilities	
Property, plant and equipment (Note 10)	7,563
Intangible assets (Note 11)	5,704
Current assets	2,452
Cash and bank balances	329
	16,048
Current liabilities	2,123
Provision for taxation	158
Deferred tax liability (Note 9)	2,530
	4,811
Total identifiable net assets at fair value	11,237
Consideration transferred for the acquisitions	
Cash paid	11,237
Total consideration	11,237
Less: Cash and cash equivalents acquired	(329)
Less: Deferred consideration	(549)
Net cash outflow on acquisition of subsidiaries	**10,359**

Other acquisitions

(i) Inversiones Andinas J&V S.A.C ("Andinas")

On 3 May 2018, the Company acquired 100% equity stake in Andinas. Andinas is incorporated in Peru with principal activities in origination, processing, packaging and marketing of quinoa and chia.

(ii) Ruyat Oil Limited ("Ruyat")

On 4 June 2018, the Company acquired 100% equity stake in Ruyat. Ruyat is incorporated in Nigeria with principal activities in sourcing of crude vegetable oil, refining and marketing of refined, bleached and deodorised Olein.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $556,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

Transaction costs

Total transaction costs related to all acquisitions of $192,000 have been recognised in the 'Other operating expenses' line item in the Group's profit and loss account for the financial year from 1 January 2018 to 31 December 2018.

Impact of the acquisitions on profit and loss

From acquisition date, subsidiaries acquired during the financial year have increased by 0.07% to the Group's sales of goods and increased the Group's profits by 0.08% for the financial year. Had the acquisitions taken place at the beginning of the financial year, the sales of goods for the financial year would have increased by 0.11% and the Group's profit for the financial year, net of tax would have increased by 0.07%.

12. Biological assets

Group	Fruits on trees and annual crops $'000	Livestock $'000	Poultry $'000	Total $'000
As at 1 January 2017	324,199	126,365	–	450,564
Net additions/ (reductions)	(30,398)	(53,214)	–	(83,612)
Capitalisation of expenses	64,453	70,180	–	134,633
Net change in fair value less estimated costs to sell	(22,668)	7,418	–	(15,250)
Foreign currency translation adjustments	(7,171)	(7,508)	–	(14,679)
As at 31 December 2017 and 1 January 2018	328,415	143,241	–	471,656
Net additions/ (reductions)	(55,406)	(43,203)	11,192	(87,417)
Capitalisation of expenses	51,619	61,371	–	112,990
Net change in fair value less estimated costs to sell	52,759	8,511	–	61,270
Foreign currency translation adjustments	(36,941)	(9,549)	(78)	(46,568)
As at 31 December 2018	**340,446**	**160,371**	**11,114**	**511,931**

Fruits on trees

During the financial year, the Group harvested approximately 41,165 metric tonnes (31 December 2017: 43,429 metric tonnes) of almonds, which had a fair value less estimated point-of-sale costs of approximately $361,031,000 (31 December 2017: $262,904,000). The fair value of almonds was determined with reference to the market prices at the date of harvest.

The fair value of fruits on trees (almonds) is estimated using the present value of expected net cash flows from the biological assets. The following table shows the key inputs used:-

Key inputs	Inter-relationship between key inputs and fair value measurement
Discount rates of 14.6% (31 December 2017: 14.6%) per annum	The estimated fair value increases as the estimated discount rate per annum decreases, and vice versa.
Market prices approximating $10,158 (31 December 2017: $9,993) per metric tonne	The estimated fair value increases as the respective inputs increase, and vice versa.

Annual crops

Annual crops consist of various commodities such as cotton, onions, tomatoes and other vegetables, rice and grains. For cotton, onions, tomatoes and other vegetables, the Group provides seeds to farmers to sow and grow while for rice and grains, the Group manages its own farms. For annual crops where seeds are provided, the farmers take all the harvest risks and bear all the farming costs. However, the Group has the first right to buy the produce from these farmers, when these annual crops are harvested.

At the end of the financial year, the Group's total planted area of annual crops is approximately 114,838 (31 December 2017: 99,310) hectares, excluding for those commodities where farms are not managed by the Group.

The annual crops have been valued using adjusted cost, based on the estimate of the yield and cost of the crop at harvest discounted for the remaining time to harvest, which approximates fair value.

Livestock

Livestock relates mainly to dairy cattle in Uruguay and Russia. At the end of the financial year, the Group held 44,925 (31 December 2017: 42,297) cows, which are able to produce milk (mature assets) and 41,814 (31 December 2017: 38,321) heifers and calves, being raised to produce milk in the future (immature assets). The cows produced 291 million litres (31 December 2017: 245 million litres) of milk with a fair value less estimated point-of-sale costs of $169,776,000 (31 December 2017: $146,978,000) during the financial year.

The fair value of livestock is determined based on valuations by an independent professional valuer using market prices ranging from $81 to $4,526 (31 December 2017: $69 to $5,132) of livestock of similar age, breed and generic merit.

Poultry

Poultry relates mainly to breeding chickens for meat and laying eggs in Nigeria. At the end of the financial year, the Group held 2,425,000 (31 December 2017: Nil) chickens.

Financial risk management strategies related to agricultural activities

The Group is exposed to financial risk in respect of agricultural activity. The agricultural activity of the Group consists of the management of biological assets to produce marketable output. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of biological assets and on harvesting and ultimately receiving cash from the sale of the marketable output. The Group plans for cash flow requirements for such activities and manages its debt and equity portfolio actively.

13. Subsidiary companies

	Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity shares at cost	**5,491,404**	4,982,916	3,101,835
Less: Impairment loss	**(76,131)**	(16,130)	(16,130)
Foreign currency translation adjustments	**110,982**	7,380	314,602
	5,526,255	4,974,166	3,400,307
Loans to subsidiary companies	**1,474,776**	1,069,345	2,150,153
	7,001,031	6,043,511	5,550,460

Loans to subsidiary companies denominated in currencies other than functional currency of the Company are as follows:-

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Euro	**226,234**	96,945	513,596

The Company has recognised impairment loss during the current financial year of $60,001,000 (31 December 2017 and 1 January 2017: $Nil) as the recoverable value is less than carrying value of the investment cost.

Loans to subsidiary companies are unsecured and are not repayable within the next 12 months. The loans are non-interest bearing, except for amounts of $126,337,000 (31 December 2017: $74,131,000; 1 January 2017: $722,690,000) which bear interest ranging from 0.1% to 7.0% (31 December 2017: 3.3% to 7.0%; 1 January 2017: 1.0% to 7.5%) per annum.

The Group did not have any material non-controlling interests as at the balance sheet dates.

Composition of the Group

Details of significant subsidiary companies are as follows:-

			Effective percentage of equity held by the Group	
Name of company	Country of incorporation	Principal activities	**31 December 2018 %**	31 December 2017 %
Olam Ghana Limited [1]	Ghana	(a)	**100**	100
Olam Ivoire SA [1]	Ivory Coast	(a)	**100**	100
Olam Nigeria Limited [1]	Nigeria	(a)	**100**	100
Outspan Ivoire SA [1]	Ivory Coast	(a)	**100**	100
Olam Moçambique, Limitada [1]	Mozambique	(a)	**100**	100
Olam Vietnam Limited [1]	Vietnam	(a)	**100**	100
Olam South Africa (Proprietary) Limited [1]	South Africa	(a)	**100**	100
Olam Brasil Ltda [1]	Brazil	(a)	**100**	100
Olam Europe Limited [1]	United Kingdom	(a)	**100**	100
PT Olam Indonesia [1]	Indonesia	(a)	**100**	100
Olam Agricola Ltda.[1]	Brazil	(a)	**100**	100
Olam Argentina S.A.[1]	Argentina	(a)	**100**	100
Café Outspan Vietnam Limited [1]	Vietnam	(a)	**100**	100
LLC Outspan International [1]	Russia	(a)	**100**	100
Olam Enterprises India Private Limited [1]	India	(a)	**100**	100
Crown Flour Mills Limited [1]	Nigeria	(a)	**100**	100
Olam Orchards Australia Pty Ltd [1]	Australia	(a) & (c)	**100**	100
tt Timber International AG [2]	Switzerland	(a) & (b)	**100**	100
Congolaise Industrielle des Bois SA [1]	Republic of Congo	(a)	**100**	100
NZ Farming Systems Uruguay Limited [1]	New Zealand	(a), (b) & (c)	**100**	100

13. Subsidiary companies continued

Composition of the Group continued

Details of significant subsidiary companies are as follows:-

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 31 December 2018 %	31 December 2017 %
Caraway Pte Ltd [1]	Singapore	(a)	**75**	75
OK Foods Limited [1]	Nigeria	(a) & (b)	**75**	75
Caraway Africa Nigeria Limited [1] (Formerly known as 'Ranona Limited')	Nigeria	(a)	**75**	75
Nutrifoods Ghana Limited [1]	Ghana	(a)	**75**	75
Olam Sanyo Foods Limited [1]	Nigeria	(a)	**75**	75
Olam Cocoa Processing Cote d'Ivoire [1]	Ivory Coast	(a)	**100**	100
Seda Outspan Iberia S.L.[1]	Spain	(a)	**100**	100
Dehydro Foods S.A.E.[1]	Egypt	(a)	**100**	100
Queensland Cotton Holdings Pty Ltd [1]	Australia	(a) & (b)	**100**	100
Olam Holdings Inc [1]	The United States of America	(a), (b) & (c)	**100**	100
Progida Tarim ǘrǘnleri Sanayi ve Ticaret A.ş.[1]	Turkey	(a)	**100**	100
Progida Pazarlama A.ş.[1]	Turkey	(a)	**100**	100
LLC Russian Dairy Company [1]	Russia	(c)	**93**	93
Gabon Fertilizer Company SA [1]	Gabon	(a)	**80**	80
Olam Palm Gabon SA [1]	Gabon	(a) & (c)	**60**	60
Olam Rubber Gabon SA [1]	Gabon	(a) & (c)	**60**	60
Olam Cam SA [1]	Cameroon	(a)	**100**	100
Panasia International FZCO [2]	United Arab Emirates	(a)	**100**	100
Olam International UK Limited [2]	United Kingdom	(b)	**100**	100
Olam Cocoa Processing Ghana Limited [2]	Ghana	(a)	**100**	100
Olam Cocoa Ivoire SA [2]	Ivory Coast	(a)	**100**	100
Olam Cocoa B.V. [2]	Netherlands	(a)	**100**	100
Olam Cocoa Deutschland GmbH [2]	Germany	(a)	**100**	100
Olam Suisse Sarl [1]	Switzerland	(a)	**100**	100
Olam Cocoa Pte Limited [2]	Singapore	(a)	**100**	100
Acacia Investment Limited [3]	United Arab Emirates	(b)	**100**	100
Fasorel Sarl [2]	Mozambique	(a)	**100**	100
Quintessential Foods Nigeria Limited [1]	Nigeria	(a)	**100**	100
Olam Holdings B.V. [2]	Netherlands	(b)	**100**	100

(a) Sourcing, processing, packaging and merchandising of agricultural products and inputs.

(b) Investment holding.

(c) Agricultural operations.

1. Audited by member firms of Ernst & Young Global.
2. Audited by other Certified Public Accounting ('CPA') firms.
3. No statutory audit is required.

All information as disclosed in the table above including effective percentage of equity held by the Group as at 1 January 2017 is the same as that at 31 December 2017.

<u>Disposal of ownership interest in subsidiary resulting in loss of control</u>

In the current financial year, the Group sold its 100% equity interest in wholly owned subsidiary, PT ACE Dalle Kokoa Manufaktur, a company incorporated in Indonesia which held land as primary asset. Net assets amounting to $12,670,000 (including cash and cash equivalent of $1,255,000) was disposed against cash consideration of $18,483,000, resulting in a gain on disposal of $5,831,000 that has been recognised in 'Other income' in the profit and loss account.

14. Investments in joint ventures and associates

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Joint ventures (Note 14(a))	**129,507**	281,001	247,748	**116,010**	198,815	124,256
Associates (Note 14(b))	**562,185**	789,939	642,090	**323,089**	581,742	600,570
	691,692	1,070,940	889,838	**439,099**	780,557	724,826

(a) Investments in joint ventures

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity shares at cost [1, 2]	**90,864**	57,818	1,551	**75,305**	45,936	–
Share of post-acquisition reserves	**(8,245)**	63,830	102,376	**–**	–	–
Loans to joint ventures [3]	**40,720**	154,022	124,256	**40,720**	154,022	124,256
Foreign currency translation adjustments	**6,168**	5,331	19,565	**(15)**	(1,143)	–
	129,507	281,001	247,748	**116,010**	198,815	124,256

1. In the current financial year, the Group made the following investments and divestment:
    - Acquired a 30% stake in Long Son Joint Stock Company, cashew processing facility in Vietnam for purchase consideration of $22,851,000 and a 29% stake in Guzman Coffee & Nuts, SL. in Spain for a purchase consideration of $3,136,000; and
    - Divested the 50% stake in Nauvu Investment Pte Ltd for sales consideration of $195,049,000 and net loss of $24,597,000 was recorded in 'Other expenses' in the profit and loss account.
2. In the previous financial year, the Group had divested 50% stake in Far East Agri Pte Ltd and its subsidiary and has been accounted for as a joint venture since then.
3. Loans to joint ventures are unsecured, not expected to be repayable within the next 12 months and are interest free, except for loan balances amounting to $40,067,000 (31 December 2017: $39,277,000; 1 January 2017: $Nil) that bears interest ranging from 3.25% to 4.00% (31 December 2017: 3.25% to 4.00%; 1 January 2017: Nil).

List of key joint ventures of the Group are as follows:-

			Percentage of equity held		
Name of company	Country of incorporation	Principal activities	**31 December 2018 %**	31 December 2017 %	1 January 2017 %
Held by the Company					
Nauvu Investments Pte Ltd	Singapore	Sourcing, processing and trading of agricultural commodities and technical services	**–**	50	50
Far East Agri Pte Ltd [1]	Singapore	Processing and trading of agricultural commodities	**50**	50	–

1. Audited by Ernst & Young LLP, Singapore.

14. Investments in joint ventures and associates continued

(a) Investments in joint ventures continued

As of 1 January 2017, 31 December 2017 and 31 December 2018, no joint venture was individually material to the Group. The summarised financial information in respect of the joint ventures, based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investments in the combined financial statements are as follows:-

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Summarised balance sheet			
Non-current assets	**122,900**	414,953	563,044
Current assets	**270,117**	115,238	62,261
Total assets	**393,017**	530,191	625,305
Non-current liabilities	**13,417**	262,479	368,685
Current liabilities	**232,851**	51,460	7,387
Total liabilities	**246,268**	313,939	376,072
Net assets	**146,749**	216,252	249,233
Proportion of the Group's ownership:			
Group's share of net assets	**60,336**	106,910	123,492
Goodwill on acquisition	**28,451**	20,069	–
Loan to joint ventures	**40,720**	154,022	124,256
Carrying amount of the investments	**129,507**	281,001	247,748
Summarised statement of comprehensive income			
Revenue	**534,734**	21,167	13,535
Profit after tax	**2,608**	455	10,026
Total comprehensive income	**2,608**	455	10,026

14. Investments in joint ventures and associates continued

(b) Investments in associates

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity shares at cost	**333,780**	328,957	350,714	**372,615**	373,962	373,424
Share of post-acquisition reserves	**242,417**	214,353	42,797	**–**	–	–
Loans to associates [1]	**18,965**	289,927	258,794	**–**	263,682	256,683
Less: Impairment loss	**(35,596)**	(35,596)	(35,596)	**(35,596)**	(35,596)	(35,596)
Foreign currency translation adjustments	**2,619**	(7,702)	25,381	**(13,930)**	(20,306)	6,059
	562,185	789,939	642,090	**323,089**	581,742	600,570

1. Loans to associates are unsecured, not expected to be repayable within the next 12 months and are interest-free except for an amount of $Nil (31 December 2017: $265,073,000; 1 January 2017: $256,683,000) that bears interest of Nil% (31 December 2017: 7.50%; 1 January 2017: 5.00% to 7.50%) per annum.

List of key associates of the Group are as follows:-

			Percentage of equity held		
Name of company	Country of incorporation	Principal activities	**31 December 2018 %**	31 December 2017 %	1 January 2017 $'000
Held by the Company					
Gabon Special Economic Zone SA [1]	Gabon	Infrastructure development	**40.49**	40.49	40.49
Open Country Dairy Limited [2]	New Zealand	Processing and trading of agricultural commodities	**15.19**	15.19	15.19

1. Audited by member firms of Ernst & Young Global.
2. Audited by other CPA firms.

Management has assessed and is satisfied that the Group retains significant influence over Open Country Dairy Limited as the Group continues to hold positions in the Board of Directors of the entity and actively participates in all board meetings.

As of 1 January 2017, 31 December 2017 and 31 December 2018, no associate was individually material to the Group. The summarised financial information in respect of the associates based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the combined financial statements are as follows:-

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Summarised balance sheet			
Non-current assets	**1,692,364**	1,727,544	1,335,418
Current assets	**1,395,487**	1,238,213	1,026,082
Total assets	**3,087,851**	2,965,757	2,361,500
Non-current liabilities	**902,220**	645,563	838,299
Current liabilities	**553,942**	814,339	377,695
Total liabilities	**1,456,162**	1,459,902	1,215,994
Net assets	**1,631,689**	1,505,855	1,145,506
Proportion of the Group's ownership:			
Group's share of net assets	**547,724**	511,797	364,688
Goodwill on acquisition	**14,461**	14,461	18,608
Loan to associates	**–**	263,682	258,794
Carrying amount of the investments	**562,185**	789,940	642,090
Summarised statement of comprehensive income			
Revenue	**2,103,253**	1,908,573	1,072,362
Profit after tax	**163,616**	179,916	87,785
Other comprehensive income	**(99,375)**	37,780	(19,616)
Total comprehensive income	**64,241**	217,696	68,169

15. Long-term investments

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Quoted equity shares	**135,777**	257,519	136,321	**135,777**	257,519	136,321
Unquoted equity shares	**–**	–	12,171	**–**	–	–
	135,777	257,519	148,492	**135,777**	257,519	136,321

The Group's investment in quoted equity shares relates to a 18.56% (31 December 2017 and 1 January 2017: 18.56%) investment in PureCircle Limited ('PureCircle'). Management has assessed and is of the view that the Group does not retain significant influence over PureCircle and is accounted for as fair value through other comprehensive income. The investment in unquoted equity shares relates to a 20% investment in Olam Grains Australia Pty Ltd which was disposed in the previous financial year 2017.

16. Amounts due from subsidiary companies

	Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade receivables	**2,150,769**	1,906,156	1,886,313
Loans to subsidiaries	**1,822,058**	1,877,382	1,790,805
Non-trade receivables/(payables)	**15,886**	(1,857,122)	(93,970)
	3,988,713	1,926,416	3,583,148

Loans to subsidiaries include amounts totalling $1,362,516,000 (31 December 2017: $1,112,709,000; 1 January 2017: $1,479,030,000) which are unsecured and bear interest ranging from 2.00% to 7.50% (31 December 2017: 2.00% to 7.50%; 1 January 2017: 0.60% to 7.50%) per annum, repayable on demand and are to be settled in cash. The remaining amounts are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

The other amounts are non-interest bearing, unsecured, subject to trade terms or repayable on demand, and are to be settled in cash.

Amounts due from subsidiary companies denominated in currencies other than functional currency of the Company are as follows:-

	Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Euro	**1,384,079**	1,200,445	1,504,480
Indian Rupee	**(493,869)**	1,275,453	877,662
Great Britain Pounds	**(37,604)**	154,531	508,675
Australian Dollar	**(809)**	(1,892,055)	(2,227)

The movement in the allowance accounts for amounts due from subsidiary companies is as follows:-

	Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Movement in allowance accounts:-			
As at beginning of year	**30,422**	32,767	32,167
Charge for the year	**–**	–	–
Written off	**(1,340)**	–	–
Written back	**(16,230)**	–	–
Foreign currency translation adjustments	**479**	(2,345)	600
As at end of year	**13,331**	30,422	32,767

17. Trade receivables

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Trade receivables	**2,148,087**	1,635,078	1,407,854	**1,307,349**	963,987	385,144
Indirect tax receivables	**287,081**	266,847	248,603	**609**	1,605	476
	2,435,168	1,901,925	1,656,457	**1,307,958**	965,592	385,620

Trade receivables are non-interest bearing and are subject to trade terms of 30 to 60 days' terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition. Indirect tax receivables comprise goods and services, value-added taxes and other indirect forms of taxes.

Trade receivables denominated in currencies other than functional currencies of Group companies are as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Euro	**220,732**	298,090	24,619	**181,417**	278,043	12,337
United States Dollar	**186,022**	144,301	165,922	**–**	–	–
Great Britain Pounds	**30,919**	56,791	87,844	**14,416**	36,734	–

Trade receivables include amounts due from associates of $13,944,000 (31 December 2017: $8,559,000; 1 January 2017: $295,000), due from joint ventures of $13,136,000 (31 December 2017: $21,836,000; 1 January 2017: $Nil) and due from a shareholder related company of $Nil (31 December 2017: $Nil; 1 January 2017: $2,318,000) respectively.

The expected credit loss provision as at 31 December 2018 is determined as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Trade receivables measured at amortised cost	**2,247,884**	1,716,289	1,458,774	**1,369,573**	1,014,215	414,387
Less: Lifetime expected credit loss for trade receivables	**(99,797)**	(81,211)	(50,920)	**(62,224)**	(50,228)	(29,243)
Total trade receivables measured at amortised cost	**2,148,087**	1,635,078	1,407,854	**1,307,349**	963,987	385,144
Movement in allowance accounts:-						
As at beginning of year	**81,211**	50,920	60,721	**50,228**	29,243	42,440
Charge for the year	**27,087**	41,207	37,016	**12,141**	23,818	27,972
Written off	**(4,392)**	(6,102)	(542)	**(1,241)**	–	–
Written back	**(4,155)**	(1,272)	(44,319)	**–**	–	(41,405)
Foreign currency translation adjustments	**46**	(3,542)	(1,956)	**1,096**	(2,833)	236
As at end of year	**99,797**	81,211	50,920	**62,224**	50,228	29,243

Receivables that are past due but not impaired

The analysis of the Group and Company's ageing for receivables that are past due but not impaired is as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Trade receivables past due but not impaired:-						
Less than 30 days	**488,334**	384,032	346,694	**187,402**	145,240	56,932
30 to 60 days	**232,124**	125,057	194,829	**14,451**	31,091	9,584
61 to 90 days	**78,597**	75,642	38,006	**32,042**	47,148	10,832
91 to 120 days	**27,802**	69,142	20,578	**12,427**	19,771	813
121 to 180 days	**20,714**	18,090	8,459	**3,679**	5,288	1,880
More than 180 days	**42,296**	39,079	39,961	**8,688**	22,787	6,234
Total trade receivables measured at amortised cost	**889,867**	711,042	648,527	**258,689**	271,325	86,275

18. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

These amounts reflect the payments made to futures dealers as initial and variation margins depending on the volume of trades done and price movements.

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Margin deposits with brokers	**260,704**	583,925	1,037,352	**212,756**	488,250	970,574
Amounts due to brokers	**(381,721)**	(184,245)	(872,394)	**(381,255)**	(183,388)	(817,030)
	(121,017)	399,680	164,958	**(168,499)**	304,862	153,544

19. Inventories

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Balance sheets:						
Commodity inventories at fair value	**4,318,954**	4,096,968	5,365,835	**1,438,660**	1,267,257	1,038,380
Commodity inventories at the lower of cost and net realisable value	**2,149,203**	1,947,713	2,048,476	**169,565**	137,743	106,606
	6,468,157	6,044,681	7,414,311	**1,608,225**	1,405,000	1,144,986
Profit and loss account:						
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	**(24,951,944)**	(21,442,547)	(15,940,068)	**(21,639,076)**	(17,535,130)	(11,875,179)
• Inventories written down	**(49,410)**	(46,757)	(38,664)	**(19,877)**	(25,397)	(11,435)
• Reversal of write-down of inventories [1]	**51,675**	16,039	19,754	**25,071**	11,321	10,366

1. The reversal of write-down of inventories is made when the related inventories are sold above their carrying amounts.

20. Advance payments to suppliers/subsidiary companies

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Third parties	**805,472**	743,516	880,602	**44,457**	116,243	142,456
Subsidiary companies	**–**	–	–	**1,816,605**	852,001	2,196,193
	805,472	743,516	880,602	**1,861,062**	968,244	2,338,649

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.

Advance payments to suppliers and subsidiary companies denominated in currencies other than functional currencies of Group companies are as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	**19,616**	37,193	67,803	**–**	–	–
Euro	**10,550**	36,968	30,269	**917,787**	455,950	613,857
Great Britain Pounds	**186**	126	168	**(71,809)**	582	62,596

20. Advance payments to suppliers/subsidiary companies continued

Advance payments to subsidiary companies are stated after deducting allowance for doubtful debts of $42,655,000 (31 December 2017: $40,773,000; 1 January 2017: $43,483,000).

Advance payments to suppliers (third parties) for the Group and Company are stated after deducting allowance for doubtful debts of $13,474,000 and $852,000 (31 December 2017: $11,423,000 and $769,000; 1 January 2017: $12,450,000 and $472,000) respectively.

The movement in the allowance accounts for advance payment to suppliers is as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Movement in allowance accounts:-						
As at beginning of year	**11,423**	12,450	17,337	**769**	472	6,561
Charge for the year	**5,612**	2,704	2,387	**67**	354	452
Written off	**(1,252)**	(2,093)	(7,285)	**–**	(13)	(5,956)
Written back	**(1,537)**	(998)	(756)	**–**	–	(446)
Foreign currency translation adjustments	**(772)**	(640)	767	**16**	(44)	(139)
As at end of year	**13,474**	11,423	12,450	**852**	769	472

21. Other current/non-current assets

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Current:						
Sundry receivables	**253,076**	216,485	362,123	**21,264**	21,172	1,189
Export incentives and subsidies receivable [1]	**72,873**	70,479	69,983	**–**	–	–
Amounts due from joint venture, associates and a shareholder related company [2]	**3,373**	64,295	29,425	**1,275**	20,046	23,314
Deposits	**42,211**	61,168	59,772	**1,870**	2,121	2,565
Option premium receivable	**5,907**	5,843	3,632	**5,907**	4,798	3,632
Staff advances [3]	**9,941**	9,466	8,182	**161**	369	492
Insurance receivables [4]	**23,808**	17,679	32,493	**8,077**	6,858	3,548
Short-term investment	**6,056**	11,600	4,478	**–**	–	–
	417,245	457,015	570,088	**38,554**	55,364	34,740
Prepayments [5]	**377,291**	317,291	356,819	**167,414**	112,697	116,376
Advance corporate tax paid	**80,325**	67,351	35,633	**–**	–	–
Taxes recoverable	**3,911**	6,530	24,138	**–**	–	–
	878,772	848,187	986,678	**205,968**	168,061	151,116
Non-current:						
Other non-current assets	**27,786**	25,852	30,400	**–**	–	–

1. These relate to incentives and subsidies receivable from the Government agencies of various countries for export of agricultural products. There are no unfulfilled conditions or contingencies attached to these incentives and subsidies.
2. Amounts due from joint venture, associates and a shareholder related company are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.
3. Staff advances are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.
4. Insurance receivables pertain to pending marine and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.
5. Prepayments mainly pertain to prepaid shipping and logistics related expenses incurred for sourcing, processing, packaging and merchandising of agricultural products and inputs.

22. Trade payables and accruals

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Trade payables	**3,017,911**	1,637,565	1,538,786	**2,211,402**	923,272	799,160
Accruals	**517,459**	457,244	567,802	**138,383**	159,053	150,123
Advances received from customers	**56,986**	43,732	51,459	**–**	–	–
GST payable and equivalent	**41,504**	45,811	43,447	**2,650**	5,025	–
	3,633,860	2,184,352	2,201,494	**2,352,435**	1,087,350	949,283

Trade payables are non-interest bearing. Trade payables are subject to trade terms of 30 to 60 days' terms while other payables have an average term of two months.

Trade payables and accruals denominated in currencies other than functional currencies of Group companies are as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Euro	**431,343**	178,813	124,705	**424,226**	173,627	121,564
Australian Dollar	**179,846**	47,544	27,012	**179,846**	47,544	27,012
Great Britain Pounds	**163,250**	140,042	340,044	**150,181**	124,962	293,772
United States Dollar	**98,010**	31,391	37,336	**–**	–	–

Trade payables include amounts of $33,560,000 (31 December 2017: $19,471,000; 1 January 2017: $Nil) and $5,218,000 (31 December 2017: $Nil and 1 January 2017: $18,000) due to an associate and a joint venture respectively.

Accruals mainly relate to operating costs such as logistics, insurance premiums and employee benefits.

23. Other current liabilities

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Interest payable on bank loans	**87,604**	82,951	81,355	**74,814**	74,526	75,110
Sundry payables	**332,664**	339,816	261,081	**3,215**	–	6,647
Option premium payable	**19,587**	18,450	33,419	**19,587**	18,450	33,419
Amount due to joint ventures [1]	**6,210**	19,626	–	**2,387**	18,155	–
	446,065	460,843	375,855	**100,003**	111,131	115,176
Withholding tax payable	**10,334**	12,470	7,876	**–**	–	–
	456,399	473,313	383,731	**100,003**	111,131	115,176

1. Amount due to joint ventures are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

24. Borrowings

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Current:						
Bank overdrafts (Note 33)	**84,161**	104,544	190,165	**–**	–	–
Bank loans	**2,220,091**	2,644,191	3,220,351	**1,064,933**	1,259,505	1,694,362
Term loans from banks	**1,712,692**	1,643,678	1,842,830	**1,077,057**	799,690	1,218,610
Medium-term notes	**749,467**	249,863	719,659	**749,467**	249,863	719,659
Obligation under finance leases (Note 28(c))	**10,710**	17,933	10,030	**–**	–	–
	4,777,121	4,660,209	5,983,035	**2,891,457**	2,309,058	3,632,631
Non-current:						
Term loans from banks	**2,848,187**	2,750,543	4,232,530	**1,525,075**	1,335,932	3,092,015
Medium-term notes	**3,220,467**	3,778,652	2,983,926	**2,613,976**	3,317,732	2,983,926
Obligation under finance leases (Note 28(c))	**83,396**	66,412	111,701	**–**	–	–
Other bonds	**339,064**	332,122	359,396	**339,064**	332,122	359,396
	6,491,114	6,927,729	7,687,553	**4,478,115**	4,985,786	6,435,337
	11,268,235	11,587,938	13,670,588	**7,369,572**	7,294,844	10,067,968

Borrowings denominated in currencies other than functional currencies of Group companies are as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Singapore Dollar	**1,233,174**	1,482,143	1,480,199	**1,233,174**	1,481,730	1,480,199
Japanese Yen	**378,941**	371,332	146,690	**378,941**	371,332	146,690
Euro	**329,883**	420,271	–	**–**	–	–
United States Dollar	**296,746**	341,014	253,992	**–**	–	–
Chinese Yuan	**204,319**	–	–	**204,319**	–	–
Australian Dollar	**189,023**	185,096	200,279	**189,023**	185,082	200,279
Great Britain Pounds	**–**	20,289	18,703	**–**	–	–

Bank overdrafts and bank loans

The bank loans to the Company are repayable within 12 months and bear interest in a range from 2.74% to 2.85% (31 December 2017: 1.95% to 3.65%; 1 January 2017: 1.26% to 1.61%) per annum.

The bank loans and bank overdrafts of the subsidiary companies are repayable within 12 months and bear interest in a range from 0.70% to 27.00% (31 December 2017: 0.65% to 22.00%; 1 January 2017: 0.80% to 26.00%) per annum.

Bank loans include an amount of $74,627,000 (31 December 2017: $17,885,000; 1 January 2017: $24,079,000) secured by the assets of subsidiaries. The remaining amounts of bank loans are unsecured.

Term loans from banks

Term loans from banks to the Company bear interest at floating interest rates ranging from 3.16% to 4.16% (31 December 2017: 2.47% to 3.20%; 1 January 2017: 1.56% to 2.76%) per annum. Term loans to the Company are unsecured and are repayable within five years.

Term loans from banks to the subsidiary companies bear interest at floating interest rates ranging from 0.91% to 12.00% (31 December 2017: 0.91% to 12.00%: 1 January 2017; 1.20% to 12.00%) per annum. Term loans from banks to the subsidiary companies are repayable between two to ten years (31 December 2017: two to fifteen years; 1 January 2017: two and seven years).

Term loans from banks include an amount of $88,632,000 (31 December 2017: $101,141,000; 1 January 2017: $93,992,000) secured by the assets of subsidiaries. The remaining amounts of term loans from banks are unsecured.

24. Borrowings continued

Medium-term notes

The Company has a $800,000,000 multicurrency medium-term notes ('MTN') programme and a US$5,000,000,000 Euro medium-term notes ('EMTN') programme. The drawdowns from the MTN and EMTN are unsecured.

The MTN and EMTN are as follows:-

		Group			Company		
	Maturity	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Current:							
Multicurrency medium-term note programme:							
• 5.75% fixed rate notes	2017	**–**	–	719,659	**–**	–	719,659
• 6.00% fixed rate notes	2018	**–**	249,863	–	**–**	249,863	–
Euro medium-term note programme:							
• 4.25% fixed rate notes	2019	**399,670**	–	–	**399,670**	–	–
• 5.80% fixed rate notes	2019	**349,797**	–	–	**349,797**	–	–
		749,467	249,863	719,659	**749,467**	249,863	719,659
Non-current:							
Multicurrency medium-term note programme:							
• 6.00% fixed rate notes	2018	**–**	–	249,638	**–**	–	249,638
Euro medium-term note programme:							
• 4.25% fixed rate notes	2019	**–**	399,077	398,484	**–**	399,077	398,484
• 5.80% fixed rate notes	2019	**–**	349,422	349,047	**–**	349,422	349,047
• 4.50% fixed rate notes	2020	**407,770**	398,741	430,748	**407,770**	398,741	430,748
• 4.875% fixed rate notes	2020	**189,022**	185,082	200,279	**189,022**	185,082	200,279
• 1.375% fixed rate notes	2020	**69,716**	68,272	73,860	**69,716**	68,272	73,860
• 4.00% fixed rate notes	2020	**68,073**	66,662	72,119	**68,073**	66,662	72,119
• 6.00% fixed rate notes	2022	**483,707**	483,369	483,030	**483,707**	483,369	483,030
• 4.50% fixed rate notes	2021	**613,137**	600,963	653,891	**613,137**	600,963	653,891
• 1.427% fixed rate notes	2021	**68,600**	67,241	72,830	**68,600**	67,241	72,830
• 0.47% fixed rate notes	2022	**69,248**	67,848	–	**69,248**	67,848	–
• 0.9725% fixed rate notes	2022	**73,562**	72,089	–	**73,562**	72,089	–
• 3.65% fixed rate notes	2022	**68,073**	66,706	–	**68,073**	66,706	–
• 0.9825% fixed rate notes	2022	**97,812**	95,882	–	**97,812**	95,882	–
• 4.375% fixed rate notes	2023	**405,256**	396,378	–	**405,256**	396,378	–
Other medium-term notes:							
• 3.90% fixed rate notes	2022	**238,508**	233,800	–	**–**	–	–
• 3.73% fixed rate notes	2022	**231,693**	227,120	–	**–**	–	–
• 4.35% fixed rate notes	2023	**136,290**	–	–	**–**	–	–
		3,220,467	3,778,652	2,983,926	**2,613,976**	3,317,732	2,983,926

Obligations under finance leases

Obligations under finance leases amounting to $12,127,000 (31 December 2017: $18,101,000; 1 January 2017: $19,602,000) are guaranteed by a subsidiary company.

Obligations under finance leases bear interest ranging from 3.49% to 9.50% (31 December 2017: 8.05% to 25.00%; 1 January 2017: 0.96% to 9.22%) per annum and are repayable between 1 and 20 years (31 December 2017: 1 and 25 years; 1 January 2017: 1 and 20 years).

Other bonds

	Group and Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Non-current:			
7.50% unsecured senior bonds [1]	**339,064**	332,122	359,396

1. On 7 August 2010, the Company issued 7.50% interest bearing unsecured senior bonds of US$250,000,000 due in 2020. The interest is payable semi-annually. On 9 July 2014, the Company repurchased US$917,000 of the senior bonds. Upon settlement, the repurchased portion was cancelled and the aggregate outstanding principal amount following such cancellation is US$249,083,000.

24. Borrowings continued

A reconciliation of liabilities arising from financing activities is as follows:-

	Group			
	31 December 2017 $'000	Cash Flows $'000	Non-cash changes	**31 December 2018 $'000**
			Foreign exchange movement $'000	
Bank borrowings and obligations under finance leases (exclude bank overdrafts)	7,122,757	(237,607)	(10,074)	**6,875,076**
Medium-term notes	4,028,515	(70,658)	12,077	**3,969,934**
Other bonds	332,122	–	6,942	**339,064**

	Group				
	1 January 2017 $'000	Cash Flows $'000	Non-cash changes		31 December 2017 $'000
			Foreign exchange movement $'000	Disposal of subsidiary $'000	
Bank borrowings and obligations under finance leases (exclude bank overdrafts)	9,417,442	(1,779,508)	(491,308)	(23,869)	7,122,757
Medium-term notes	3,703,585	394,299	(69,369)	–	4,028,515
Other bonds	359,396	–	(27,274)	–	332,122

25. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year.

Diluted earnings per share is calculated by dividing the adjusted net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year adjusted for the effects of dilutive shares and options.

The following reflects the profit and share data used in the basic and diluted earnings per share computations for the financial years ended 31 December:-

	Group	
	31 December 2018 $'000	31 December 2017 $'000
Net profit attributable to owners of the Company	**347,870**	580,743
Less: Accrued capital securities distribution	**(55,482)**	(56,635)
Adjusted net profit attributable to owners of the Company for basic and dilutive earnings per share	**292,388**	524,108

	No. of shares	No. of shares
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**3,178,664,663**	2,814,058,047
Dilutive effect of share options	**2,458,849**	2,314,339
Dilutive effect of performance share plan	**669,719**	35,528,711
Dilutive effect of warrants	**39,009,951**	72,287,589
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**3,220,803,182**	2,924,188,686

The incremental shares relating to the outstanding convertible bonds have not been included in the calculation of diluted earnings per share as they are anti-dilutive for the previous financial year. During the current financial year, there are no such items.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and the date of these financial statements.

26. Share capital, treasury shares, perpetual capital securities and warrants

(a) Share capital

	Group and Company			
	31 December 2018		31 December 2017	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at beginning of year	**3,221,044,910**	**3,674,206**	2,829,036,837	3,087,894
Issue of shares on exercise of warrants	**49,973,747**	**71,782**	391,928,073	585,542
Issue of shares on exercise of share options	**–**	**3,006**	80,000	770
Balance at end of year	**3,271,018,657**	**3,748,994**	3,221,044,910	3,674,206

1. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	31 December 2018		31 December 2017	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at beginning of year	**99,533,600**	**187,276**	101,165,100	190,465
Use of treasury shares for share awards/options [2]	**(12,564,277)**	**(23,632)**	(1,631,500)	(3,189)
Share buyback during the year	**1,620,000**	**2,636**	–	–
Balance at end of year	**88,589,323**	**166,280**	99,533,600	187,276

2. The Company used 12,564,277 treasury shares during the current financial period towards the release of 11,039,277 restricted share grants and issuance of 1,525,000 shares on exercise of share options.

(c) Capital securities

US$500,000,000 5.35% Perpetual Capital Securities

On 20 July 2016, the Company issued subordinated perpetual capital securities (the 'capital securities') with an aggregate principal amount of US$500,000,000 under the US$5,000,000,000 EMTN Programme. Issuance costs incurred amounting to $6,126,000 were recognised in equity as a deduction from proceeds.

The capital securities were priced at par and bear a distribution rate of 5.35% for the first five years. The distribution rate will then be reset at the end of five years from the issue date of the capital securities and each date falling every 5 years thereafter. Additionally, Olam may choose to redeem in whole the capital securities on or after the fifth anniversary of the issuance of the capital securities.

Combined S$350,000,000 5.50% Perpetual Capital Securities

On 11 July 2017 and 4 August 2017, the Company issued subordinated perpetual capital securities (the 'capital securities') with an aggregate combined principal amount of S$350,000,000 (S$300,000,000 and S$50,000,000 respectively) under the US$5,000,000,000 EMTN Programme. Issuance costs incurred amounting to $2,273,000 were recognised in equity as a deduction from proceeds.

The capital securities were priced at par and bear a distribution rate of 5.50% for the first five years. The distribution rate will then be reset at the end of five years from the issue date of the capital securities and each date falling every 5 years thereafter. Additionally, Olam may choose to redeem in whole the capital securities on or after the fifth anniversary of the issuance of the capital securities.

(d) Warrants

On 29 January 2013, 387,365,079 Warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company (the 'New Share') at an original exercise price of US$1.291 for each New Share. These Warrants are exercisable from 29 January 2016 to 29 January 2018. The Warrants have been presented as capital reserves under equity.

As at 29 January 2018, a total of 49,973,747 Warrants were exercised at a price of US$1.09 and new ordinary shares were issued. Post 29 January 2018, all remaining subscription rights under the Warrants which have not been exercised have lapsed and ceased to be valid.

27. Dividends

	Group and Company	
	31 December 2018 $'000	31 December 2017 $'000
Declared and paid during the financial year ended:-		
Dividends on ordinary shares:		
• One tier tax exempted interim dividend for financial year ended 31 December 2018: $0.035 (31 December 2017: $0.035) per share	**111,061**	97,740
• One tier tax exempted second and final dividend for financial year ended 31 December 2017: $0.040 (31 December 2016: $0.030) per share	**126,667**	82,659
	237,728	180,399
Proposed but not recognised as a liability as at:-		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
• One tier tax exempted second and final dividend for financial year ended 31 December 2018: $0.040 (31 December 2017: $0.040) per share	**127,297**	124,860

28. Commitments

(a) Operating lease commitments

Operating lease expenses of the Group and Company (principally for land, offices, warehouses, employees' residences and vessels) were $291,722,000 (31 December 2017: $162,948,000) and $150,473,000 (31 December 2017: $68,406,000), respectively. These leases have an average tenure of between 1.0 and 18.0 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases are as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Not later than one year	**148,047**	136,750	98,816	**43,236**	43,955	26,511
Later than one year but not later than five years	**306,131**	284,703	229,080	**20,133**	37,363	21,477
Later than five years	**510,757**	467,117	581,424	**–**	774	1,398
	964,935	888,570	909,320	**63,369**	82,092	49,386

(b) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:-

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Capital commitments in respect of property, plant and equipment	**71,214**	57,621	15,267

(c) Finance lease commitments

The Group has finance leases for palm and almond plantations, land and buildings. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:-

	Group					
	31 December 2018 $'000	**31 December 2018 $'000**	31 December 2017 $'000	31 December 2017 $'000	1 January 2017 $'000	1 January 2017 $'000
	Minimum lease payments	**Present value of payments (Note 24)**	Minimum lease payments	Present value of payments (Note 24)	Minimum lease payments	Present value of payments (Note 24)
Not later than one year	**11,915**	**10,710**	19,322	17,933	14,812	10,030
Later than one year but not later than five years	**42,725**	**34,781**	32,301	25,623	65,743	40,740
Later than five years	**93,964**	**48,615**	83,363	40,789	132,860	70,961
Total minimum lease payments	**148,604**	**94,106**	134,986	84,345	213,415	121,731
Less: Amounts representing finance charges	**(54,498)**	**–**	(50,641)	–	(91,684)	–
Present value of minimum lease payments	**94,106**	**94,106**	84,345	84,345	121,731	121,731

29. Contingent liabilities

	Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Contingent liabilities not provided for in the accounts:			
Financial guarantee contracts given on behalf of subsidiary companies[1]	**15,259,742**	9,776,482	6,954,277

1. Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $3,794,986,000 (31 December 2017: $2,046,030,000; 1 January 2017: $1,089,198,000).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

30. Employee benefits expenses

Employee benefits expenses (including executive directors):-

	Group	
	31 December 2018 $'000	31 December 2017 $'000
Salaries and employee benefits	**706,149**	652,171
Central Provident Fund contributions and equivalents	**32,067**	30,290
Retrenchment benefits	**1,012**	1,607
Share-based expense (relates to OSGP only)	**14,432**	20,184
	753,660	704,252

(a) Employee share option scheme

The Olam Employee Share Option Scheme (the 'ESOS') was approved by shareholders at an Extraordinary General Meeting held on 4 January 2005. The ESOS rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to the Group's employees and Executive Directors shall have a life of 10 years, instead of 5 years. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than 5 years.

The shares issued upon the options being exercised carry full dividend and voting rights.

Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

All these options have a contractual life of 10 years with no cash settlement alternatives.

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Pursuant to the voluntary conditional cash offer by Breedens International Pte Ltd approval was sought and granted on 8 April 2014 such that all outstanding options which have not been exercised at the expiry of the accelerated exercise period shall not automatically lapse and become null and void but will expire in accordance with their original terms.

The ESOS has expired on 3 January 2015. The terms of the ESOS continue to apply to outstanding options granted under the ESOS. The ESOS rules amended on 29 October 2008 may be read in the Appendix 1 of the Company's circular dated 13 October 2008.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price of, and movements in, share options during the financial year:-

	31 December 2018		31 December 2017	
	Number of share options	**Weighted average exercise price $**	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**71,267,000**	**2.20**	72,742,000	2.20
Forfeited during the year	**(790,000)**	**2.38**	(1,085,000)	2.38
Exercised during the year [1]	**(1,525,000)**	**2.09**	(390,000)	1.97
Outstanding at the end of the year [2]	**68,952,000**	**2.20**	71,267,000	2.20
Exercisable at end of year	**68,952,000**	**2.20**	71,267,000	2.20

1. The weighted average share price when the options were exercised in the current financial year was $2.09 (31 December 2017: $1.97).
2. The range of exercise prices for options outstanding at the end of the financial year was $1.76 to $3.10 (31 December 2017: $1.76 to $3.10). The weighted average remaining contractual life for these options is 1.50 years (31 December 2017: 2.52 years).

30. Employee benefits expenses continued

(b) Olam Share Plans

Olam Share Grant Plan ('OSGP')

On 30 October 2014, the Company had adopted the new Share Grant Plan ('OSGP'). The OSGP is a share-based incentive plan which involves the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. Any performance targets set under the OSGP are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The actual number of shares to be delivered pursuant to the award granted will range from 0% to 192.5% and 200% of the base award and is contingent on the achievement of pre-determined targets set out in the three-year performance period and other terms and conditions being met.

The details of OSGP are described below:-

Olam Share Grant Plan ('OSGP') – Performance and Restricted Share Awards ('PSA' and 'RSA')	
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives
Performance Conditions	• Absolute Total Shareholder Return ('TSR') • Relative Total Shareholder Return • Return on Equity ('ROE') • Profit after Tax and Minority Interest ('PATMI') Growth
Vesting Condition	Vesting based on meeting stated performance conditions over a three-year performance period
Payout	0% – 192.5% and 200% depending on the achievement of pre-set performance targets over the performance period.

Fair value of OSGP

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted under the OSGP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used for the shares granted are shown below:-

Plan:	RSA and PSA	RSA and PSA	RSA and PSA	PSA
Grant date:	12 April 2018	24 April 2017	15 April 2016	7 April 2015
Dividend yield (%)	2.507	2.333	2.753	2.87
Expected volatility (%)	22.015	22.035	22.747	7.82
Risk-free interest rate (%)	1.980	1.394	1.197	1.33
Expected term (years)	2.97	2.94	2.72	2.74
Index (for Relative TSR)	Not applicable	Not applicable	FTSE Straits Times Index	FTSE Straits Times Index
Index volatility (%)	Not applicable	Not applicable	14.081	7.82
Correlation with Index (%)	Not applicable	Not applicable	35.4	38.8
Share price at date of grant ($)	2.360	1.910	1.720	1.985
Fair value at date of grant ($)	2.218	1.594	1.400	1.848

The number of contingent shares granted but not released for both PSA and RSA awards as at 31 December 2018 was 37,601,452 (31 December 2017: 38,897,596).

Based on the achievement factor, the actual release of the PSA awards could range from zero to maximum of 52,957,796 (31 December 2017: 59,553,509) fully-paid ordinary shares of the Company.

31. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Group and Company in the ordinary course of business on terms agreed between the parties:-

	Group		Company	
	31 December 2018 $'000	31 December 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000
Subsidiary companies:				
• Sales of goods	**–**	–	**3,112,460**	3,549,093
• Sales of services, net	**–**	–	**418,245**	1,539
• Purchases	**–**	–	**12,261,889**	11,002,794
• Insurance premiums paid	**–**	–	**17,961**	14,365
• Commissions paid	**–**	–	**48,237**	30,475
• Interest received on loans, net	**–**	–	**88,287**	60,355
• Consultancy fee paid	**–**	–	**81,333**	85,885
• Management fee received	**–**	–	**57,387**	46,688
• Trademark income	**–**	–	**449,502**	–
• Dividend received	**–**	–	**1,875,603**	12,997
• Toll processing charges paid	**–**	–	**565,347**	120,672
• Warehouse rental paid	**–**	–	**129**	383
• Corporate guarantee received	**–**	–	**21,889**	–
Joint ventures:				
• Sales of goods	**897**	2,844	**–**	–
• Purchases	**1,339**	–	**–**	–
• Management fee received	**402**	383	**–**	–
• Interest received on loans	**–**	8	**–**	8
Associates:				
• Sales of goods	**133,217**	81,070	**130,324**	79,266
• Purchases	**271,449**	316,421	**271,449**	316,417
• Finance income	**17,415**	22,758	**17,415**	22,758
• Dividend received	**738**	22,325	**738**	22,325
• Management fee received	**2,799**	2,351	**2,799**	2,351
• Director Fees received	**36**	38	**36**	38
• Miscellaneous income	**–**	131	**–**	131
Shareholder related companies:				
• Sale of goods	**44,958**	54,751	**427**	19,466
• Purchases	**–**	123	**–**	–
• Finance cost	**2**	–	**–**	–

32. Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the years is as follows:-

	Group		Company	
	31 December 2018 $'000	31 December 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000
Directors' fees	**1,855**	1,755	**1,780**	1,698
Salaries and employee benefits	**22,524**	20,511	**19,982**	16,796
Central Provident Fund contributions and equivalents	**406**	557	**117**	126
Share-based expense	**4,924**	4,543	**4,366**	3,688
	29,709	27,366	**26,245**	22,308
Comprising amounts paid to:-				
Directors of the Company	**14,049**	11,389	**13,974**	11,332
Key management personnel	**15,660**	15,977	**12,271**	10,976
	29,709	27,366	**26,245**	22,308

Directors' interests in employee share benefit plans

At the end of the reporting date, the total number of outstanding options/shares that were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:-

	31 December 2018 Options/shares	31 December 2017 Options/shares
Employee Share Option Scheme:		
Directors	**20,000,000**	20,000,000
Key management personnel	**16,800,000**	16,800,000
Olam Share Grant Plan:		
Directors	**3,603,852**	3,321,846
Key management personnel	**4,795,800**	5,750,000

33. Cash and short-term deposits

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Cash and bank balances	**1,582,654**	1,174,552	1,556,636	**796,792**	601,561	723,680
Deposits	**897,720**	811,799	587,415	**94,587**	535,450	550,992
	2,480,374	1,986,351	2,144,051	**891,379**	1,137,011	1,274,672

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 20.90% (31 December 2017: 0.10% to 21.00%; 1 January 2017: 0.00% to 12.50%) per annum.

Deposits include short-term and capital guaranteed deposits. Short-term deposits are made for varying periods between 1 and 90 days (31 December 2017: 1 and 90 days) depending on the immediate cash requirements of the Group, and interest earned at floating rates ranging from 0.50% to 16.00% (31 December 2017: from 0.80% to 19.50%; 1 January 2017: 0.00% to 9.96%) per annum and may be withdrawn on demand.

Deposits amounting to $Nil (31 December 2017: $1,119,000; 1 January 2017: $1,545,000) have been pledged to secure the Group's borrowings as set out in Note 24 to the financial statements.

Deposits include capital guaranteed, non-interest bearing, index-linked structured deposits of $3,067,000 (31 December 2017: $Nil; 1 January 2017: $14,468,000) and may be withdrawn on demand.

Cash and bank balances and deposits denominated in currencies other than functional currencies of Group companies are as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Euro	**367,485**	876,917	294,709	**265,825**	865,456	290,061
United States Dollar	**191,872**	68,335	86,235	**–**	–	–
Great Britain Pounds	**42,274**	17,214	103,304	**42,079**	14,039	102,285
Singapore Dollar	**17,604**	17,075	49,808	**16,558**	16,798	49,806
Swiss Franc	**13,725**	1,359	210,833	**13,703**	1,284	210,015
Japanese Yen	**11,808**	10,881	267,271	**11,802**	10,881	267,208
Australian Dollar	**4,773**	579	3,625	**4,772**	576	3,324

33. Cash and short-term deposits continued

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:-

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Cash and bank balances	**1,582,654**	1,174,552	1,556,636
Deposits	**897,720**	811,799	587,415
Structured deposits	**(3,067)**	–	(14,468)
Bank overdrafts (Note 24)	**(84,161)**	(104,544)	(190,165)
	2,393,146	1,881,807	1,939,418

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

34. Financial risk management policies and objectives

The Group and the Company are exposed to financial risks from its operations and the use of financial instruments. The Board of Directors and Board Risk Committee reviews and agrees on policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Head of Risk. The Board Risk Committee provides independent oversight to the effectiveness of the risk management process.

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium-term notes, term loans from banks, bonds, cash and bank balances, fixed deposits and bank overdrafts. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including interest rate swaps, commodity options, swaps and futures contracts and foreign currency forward contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:-

(a) Commodity price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

At balance sheet date, if the commodities price index moved by 1.0% with all other variables held constant, the Group's profit net of tax would have changed by $16,851,000 (31 December 2017: $30,287,000) arising as a result of fair value on Group's commodity futures, options contracts, physical sales and purchases commitments as well as the inventory held at balance sheet date.

34. Financial risk management policies and objectives continued

(b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

For computation of impairment losses on financial assets, the Group uses a provision matrix as presented below:-

Balance Sheet	Expected credit loss
Trade receivables (Note 17) Loans to joint ventures and associates (Note 14) Other current assets – Sundry receivables, export incentives and subsidies receivable, deposits, staff advances, insurance receivables, amount due from joint venture, associates and a shareholder related company (Note 21) Amount due from subsidiary companies (Note 16)	Expected credit loss is calculated by applying the default sovereign risk rating of the counterparties' country of domicile based on external benchmarks

The carrying amounts of trade receivables, other non-current and current assets, margin accounts with brokers, cash and short-term deposits payments, including derivatives with positive fair value represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Cash and bank balances and deposits are placed with reputable banks.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the operating segment profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:-

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
By operating segments:						
Edible nuts and spices	**329,558**	337,909	253,620	**207,732**	219,463	68,467
Confectionery and beverage ingredients	**566,697**	675,624	556,669	**243,984**	444,534	77,805
Industrial raw materials, infrastructure and logistics	**213,564**	178,959	79,105	**158,761**	156,962	47,890
Food staples and packaged food	**1,038,262**	442,381	518,460	**696,872**	143,028	190,982
Commodity financial services	**6**	205	–	**–**	–	–
	2,148,087	1,635,078	1,407,854	**1,307,349**	963,987	385,144

The Group has no significant concentration of credit risk with any single customer.

(c) Foreign currency risk

The Group trades its products globally and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pounds (GBP), Euro (EUR), Australian Dollar (AUD) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity of the Group's profit net of tax and equity to a reasonably possible change in the USD, GBP, EUR, AUD and SGD exchange rates, with all other variables held constant.

	Group			
	31 December 2018		31 December 2017	
	Profit net of tax $'000	**Equity $'000**	Profit net of tax $'000	Equity $'000
	Increase/ (decrease)	**Increase/ (decrease)**	Increase/ (decrease)	Increase/ (decrease)
SGD – strengthened 0.5%	**(5,892)**	**5,234**	(7,217)	5,629
GBP – strengthened 0.5%	**(1,371)**	**(4,212)**	(673)	(5,287)
USD – strengthened 0.5%	**(63)**	**–**	(380)	–
AUD – strengthened 0.5%	**(820)**	**3,012**	(225)	4,439
EUR – strengthened 0.5%	**(664)**	**(8,233)**	1,615	(6,103)

34. Financial risk management policies and objectives continued

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with its financial liabilities or due to shortage of funds.

To ensure continuity of funding, the Group primarily uses short-term bank facilities that are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium-term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	31 December 2018 $'000				31 December 2017 $'000				1 January 2017 $'000			
	One year or less	**One to five years**	**Over five years**	**Total**	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group												
Financial liabilities:												
Trade payables and accruals (Note 22)	**3,535,370**	**–**	**–**	**3,535,370**	2,094,809	–	–	2,094,809	2,201,494	–	–	2,201,494
Other current liabilities (Note 23)	**358,461**	**–**	**–**	**358,461**	377,892	–	–	377,892	294,500	–	–	294,500
Borrowings	**5,179,150**	**6,827,176**	**128,109**	**12,134,435**	4,995,442	7,039,874	555,524	12,590,840	6,465,152	7,727,079	689,751	14,881,982
Derivative financial instruments (Note 34(f))	**928,631**	**–**	**–**	**928,631**	851,947	–	–	851,947	987,942	–	–	987,942
Margin accounts with brokers (Note 18)	**121,017**	**–**	**–**	**121,017**	–	–	–	–	–	–	–	–
Total undiscounted financial liabilities	**10,122,629**	**6,827,176**	**128,109**	**17,077,914**	8,320,090	7,039,874	555,524	15,915,488	9,949,088	7,727,079	689,751	18,365,918
Company												
Financial liabilities:												
Trade payables and accruals (Note 22)	**2,349,785**	**–**	**–**	**2,349,785**	1,082,325	–	–	1,082,325	949,283	–	–	949,283
Other current liabilities (Note 23)	**25,189**	**–**	**–**	**25,189**	36,605	–	–	36,605	40,066	–	–	40,066
Borrowings	**3,205,998**	**4,793,310**	**–**	**7,999,308**	2,531,888	5,043,954	401,238	7,977,080	4,010,284	6,492,154	508,758	11,011,196
Derivative financial instruments (Note 34(f))	**688,823**	**–**	**–**	**688,823**	685,128	–	–	685,128	681,162	–	–	681,162
Margin accounts with brokers (Note 18)	**168,499**	**–**	**–**	**168,499**	–	–	–	–	–	–	–	–
Total undiscounted financial liabilities	**6,438,294**	**4,793,310**	**–**	**11,231,604**	4,335,946	5,043,954	401,238	9,781,138	5,680,795	6,492,154	508,758	12,681,707

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	31 December 2018 $'000				31 December 2017 $'000				1 January 2017 $'000			
	One year or less	**One to five years**	**Over five years**	**Total**	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group and Company												
Financial guarantees	**3,794,986**	**–**	**–**	**3,794,986**	2,046,030	–	–	2,046,030	1,089,198	–	–	1,089,198

(e) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to its floating rate loans and borrowings. Interest rate risk is managed on an ongoing basis such as hedging the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes to the financial statements.

At the balance sheet date, if interest rates had moved by 25 basis points with all other variables held constant, the Group's profit net of tax would have changed inversely by $24,260,000 (31 December 2017: $27,607,000).

34. Financial risk management policies and objectives continued

(f) Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage the Group's exposure to risks associated with foreign currency and commodity price. Certain derivatives are also used for trading purposes. The Group and Company have master netting arrangements with certain dealers and brokers to settle the net amount due to or from each other.

As at 31 December 2018, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 24 months (31 December 2017: 1 and 24 months), except for power purchase agreement (10 years).

The Group's and Company's derivative financial instruments that are offset are as follows:-

	31 December 2018				31 December 2017				1 January 2017			
	Fair value				Fair value				Fair value			
	Group		Company		Group		Company		Group		Company	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Derivatives held for hedging:												
Foreign exchange contracts	260,197	(251,156)	213,363	(189,569)	257,385	(176,798)	143,026	(164,497)	231,380	(195,339)	206,572	(154,642)
Foreign exchange contracts – Cash flow hedge	4,965	–	4,965	–	–	(11,619)	–	(11,619)	–	(41,305)	–	(41,305)
Commodity contracts	3,200,199	(2,372,951)	2,711,387	(2,165,790)	2,603,631	(1,956,800)	2,163,097	(1,754,690)	5,739,831	(4,846,050)	4,840,466	(4,463,259)
Power purchase agreement	10,438	–	–	–	13,801	–	–	–	–	–	–	–
Interest rate swaps	–	(135)	–	(135)	–	(1,199)	–	(1,199)	–	–	–	–
Total derivatives held for hedging	3,475,799	(2,624,242)	2,929,715	(2,355,494)	2,874,817	(2,146,416)	2,306,123	(1,932,005)	5,971,211	(5,082,694)	5,047,038	(4,659,206)
Derivatives held for trading:												
Foreign exchange contracts	10,506	(6,765)	10,506	(6,765)	3,806	(2,388)	3,806	(2,388)	6,224	(9,768)	6,224	(9,768)
Commodity contracts	103,574	(52,460)	103,574	(52,460)	124,791	(87,308)	124,791	(87,308)	305,170	(251,933)	305,170	(251,934)
Total derivatives held for trading	114,080	(59,225)	114,080	(59,225)	128,597	(89,696)	128,597	(89,696)	311,394	(261,701)	311,394	(261,702)
Total derivatives, gross	3,589,879	(2,683,467)	3,043,795	(2,414,719)	3,003,414	(2,236,112)	2,434,720	(2,021,701)	6,282,605	(5,344,395)	5,358,432	(4,920,908)
Gross amounts offset in the balance sheet	(1,754,836)	1,754,836	(1,725,896)	1,725,896	(1,384,165)	1,384,165	(1,336,573)	1,336,573	(4,356,454)	4,356,453	(4,239,746)	4,239,746
Net amounts in the balance sheet	1,835,043	(928,631)	1,317,899	(688,823)	1,619,249	(851,947)	1,098,147	(685,128)	1,926,151	(987,942)	1,118,686	(681,162)

34. Financial risk management policies and objectives continued

(f) Derivative financial instruments and hedge accounting continued

The Group applies hedge accounting in accordance with SFRS(I) 9 for certain hedging relationships which qualify for hedge accounting. The effects of applying hedge accounting for expected future sales and purchases on the Group's balance sheet and profit or loss are as follows:-

		Group 31 December 2018		Group 31 December 2017		Group 1 January 2017	
	Line item in the Balance Sheets where the hedging instrument is reported:	**Assets $'000**	**Liabilities $'000**	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Fair value hedge							
Hedged item:							
Inventories	Inventories	**1,070,045**	**–**	1,135,411	–	767,870	–
Sales and purchase contracts	Derivative assets/ (liabilities)	**190,151**	**–**	67,384	–	274,192	–
Hedging instruments:							
Commodity contracts	Derivative assets/ (liabilities)	**5,328**	**(4,747)**	55,832	–	–	(225,817)
Cash flow hedge							
Hedged item:							
Forecasted transactions denominated in foreign currency	Fair value adjustment reserves	**–**	**(72,544)**	214,878	–	76,655	–
Hedging instruments:							
Foreign exchange contracts	Derivative assets/ (liabilities)	**4,965**	**–**	–	(11,619)	–	(41,305)

Fair value hedge

The Group is exposed to price risk on the purchase side due to increase in commodity prices, on the sales sides and inventory held to decrease in commodity prices. Therefore, the Group applies fair value hedge accounting to hedge its commodity prices embedded in its inventories, sales and purchase contracts and uses commodity derivatives to manage its exposure. The Group determines its hedge effectiveness based on the volume of both hedged item and hedging instruments.

For the relevant commodity derivatives used for above hedging accounting purposes, the forecasted transactions are expected to occur within 3 to 24 months (31 December 2017 and 1 January 2017: 3 to 24 months). These commodity derivatives held for hedging accounting are used to hedge the commodity price risk related to inventories, sales and purchases contracts. The accumulated amount of fair value hedge adjustments included in the carrying amount of the inventories for the current financial year amounts to $361,001,000 (31 December 2017: $178,271,000; 1 January 2017: $276,553,000).

Cash flow hedge

For the relevant foreign exchange derivatives used for above hedging accounting purposes, the forecasted transactions are expected to occur within 24 months (31 December 2017 and 1 January 2017: 24 months). The fair value of these derivatives recorded in the 'Other Comprehensive Income' are reclassified through the profit and loss account upon occurrence of the forecasted transactions and this amounts to $2,474,000 (31 December 2017: $68,037,000; 1 January 2017: $54,111,000) for the current financial year. The net hedging gain recognised in the 'Other Comprehensive Income' in relation to such transactions amounts to $4,965,000 (31 December 2017: hedging loss $11,619,000; 1 January 2017: hedging loss $41,305,000) in the current financial year.

35. Fair values of assets and liabilities

(a) Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:-

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

35. Fair values of assets and liabilities continued

(b) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:-

	Group 31 December 2018				Group 31 December 2017				Group 1 January 2017			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant other observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements												
Financial assets:												
Long-term investment (Note 15)	**135,777**	**–**	**–**	**135,777**	257,519	–	–	257,519	136,321	–	12,171	148,492
Derivative financial instruments												
Foreign exchange contracts	**–**	**270,703**	**–**	**270,703**	–	261,191	–	261,191	–	237,604	–	237,604
Foreign exchange contracts – Cash flow hedge	**–**	**4,965**	**–**	**4,965**	–	–	–	–	–	–	–	–
Commodity contracts	**328,582**	**1,156,237**	**64,118**	**1,548,937**	107,212	1,166,466	70,579	1,344,257	492,907	1,073,034	122,606	1,688,547
Power purchase agreement	**–**	**–**	**10,438**	**10,438**	–	–	13,801	13,801	–	–	–	–
	464,359	**1,431,905**	**74,556**	**1,970,820**	364,731	1,427,657	84,380	1,876,768	629,228	1,310,638	134,777	2,074,643
Financial liabilities:												
Derivative financial instruments												
Foreign exchange contracts	**–**	**257,920**	**–**	**257,920**	–	179,186	–	179,186	–	205,108	–	205,108
Foreign exchange contracts – Cash flow hedge	**–**	**–**	**–**	**–**	–	11,619	–	11,619	–	41,305	–	41,305
Commodity contracts	**39,874**	**625,386**	**5,316**	**670,576**	223,277	435,004	1,662	659,943	129,122	599,632	12,775	741,529
Interest rate swaps	**–**	**135**	**–**	**135**	–	1,199	–	1,199	–	–	–	–
	39,874	**883,441**	**5,316**	**928,631**	223,277	627,008	1,662	851,947	129,122	846,045	12,775	987,942
Non-financial assets:												
Biological assets (Note 12)	**–**	**–**	**511,931**	**511,931**	–	–	471,656	471,656	–	–	450,564	450,564
Inventories (Note 19)	**–**	**4,027,034**	**291,920**	**4,318,954**	–	3,707,281	389,687	4,096,968	–	4,550,262	815,573	5,365,835
	–	**4,027,034**	**803,851**	**4,830,885**	–	3,707,281	861,343	4,568,624	–	4,550,262	1,266,137	5,816,399

Determination of fair value

Long-term investment (Note 15) relates to one investment in the current financial year, of which is based on quoted closing prices at the balance sheet date.

Foreign exchange contracts and interest rate swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Commodity contracts, inventories and power purchase agreement are valued based on the following:-

- Level 1 – Based on quoted closing prices at the balance sheet date;
- Level 2 – Valued using valuation techniques with market observable inputs. The models incorporate various inputs including the broker quotes for similar transactions, credit quality of counter-parties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodities; and
- Level 3 – Valued using inputs that are not based on observable inputs such as historical transacted prices and estimates.

The fair value of biological assets has been determined through various methods and assumptions. Please refer to Note 12 for more details.

35. Fair values of assets and liabilities continued

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The significant unobservable inputs used in the valuation of biological assets are disclosed in Note 12.

The following table shows the information about fair value measurements of other assets and liabilities using significant unobservable inputs (Level 3):-

Recurring fair value measurements	Valuation techniques	Unobservable inputs	Percentage
Financial assets/ liabilities:			
Long-term investment – unquoted	Discounted cash flow	Discount rate	Nil (31 December 2017: Nil, 1 January 2017: 14.6%)
Commodity contracts	Comparable market approach	Premium on quality per metric tonne	0% to 35% (31 December 2017: 0% to 33%, 1 January 2017: 0% to 17%)
Commodity contracts	Comparable market approach	Discount on quality per metric tonne	0% to 37% (31 December 2017: 0% to 25%, 1 January 2017: 0% to 21%)
Power purchase agreement	Discounted Cash Flow	Electricity Pricing per megawatt hour	0% to 8% (31 December 2017: 0% to 21%, 1 January 2017: Nil)
Non-financial assets:			
Inventories	Comparable market approach	Premium on quality per metric tonne	0% to 29% (31 December 2017: 0% to 23%, 1 January 2017: 0% to 20%)
Inventories	Comparable market approach	Discount on quality per metric tonne	0% to 29% (31 December 2017: 0% to 23%, 1 January 2017: 0% to 20%)

Impact of changes to key assumptions on fair value of Level 3 financial instruments

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	31 December 2018			31 December 2017			1 January 2017		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	**Profit/(loss) $'000**	**Other comprehensive income $'000**	Carrying amount $'000	Profit/(loss) $'000	Other comprehensive income $'000	Carrying amount $'000	Profit/(loss) $'000	Other comprehensive income $'000
Recurring fair value measurements									
Financial assets:									
Long-term investment - unquoted	–	–	–	–	–	–	12,171	–	61
Commodity contracts	64,118	(1,377)	–	70,579	(621)	–	122,606	6,666	–
Power purchase agreement	10,438	355	–	13,801	381	–	–	–	–
Financial liabilities:									
Commodity contracts	(5,316)	603	–	(1,662)	182	–	(12,775)	612	–
Non-financial assets:									
Biological assets – increased by 0.5%	511,931	(2,184)	–	471,656	(1,863)	–	450,565	(1,853)	–
Biological assets – decreased by 0.5%	511,931	2,195	–	471,656	1,874	–	450,565	1,864	–
Inventories	291,920	2,897	–	389,687	3,996	–	815,573	7,801	–

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:-

- For certain commodity contracts and inventories, the Group adjusted the market prices of the valuation model by 1%.
- For biological assets, the Group adjusted the key assumptions (discount rate/ pricing) applied to fair values by 0.5%.
- For long-term investment (unquoted), the Group adjusted the assumptions to the model inputs of the valuation model by 0.5%.

35. Fair values of assets and liabilities continued

(c) Level 3 fair value measurements continued

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value, except for biological assets (Note 12), based on significant unobservable inputs (Level 3):-

	Commodity contracts – assets $'000	Commodity contracts – liabilities $'000	Power purchase agreement – assets $'000	Long-term investment – unquoted (Note 15) $'000	Inventories $'000
At 1 January 2017	122,606	(12,775)	–	12,171	815,573
Total gain/(loss) recognised in the profit and loss account					
• Net gain/(loss) on fair value changes	(52,027)	11,113	13,801	–	(12,226)
• Purchases and sales, net	–	–	–	(12,171)	(413,660)
At 31 December 2017 and 1 January 2018	**70,579**	**(1,662)**	**13,801**	**–**	**389,687**
Total gain/(loss) recognised in the profit and loss account					
• Net gain/(loss) on fair value changes	**(6,461)**	**(3,654)**	**(3,363)**	**–**	**33,167**
• Purchases and sales, net	**–**	**–**	**–**	**–**	**(130,934)**
At 31 December 2018	**64,118**	**(5,316)**	**10,438**	**–**	**291,920**

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

(i) Cash and short-term deposits, trade receivables, other current assets, margin accounts with brokers, amounts due from subsidiary companies, trade payables and accruals, other current liabilities and bank overdrafts.

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(ii) Bank loans, term loans from banks and obligations from finance leases

The carrying amount of the bank loans, term loans from banks and obligations from finance leases are an approximation of fair values as they are subjected to frequent repricing (floating rates) and/ or because of their short-term maturity.

35. Fair values of assets and liabilities continued

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

(i) Loans to subsidiary companies, loans to joint ventures and loans to associates

Loans to subsidiary companies, loans to joint ventures and loans to associates are repayable only when the cash flow of the entities permits. Accordingly, the fair value of these amounts is not determinable as the timing of the future cash flow arising from these balances cannot be estimated reliably.

(ii) Medium-term notes and other bonds

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:-

	Group		Company	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
31 December 2018				
Financial liabilities:				
Medium-term notes	**3,969,934**	**3,973,148**	**3,363,443**	**3,366,658**
Other bonds	**339,064**	**353,309**	**339,064**	**353,309**
31 December 2017				
Financial liabilities:				
Medium-term notes	4,028,515	4,090,749	3,567,595	3,629,829
Other bonds	332,122	360,259	332,122	360,259
1 January 2017				
Financial liabilities:				
Medium-term notes	3,703,585	3,700,546	3,703,585	3,700,546
Other bonds	359,396	390,468	359,396	390,468

The fair value of medium-term notes and all bonds is determined directly by reference to their published market bid price (Level 1) or valued using valuation techniques with market observable inputs (Level 2), where relevant at the end of the respective financial years.

36. Capital management

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-a-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2018.

The Group calculates the level of debt capital required to finance the working capital requirements using leverage/gearing ratio and the Group's policy is to maintain the leverage ratio within 2 times.

As at balance sheet date, leverage ratios are as follows:-

	Group	
	31 December 2018	31 December 2017
Gross debt to equity:		
• Before fair value adjustment reserve	**1.69 times**	1.76 times
Net debt to equity:		
• Before fair value adjustment reserve	**1.32 times**	1.46 times

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

37.Classification of financial assets and financial liabilities

	Group 31 December 2018			Group 31 December 2017			Group 1 January 2017		
	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000
Financial assets:									
Loans to joint ventures (Note 14(a))	40,720	–	–	154,022	–	–	124,256	–	–
Loans to associates (Note 14(b))	18,965	–	–	289,927	–	–	258,794	–	–
Long-term investments (Note 15)	–	135,777	–	–	257,519	–	–	136,321	12,171
Trade receivables (Note 17)	2,148,087	–	–	1,635,078	–	–	1,656,457	–	–
Margin accounts with brokers (Note 18)	–	–	–	399,680	–	–	164,958	–	–
Other current assets (Note 21)	417,245	–	–	457,015	–	–	565,610	–	4,478
Cash and short-term deposits (Note 33)	2,480,374	–	–	1,986,351	–	–	2,129,583	–	14,468
Derivative financial instruments (Note 34(f))	–	4,965	1,830,078	–	–	1,619,249	–	–	1,926,151
Other non-current assets (Note 21)	27,786	–	–	14,791	–	11,061	18,422	–	11,978
	5,133,177	140,742	1,830,078	4,936,864	257,519	1,630,310	4,918,080	136,321	1,969,246
Financial liabilities:									
Trade payables and accruals (Note 22)	3,535,370	–	–	2,094,809	–	–	2,201,494	–	–
Margin accounts with brokers (Note 18)	121,017	–	–	–	–	–	–	–	–
Other current liabilities (Note 23)	446,065	–	–	460,843	–	–	375,855	–	–
Borrowings (Note 24)	11,268,235	–	–	11,587,938	–	–	13,670,588	–	–
Derivative financial instruments (Note 34(f))	–	–	928,631	–	11,619	840,328	–	41,305	946,637
	15,370,687	–	923,631	14,143,590	11,619	840,328	16,247,937	41,305	946,637

	Company 31 December 2018			Company 31 December 2017			Company 1 January 2017		
	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000
Financial assets:									
Loans to joint ventures (Note 14(a))	40,720	–	–	154,022	–	–	124,256	–	–
Loans to associates (Note 14(b))	–	–	–	263,682	–	–	256,683	–	–
Long-term investments (Note 15)	–	135,777	–	–	257,519	–	–	136,321	–
Amounts due from subsidiary companies (Note 16)	3,988,713	–	–	1,926,416	–	–	3,583,148	–	–
Trade receivables (Note 17)	1,307,349	–	–	963,987	–	–	385,620	–	–
Margin accounts with brokers (Note 18)	–	–	–	304,862	–	–	153,544	–	–
Other current assets (Note 21)	38,554	–	–	55,364	–	–	34,740	–	–
Cash and short-term deposits (Note 33)	891,379	–	–	1,137,011	–	–	1,260,204	–	14,468
Derivative financial instruments (Note 34(f))	–	4,965	1,312,934	–	–	1,098,147	–	–	1,118,686
	6,266,715	140,742	1,312,934	4,805,344	257,519	1,098,147	5,798,195	136,321	1,133,154
Financial liabilities:									
Trade payables and accruals (Note 22)	2,349,785	–	–	1,082,325	–	–	949,283	–	–
Margin accounts with brokers (Note 18)	168,499	–	–	–	–	–	–	–	–
Other current liabilities (Note 23)	100,003	–	–	111,131	–	–	115,176	–	–
Borrowings (Note 24)	7,369,572	–	–	7,294,844	–	–	10,067,968	–	–
Derivative financial instruments (Note 34(f))	–	–	688,823	–	11,619	673,509	–	41,305	639,857
	9,987,859	–	688,823	8,488,300	11,619	673,509	11,132,427	41,305	639,857

38. Segmental information

The Group's businesses are organised and managed as five broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:-

- Edible Nuts and Spices – Edible Nuts (cashew, peanuts, almonds, hazelnuts, pistachios, walnuts, sesame and beans including pulses, lentils and peas), spices and vegetable ingredients (including pepper, onion, garlic, capsicums and tomato).
- Confectionery and Beverage Ingredients – cocoa and coffee.
- Industrial Raw Materials, Infrastructure and Logistics – cotton, wood products, rubber, fertiliser and Gabon Special Economic Zone (GSEZ including ports and infrastructure).
- Food Staples and Packaged Foods – rice, sugar and sweeteners, grains and animal feed, edible oils, dairy and packaged foods.
- Commodity Financial Services – risk management solutions, market-making, volatility and asset management, and trade and structured finance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate cash, fixed deposits, other receivables and corporate liabilities such as taxation and borrowings. Assets which are unallocated are common and shared by segments and thus it is not practical to allocate them.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure used by management to evaluate segment performance is different from the operating profit or loss in the consolidated financial statements, as explained in the table in Note 38(a).

Group financing (including finance cost), which is managed on group basis, and income tax which is evaluated on group basis are not allocated to operating segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

38. Segmental information continued

(a) Business segments

	Edible Nuts and Spices		Confectionery and Beverage Ingredients		Industrial Raw Materials, Infrastructure and Logistics		Food Staples and Packaged Foods		Commodity Financial Services		Consolidated	
	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Segment revenue:												
Sales to external customers	4,312,017	4,491,982	7,129,800	8,136,794	4,530,960	3,876,629	14,506,279	9,767,124	–	–	30,479,056	26,272,529
Segment result (EBITDA)	339,898	438,403	443,997	327,709	176,226	197,287	288,822	359,670	(13,076)	4,896	1,235,867	1,327,965
Depreciation and amortisation	(128,720)	(136,865)	(104,113)	(99,498)	(28,178)	(26,662)	(131,261)	(117,253)	(564)	(402)	(392,836)	(380,680)
Finance costs	–	–	–	–	–	–	–	–	–	–	(548,464)	(531,178)
Finance income	–	–	–	–	–	–	–	–	–	–	79,689	65,597
Exceptional items[1]	23,772	28,001	5,831	–	(8,219)	–	(15,025)	121,188	–	–	6,359	149,189
Profit before taxation											380,615	630,893
Taxation expense											(57,422)	(79,248)
Profit for the financial year											323,193	551,645
Segment assets	4,170,409	4,051,846	6,416,675	6,054,288	2,655,133	2,914,211	6,414,580	5,960,449	109,806	174,111	19,766,603	19,154,905
Unallocated assets [2]											3,680,214	3,143,642
											23,446,817	22,298,547
Segment liabilities	560,547	447,956	1,481,448	707,254	838,108	561,218	1,837,022	1,282,132	(7,820)	75,815	4,709,305	3,074,375
Unallocated liabilities [3]											12,273,456	12,603,143
											16,982,761	15,677,518
Other segmental information:												
Share of results from joint ventures and associates	(590)	27	797	1,511	53,210	63,324	9,108	2,769	–	–	62,525	67,631
Investments in joint ventures and associates	23,612	1,542	4,982	1,542	467,205	479,827	195,893	588,029	–	–	691,692	1,070,940
Capital expenditure	141,111	135,612	104,060	159,472	71,811	99,004	486,535	556,756	663	242	804,180	951,086

As at 1 January 2017:

	Edible Nuts and Spices	Confectionery and Beverage Ingredients	Industrial Raw Materials, Infrastructure and Logistics	Food Staples and Packaged Foods	Commodity Financial Services	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Other segmental information:						
Investments in joint ventures and associates	1,245	2,726	495,865	390,002	–	889,838
Segment assets	4,185,983	7,212,619	2,794,927	5,642,221	260,835	20,096,585
Unallocated assets [2]						3,372,299
						23,468,884
Segment liabilities	543,317	1,103,141	349,162	1,120,138	107,053	3,222,811
Unallocated liabilities [3]						14,611,769
						17,834,580

(b) Geographical segments

	Asia, Middle East and Australia		Africa		Europe		Americas		Eliminations		Consolidated	
	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Segment revenue:												
Sales to external customers	13,098,750	9,809,906	4,680,764	4,854,419	7,537,172	6,784,873	5,162,370	4,823,331	–	–	30,479,056	26,272,529
Intersegment sales	15,216,713	10,895,287	3,570,496	3,569,317	820,377	1,666,624	2,839,625	3,365,854	(22,447,211)	(19,497,082)	–	–
	28,315,463	20,705,193	8,251,260	8,423,736	8,357,549	8,451,497	8,001,995	8,189,185	(22,447,211)	(19,497,082)	30,479,056	26,272,529
Non-current assets [4]	3,465,983	3,775,732	3,102,174	2,799,057	619,415	806,691	1,356,259	1,373,478	–	–	8,543,831	8,754,958

As at 1 January 2017:

	Asia, Middle East and Australia	Africa	Europe	Americas	Consolidated
	$'000	$'000	$'000	$'000	$'000
Non-current assets [4]	3,391,133	2,527,224	803,504	1,573,815	8,295,676

(c) Information on major customers

The Group has no single customer accounting for more than 10% of the turnover.

38. Segmental information continued

1 Exceptional items included the following items of income/(expenses):-

	Group	
	31 December 2018 $'000	31 December 2017 $'000
Loss on disposal of joint venture and associate	**(25,930)**	–
Gain on sale of USA orchards farmland and spices, vegetables dehydrate facilities	**23,772**	34,168
Gain on disposal of subsidiary (Note 13)	**5,831**	121,188
Gain on disposal of intangible asset – Café Enrista Brand	**2,686**	–
Wage agreement settlement, USA	**–**	(6,167)
	6,359	149,189

2 The following unallocated assets items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:-

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Cash and bank balances	**1,582,654**	1,174,552	1,556,636
Fixed deposits	**897,720**	811,799	587,415
Other current/non-current assets	**897,278**	803,901	984,021
Long-term investments	**135,777**	257,519	148,492
Deferred tax assets	**166,785**	95,871	95,735
	3,680,214	3,143,642	3,372,299

3 The following unallocated liabilities items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:-

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Borrowings	**11,268,235**	11,587,938	13,670,588
Deferred tax liabilities	**422,625**	416,991	505,876
Other current liabilities	**430,602**	435,237	350,356
Provision for taxation	**151,994**	162,977	84,949
	12,273,456	12,603,143	14,611,769

4 Non-current assets mainly relate to property, plant and equipment, intangible assets, biological assets, investments in joint ventures and associates and long-term investments.

39. Events occurring after the reporting period

(a) On 11 February 2019, the Company announced that Queensland Cotton Corporation Pty Ltd ("QCC"), an indirect wholly-owned subsidiary of the Company, has disposed of its entire 51% shareholding in Collymongle Ginning Pty Ltd ("CGPL"), a company incorporated in Australia, to PJ & PM Harris Pty Ltd ("Harris") following an exercise of option, for a total cash consideration of A$4.08 million. QCC had in 2014 sold down its shareholding in CGPL from 100% to 51% to Harris. Following the disposal, CGPL ceased to be an indirect subsidiary of the Company.

(b) On 11 February 2019, Olam Argentina S.A., a wholly-owned subsidiary of the Company, has disposed its entire equity interest in its wholly-owned subsidiary, Olam Alimentos S.A. ("OAL"), a company incorporated in Argentina with principal activity in peanut shelling and blanching, to Adecoagro. The cash consideration received from the sale of shares was US$10 million. Following the disposal, OAL ceased to be an indirect subsidiary of the Company.

(c) On 26 February 2019, the Company announced the acquisition of 85% of the issued and paid-up share capital of YTS Holdings Pte Ltd ("YTS"), for a total cash consideration of US$90.0 million. YTS, a company incorporated in Singapore, owns 100% of PT. Bumitangerang Mesindotama ("BT Cocoa"), primarily engaged in cocoa processing in Indonesia. Following the acquisition, YTS became a subsidiary of the Company with the remaining 15.0% interest in YTS to be held by the founding members of BT Cocoa.

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