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Our growers are where it all starts. Olam SVI seeks to amplify growers' voices, providing critical linkages in our supply chain. Each newsletter will feature a voice from the field, highlighting the challenges and opportunities in sustainability across the Olam SVI business.

### The Nature of Agriculture is Changing, Are You Ready?

Derek Azevedo, Executive Vice President | Bowles Farming Company

**Bowles Farming Company** is a 159-year-old farming enterprise located outside of rural Los Banos, in California's San Joaquin Valley. We are a diversified farm that specializes

in row crops primarily: ELS cotton, tomatoes, melons, carrots, garlic, onions, alfalfa and many others.

We see the landscape of farming in California (and around the world) changing significantly. We believe today's marketplace is filled with "impact shoppers" looking for the opportunity to make a difference with their daily purchases, and that our customers put faith in our brands because they rely on us to come up with the best answers to the most significant questions facing the food and fiber supply chain:

- How might we provide consumers with opportunities to create impact through their food purchase decisions?
- How are the acquisition methods of food and fiber going to change in the next 5-10 years?
- How might we best ride the technological wave that is heading for agriculture?

At Bowles Farming Company we believe we can answer these tough questions by providing consumers with products that meet more than just their nutritional needs. We farm in a manner that cares to the greatest extent possible for both people and planet. We're proud of the employees on our farm and reward them with scholarship opportunities for their children and a defined benefit program for their retirement. We're also proud of the healthy, safe and sustainable foods that we grow, and the diverse and dynamic ecosystem where we grow them. We recently completed the first of three stages of a 6-mile riparian corridor (thus far, home to over 50 documented species of birds) and permitted a compost facility to help manage the green waste that is being phased out of California's landfills. We have invested tens of millions of dollars in drip irrigation- powered by one megawatt of solar, and over 30 ag tech trials.

We employ a Farm Analyst and a Vice President of Technology, charged with understanding, vetting and developing the Ag Tech solutions of the future. In addition to farming activities, our farm has a strong voice and we do our best to share lessons learned with fellow farmers and to connect with industry in a real and meaningful way. Members of our team spend countless hours as participants, speakers and panelists at local, national and international environmental and ag tech seminars.

Do all of these activities constitute the right answer to the question: "What does **YOUR** ideal farmer look like?"

At Bowles Farming Company, we also believe that perhaps the largest opportunity to advance the supply chain is to improve communication between the farmer community, the wider group of food industry players, and NGO partners.

- 1. There is an opportunity to improve the feedback provided to farmers.** We receive regular feedback on the grading metrics of their crops for payment, but very little feedback on the bigger picture of how our crops are valued by consumers. For example, we would like to know: are consumers interested in nutrient-dense foods grown by more sustainable, environmentally friendly farmers? Or do they prefer larger volumes of aesthetically pleasing produce?
- 2. Farmers can do a better job of articulating their needs and participating in events that discuss the current challenges in our industry.** There is a real need to have more farmer voices at the table, so we must make the time to participate in the important dialogues shaping the future of agriculture.

There is a huge movement taking place in the food industry. It is driving significant changes in the way consumers purchase products, how companies manufacture them, and it is changing the way we farm. The companies and organizations that produce the creative solutions to some or all of the looming questions and who are able to bridge divides and communicate effectively across the broad industry landscape are poised to be the leaders of tomorrow's food and fiber supply. The nature of agriculture is changing; are you ready?

For more from Derek, be sure to check out the video spotlight!

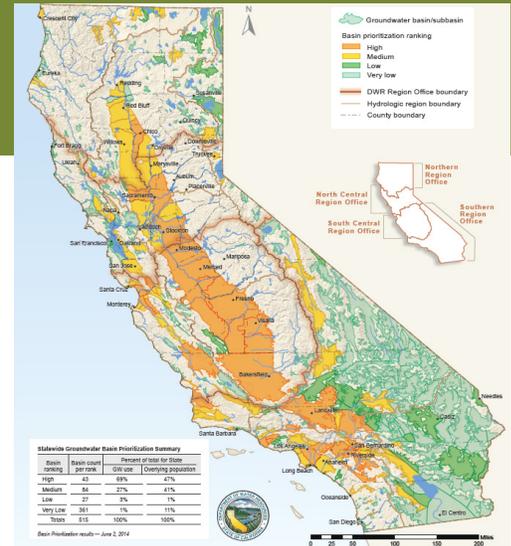


# WATER

## California Water Update

October was all about California water as many organizations and companies from across the country came together in the Bay Area to discuss the part water will play in the future of business and livelihoods in our area and operations. By participating in both the Water and Long Term Value conference and [California Water Action Collaborative \(CWAC\)](#) working group meetings OSVI gained many insights into the outlook for California's water and represented one of the few agriculture voices in the room. Some high level takeaways from the conversation are included below.

- 1. Water is valued, but not appropriately priced.** The recent California drought was a beginning wake-up call for the potential risks of water scarcity. Unfortunately water markets don't often reflect that risk.
- 2. Changes in how water usage is allocated are coming - quickly.** With the current and upcoming implementation of 2014's Sustainable Groundwater Management Act (SGMA) water users, especially those in agriculture, will be expected to carefully manage their groundwater usage coming from wells that were dug or deepened during the recent droughts. The over reliance on groundwater has resulted in depleted water levels in underground aquifers. This has immediate impacts on costs and quality of water. Increased depth dramatically raises drilling costs and energy costs for pumping. Further, quality of water from the wells simultaneously decreases at lower depths. Using lower quality water also affects soil, resulting in greater presence of salts and nitrates which have potential negative impacts on crop yields depending on concentration levels. Pumping restrictions and increased water costs of SGMA are expected to conserve and maintain healthy water levels underground. Most of OSVI's growing regions sit atop the water basins prioritized as critically over drafted and will be the first to plan and implement their water sustainability targets.
- 3. Agriculture represents a prime opportunity to conserve and restore aquifers through new and improved water stewardship practices.** Onfarm water usage is becoming more and more efficient as new drip irrigation systems are installed to deliver "more crop per drop". Drip irrigation reduces the amount of water and other inputs such as pesticides and micronutrients that are needed to grow a high-yielding crop by concentrating application at the root source, reducing how much is leached back into the ground and into underground water sources. Groundwater recharge is another way to contribute to healthy water levels in the underground basins and increase water sustainability. Ongoing pilot projects are currently exploring an additional opportunity for groundwater recharge to happen on active crop land, rather than only on dedicated recharge basins, which allows growers to make strategic choices about their water usage.
- 4. Investors value companies that value water.** Water is a key risk in 35% of industries. As a result, investors are increasingly looking to companies to include water as a key element of their operational strategies – to both mitigate risks and alleviate stakeholder concerns. Many investment firms are now employing Environmental, Social, and Governance) ESG metrics to value companies and optimize their portfolios as data shows that companies with good ESG strategies and practices are less volatile and earn 3%-15% higher returns. Investors urged that it is critical for companies to take three actions: 1) Measure, manage, and report on water risks proactively and transparently, 2) begin benchmarking their performance in water management, and 3) link water to the bottom line, or EBITDA.
- 5. Unlikely partners are coming together in a coordinated front.** The availability and quality of water is an issue that has a large ripple effect and increasingly people are taking notice and taking action. CWAC is a great example of unlikely partners - corporations and NGOs, agricultural producers and environmentalists - that all work together to improve water security and create water resilience for all California water users. The group develops and funds collective action projects that are linked to UN Sustainable Development Goal #6 and the California Water Action Plan.



[Click here to learn more about the Sustainable Groundwater Management Act!](#)

## Tahoe Headwaters Restoration Site Visit

In August, Olam SVI participated with members of leading companies, NGOs, and California government officials on a two-day journey to develop a better understanding of the need to restore and preserve headwaters in the Sierra Mountains.

The Sierras provide more than 60% of the developed water supply for the entire state of California and more than 75% of the water that flows into the Sacramento and San Joaquin River Deltas. The snowpack in the Sierras functions as natural form of water storage, and the forests and meadows play the most critical role in ensuring water quality and reliability – acting as a natural filter and conveyor to downstream regions.

Early 20th century cattle grazing, and years of natural fire suppression have resulted in non-functioning meadows and overgrown forests. These meadows cannot appropriately clean and convey water and the overgrown forests result in the catastrophic "superfires" that plague California today.

Companies such as Coca Cola and Nestle Waters are joining hands with the U.S. Forest Service, the National Forest Foundation, the Sierra Nevada Conservancy and many others to restore the Sierras. During the two days the group traveled to see fully restored meadows and meadows that are in need of restoration. A collective impact model and innovative sources of financing, such as Water Bonds and Forest Resilience Bonds will be critical to restoring these headwaters to ensure the future security of California water.



Visiting a restored meadow to understand the source of California's primary watershed in the Sierra Nevadas.



OSVI sponsored a table at Fresno Community Food Bank Gala in October.

## Esca Bona & The Good Food Future

The third annual Esca Bona Conference took place in October in Austin, TX. Esca Bona means "Good Food" in Latin and the theme of this year's conference was "Feeding the Good Food Future" which focused on the challenges and opportunities of making healthy options available to all consumers.

The biggest take-away from this year's conference? Food security is taking on a new tagline in the human development conversation: Access to healthy food is a human right.

- **The food industry must work together through collective action and hold itself accountable so that everyone can afford to eat healthy no matter what their income level.** To achieve this goal will require small innovative companies working together with big companies to scale solutions that will create the change needed.
- **Innovation is required to bring about positive change:** leveraging "imperfect produce," urban agriculture solutions such as vertical indoor farming and aquaponics, reclaimed food, standardization of date labels, and edible upcycling will all be key to reducing food waste and increasing access to nutritious foods for all demographics.
- **There is an urgent need to take a new relationship with nature.** The natural environment is not something we "own" and should try to pry as much from as possible. Planetary health is directly correlated with human health – and there is a need to restore our planet to a healthy state if we are to cultivate healthy foods to create human health.

## Olam Living's Annual Food Drive Fighting Hunger in the Central Valley

It is shocking to hear that 1 in 4 people struggle with food insecurity in the Central Valley. It's heartbreaking to learn that 1 in 3 children don't always have enough to eat. In an effort to bring awareness to this problem, Olam Living launched their first Food Drive Competition in 2015.

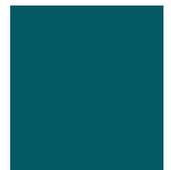
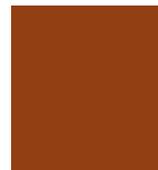
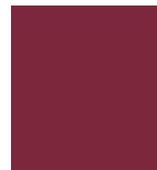
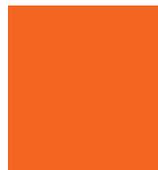
Olam Living is OSVI's grassroots-led, corporate-sponsored, comprehensive wellness program that focuses on five areas of wellness. One of those focus areas is Community, and a food drive was the perfect way to fight hunger in the community that Fresno employees work and live. Olam Living partnered with the Fresno Community Food Bank which serves Fresno, Kern, Kings, Madera and Tulare Counties. In 2016, the Food Bank distributed 38,000,000 pounds of food and each month provide food to roughly 280,000 people.

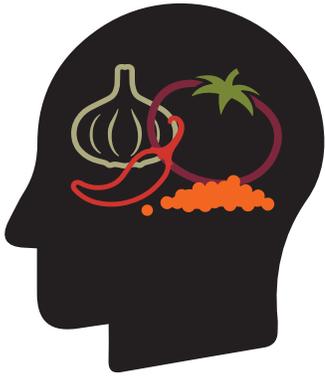
For the competition, employees divide into teams and receive points for donated items. Most items are worth 1 point, but essential items such as meat protein and peanut butter are worth 3 points. The competition runs for four weeks, and the team that donates the most items each week wins an additional 5 points. At the end of the competition, points are tallied, and the team with the most points wins a prize.

In 2015, a total of 1,902 items were donated. In 2016, a total of 5,765 items were donated! That translated to 9,000 pounds of food which went to serve 7,500 meals to members of the community. The 2017 Food Drive kicked-off on October 23rd with a goal of 3,000 items.



**FOOD SECURITY**





# FOOD FOR THOUGHT:

## Let's Talk About That Label

Organic, Fairtrade, Made in the U.S.A. - a lot of noise is made around labels as consumers try to determine exactly where

and how their products were made. Tracing those labels through their certification process and all the way back to the farmer bubbles up questions about what benefits are really achieved for the livelihoods of growers, industries, and ultimately ourselves as consumers.

Over the past decade many certifications have been developed as a response to calls for increased supply chain visibility and accountability to sustainable food production and trade. The certifications provide an answer for missing public standards and act as a differentiator of products that comply to higher ethical standards. Common categories for assuring safe and ethical food production include: Farm management, social justice, legal compliance to local and national regulations, biodiversity protections, economic viability, food safety, and good agricultural practices (G.A.P.).

Certifications are proposed as win-win scenarios and each label is held up as a recognized, premium benchmark of quality and safety. Producers are promised benefits such as a higher quality crop, access to additional or guaranteed markets, and stabilized higher prices for their product which translate to higher incomes and better standards of living as a return on any time and resource investments. Brands also build their reputations on the additional quality and safety assurance of verified production conditions. Lastly, good agricultural practices and higher quality crops are normalized in the market.

Standards are often imposed on suppliers, and unfortunately for the grower, the landscape of certifications is both costly and crowded without the guaranteed price premiums that allow for financial returns. [International Trade Centre published a comparative database of over 230 standards](#) which cover over 120 product groups - some applying to a host of products and services while others are focused on single products or countries. Each assurance process requires growers and processors to document and verify their activities. A single certification may well require significant investments in reporting, new equipment, and training which may not be applicable to or meet the requirements of other certifications.

Theoretically, this is a good exercise to complete. In reality, a single consumer might only want to know that their food was safely produced in accordance with laws governing environment and ethics, but providing that proof becomes quite burdensome. Growers experienced with this assurance process raise several concerns:

### Grower and supplier time is more valuable when focused on production.

Extensive paperwork for planning, evaluating risk considerations, documenting steps of growing process, and organizing audit materials create a heavy burden for growers in any country. The daunting prospect of paperwork easily discourages some growers from pursuing certifications and creates a need for additional training and capacity building around farm management and recording procedures.

### Getting certified is expensive!

Fees for third party audits are often steep and additional non-operational auditing costs are incurred in order to meet compliance regulations (e.g., analysis of water and chemical residue). This begs the question: will consumers be willing to pay the price premium of certified products to deliver value for the extra cost and effort? So many competing standards further confuse consumers who are already overwhelmed with labels and demand low prices. Ingredients-type products (e.g., spices and dried vegetables) are less "visible" to the consumer and therefore the value-add of the certification is rarely commensurate with the cost or even the safety risk of processed component.

### Growers have a right to privacy.

Growers operate as business owners and are hesitant to forfeit proprietary growing information that could also hurt their future business prospects. For some growers, the invasiveness and burden of the certification process can damage relationships with suppliers and cause shifts in crop production to less intrusive supply chains.

### Utilize certifications to fill gaps rather than create redundancies.

Many of the strictest regulations are placed on growers in the U.S. and as such their growing practices are already more regulated and held to higher standard than those in developing countries. For large companies and growers operating in developed economies or highly regulated states such as California, certifications are redundant to internal, supply chain, and government audited regulations. The local context and regulatory environment should be evaluated and considered before a third party certification is required.

That said, it is important to find the balance between enough information to assure high quality primary production and protect growers with beneficial rather than burdensome requests in order to allow growers to do what they do best - grow food!

**Did you know OSVI has its own G.A.P. guidelines which are connected to each grower's contract?** The quality guidelines help to ensure that many of the food safety risks and environmental safety concerns of growing OSVI's dehydrated vegetables are reduced through proper land use, chemical application, water management and food and farm safety.

# SUSTAINABILITY SPOTLIGHT

## #WeSustain Engaging the Next Generation of SVI Leaders

In September, 15 participants completed #WeSustain 2017. They were the fifth class to complete this intensive, week long program in Fresno. Launched in 2014, #WeSustain was created to provide an engaging overview of SVI while connecting participants with their colleagues across the globe. The program is by invitation only, and all participants were nominated by their manager.

A week is spent in Fresno learning about SVI as well as visiting fields and taking plant tours. The week culminates in a final project that is presented to senior leadership. This year, the candidates all took part in a Shark Tank style project. They were divided into 4 teams and tasked with creating an innovative idea or product to pitch to the "sharks" who were played by upper management.

The ideas the teams came up with ranged from drone technology to a remedy for workers who experience the tear-jerking air at onion processing plants. They showed enthusiasm not only for the projects but for Olam as well. #WeSustain gave them the chance to showcase their innovation, creativity and enthusiasm for the company, and if they are the future of Olam, we are in good hands.



## Sustainability on the Road

This summer the OSVI Sustainability team visited the Gilroy, Firebaugh, Williams, Lemoore and Fernley processing plants, almond plantations and the U.S. cotton business to observe operations and discuss sustainability best practices. Here are some of the highlights.

### Cotton

- Shadowed a Better Cotton Initiative (BCI) audit of one of Olam's Arkansas-based cotton growers.
- Met with the leadership of the National Cotton Council (NCCC) to understand key challenges and opportunities for partnership to drive best sustainable practices and information sharing forward in the US cotton industry
- Toured an Olam cotton gin and warehouse in Arkansas and Memphis, TN
- Met with leadership of The Seam who are leading Block Chain development for US cotton to understand impacts and identify opportunities for support and partnership
- Toured the USDA classing office and were the first non-government individuals to view the new fully automated classing system that will revolutionize the classing of cotton.
- Completed preliminary planning for the "2018 Blue Jeans Go Green Initiative" – the cotton-team led sustainability initiative to upcycle old blue jeans into housing insulation to support Habitat for Humanity

### Did You Know?

- Olam SVI's Fernley, Nevada processing plant is the only geothermal vegetable processing facility in the world?
- Olam SVI's Williams and Lemoore tomato processing plants process more than 203,000 tomatoes per minute. In one day, that accumulates to 292,500,000 tomatoes and in one harvest season we process more than 1 tomato for every person on the planet!
- This year, the Olam Almonds team (OFI) re-charged approximately 6.5 million gallons of water through a 1-acre dedicated re-charge basin to restore water to underground aquifers.

## Sustainability Smarts

### Recommended Reading & Resources

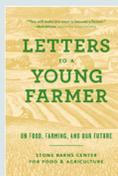
**Feeding Ourselves Thirsty** Ceres's newly updated report scores food companies on their response to water risks ranks Olam as the top Agricultural Products company.

**Water Stress and a Changing San Joaquin Valley** Public Policy Institute of California (PPIC) discusses major questions that loom about the future of the valley's agriculture and the wider consequences for the region's economy, society, and environment.

**WATCH: Do you know where your tap water comes from? SOURCE draws a connection between the 2 major sources of California's water and the critical need to protect it.**



**Food Foolish: The Hidden Connection Between Food Waste, Hunger, and Climate Change** by John M. Mandyck and Eric B. Schultz. "How we will feed the world – healthy?" In this fact-filled, provocative read, learn about the linkages between food waste and hunger and its economic and planetary impacts and explore new solutions for sustainable change.



**Letters to a Young Farmer: On Food, Farming, and Our Future** by the Stone Barns Center for Food and Agriculture. We are about to witness the largest retirement of farmers in U.S. history. Quite simply: our future hinges on the investments we make today in the next generation of farmers. In Letters to a Young Farmer, some of the most influential farmers, writers and leaders of our time share their insights in an anthology of 36 essays and letters.