



GLOBAL HAZELNUT MARKET AND ANALYSIS OF HAZELNUT PRODUCTION IN GEORGIA

October 2019

Company overview

We are a leading food and agri-business, sourcing raw materials and transforming them to deliver food, feed and fibre to 19,800 customers worldwide.

We are Farmers

Field and farming experts growing **16 different crops** in **13 countries**

Scale gives us global market insight, shared learnings and efficiencies

We are Suppliers

Connecting customers to the source via our network of **4.8M farmers**

On the ground, all year executing procurement, traceability, warehousing, logistics, paperless trading

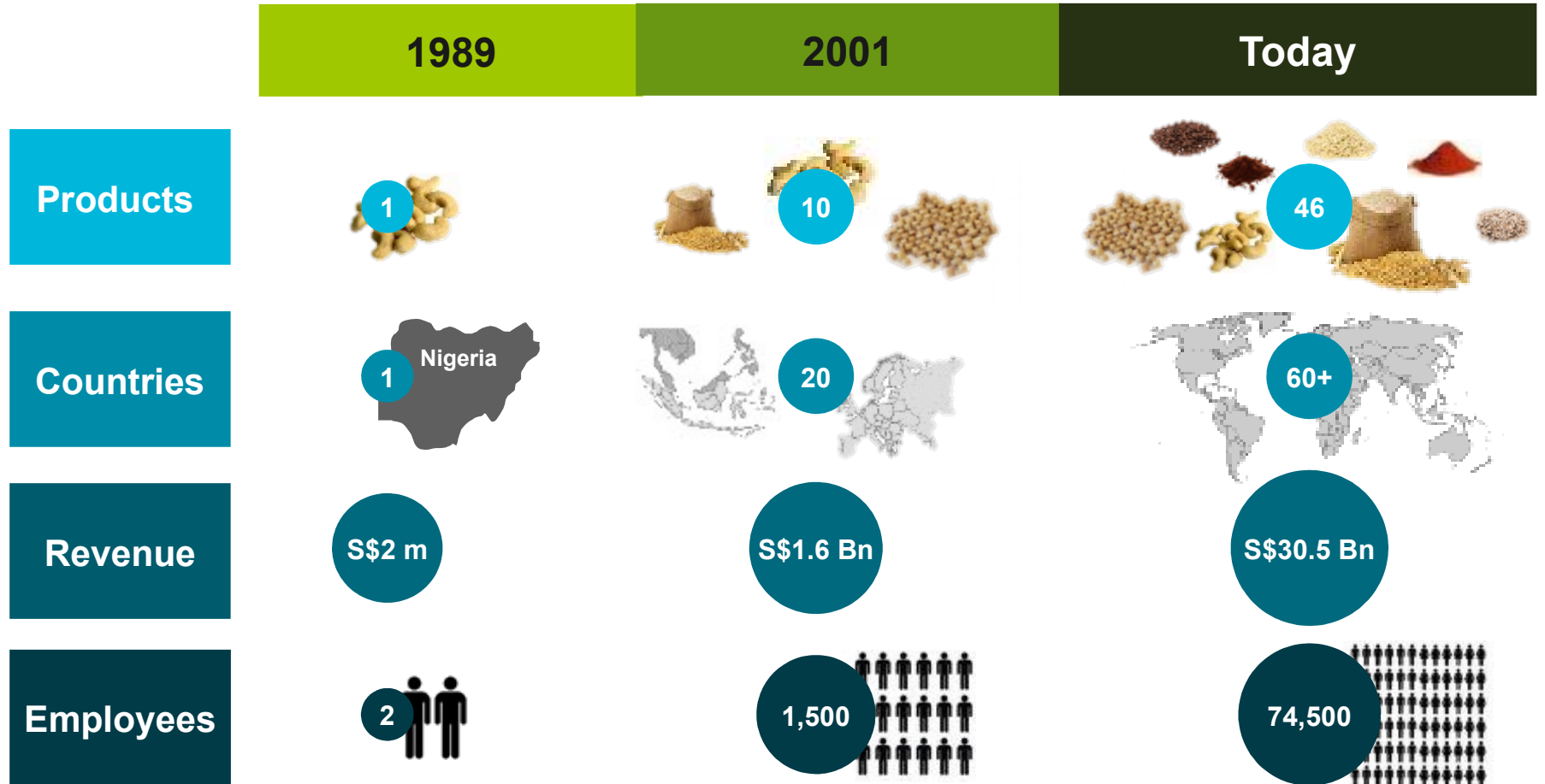
We are Processors

Transforming raw materials into bespoke ingredients across our **170 facilities**
Focus on safety, fairness, quality, efficiency and the environment

We are Innovators

Global innovation centres offering added value solutions through the supply chain
Expertise includes, product innovation and customisation, digital apps and co-manufacturing

30 years of growth



Our business portfolio



Edible Nuts and Spices

Almonds Onion
 Cashews Garlic
 Hazelnuts Chilli
 Peanuts Herbs
 Pistachios Pepper
 Walnuts Purees
 Sesame
 Tomatoes



Confectionery and Beverage Ingredients

Cocoa
 Coffee



Food Staples and Packaged Foods

Dairy
 Edible Oils
 Grains and Animal Feed
 Packaged Foods
 Rice



Industrial Raw Materials, Infrastructure and Logistics

Cotton
 Rubber
 Wood Products
 Gabon Special - Economic Zone



Commodity Financial Services

Funds Management
 Risk Management - Solutions
 Trade and Structured - Finance

Our aspiration

Governing Objective

To maximise long-term intrinsic value for our continuing shareholders



Vision

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



Purpose

To re-imagine global agriculture and food systems



Our portfolio

Leadership positions

**Edible Nuts,
Spices and
Vegetable
Ingredients**

#1 global dehydrated onion and garlic supplier

#1 global cashew supplier

**Confectionery
and Beverage
Ingredients**

#1 focused supplier of cocoa beans and cocoa products

#2 global coffee supplier

**Food Staples
and Packaged
Foods**

#2 largest wheat miller in Nigeria and Ghana

#2 global rice merchant

**Industrial Raw
Materials**

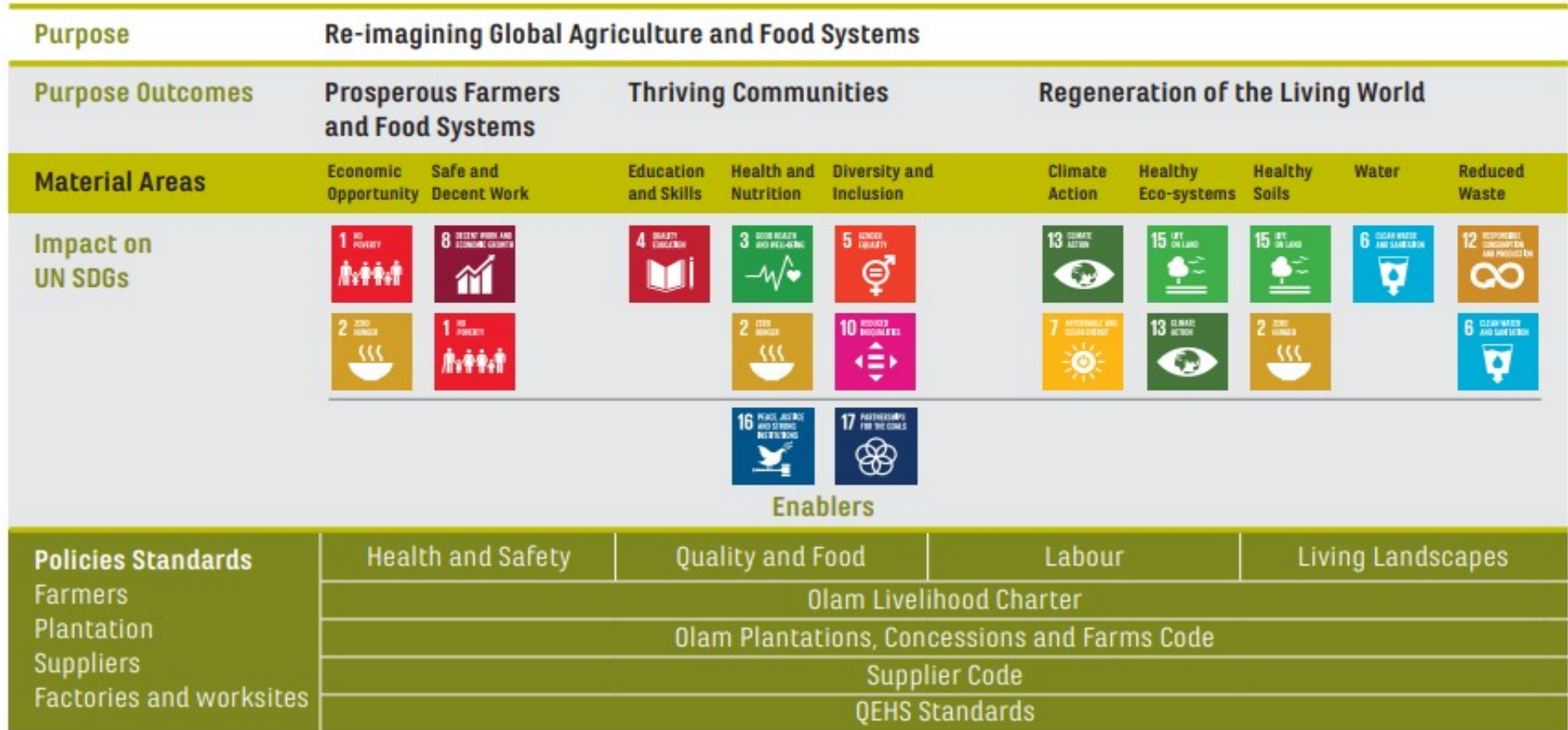
#1 global FSC® certified* contiguous tropical forestry concessions



Sustainability Framework

Our Sustainability Framework

In our new CR&S Framework, 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 and the various policies and standards that will underpin our actions.



AtSource

AtSource

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

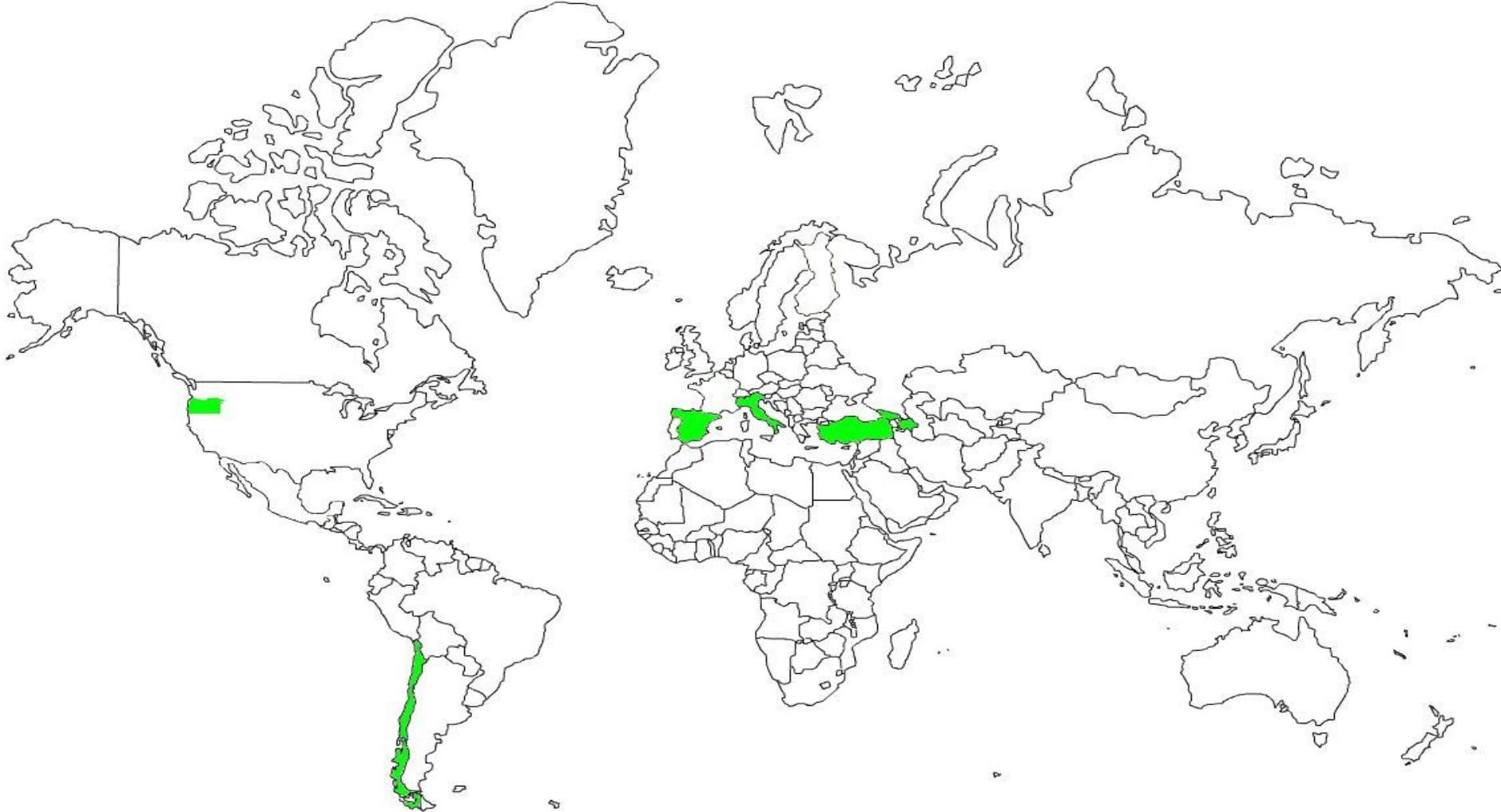
Products are from programmes that seek to deliver a net positive impact at scale, benefiting wider populations and the earth's ecosystems.

Olam Edible Nuts

Global Footprint

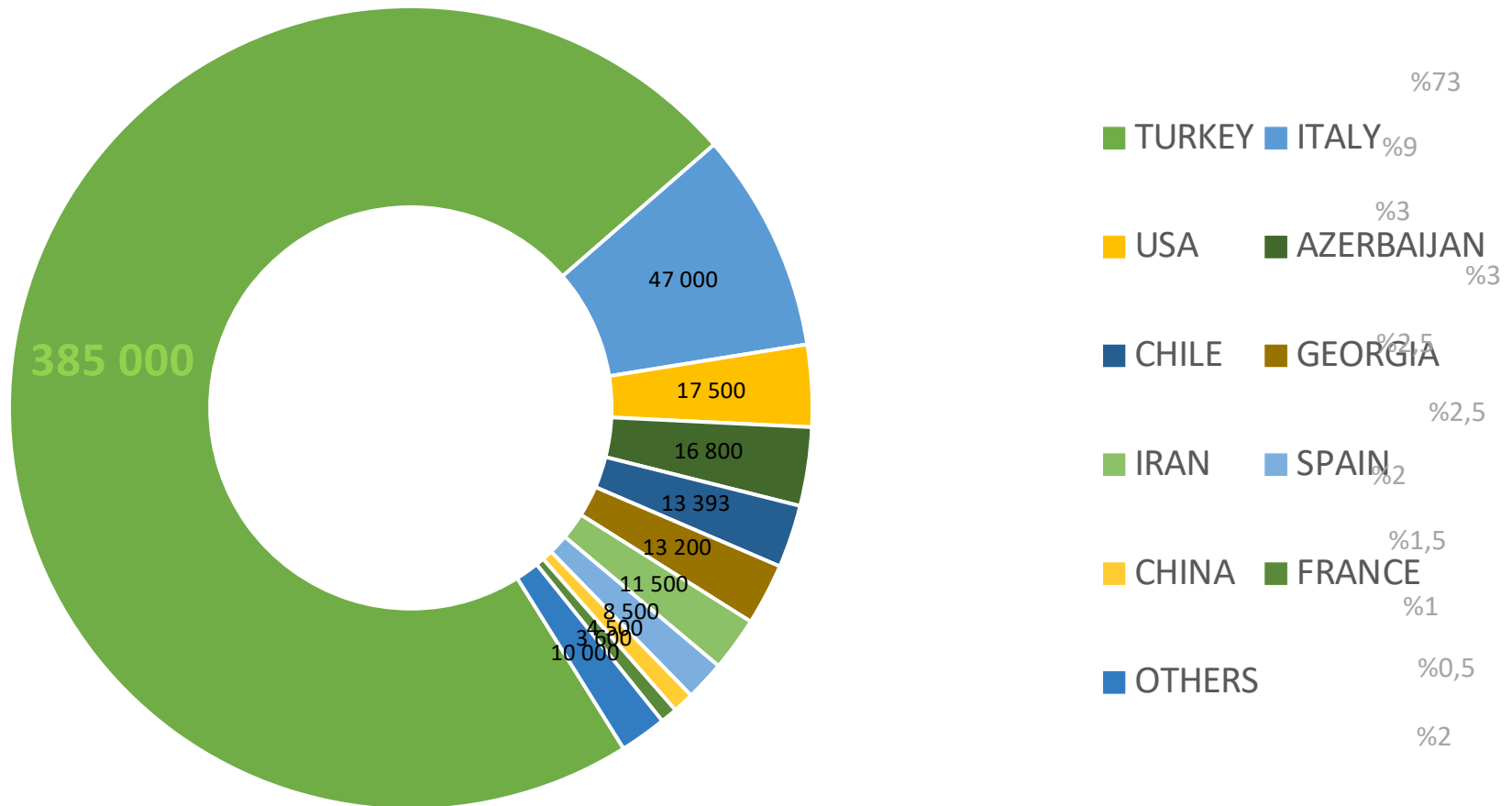


World Hazel nut Production Areas



2019-2020 World Hazel nut Production

Kernel Basis (Metric Tons)



TOTAL: 550.000 MT

World Hazelnut Production

Kernel Basis (Metric Tons)



World Hazelnut Imports

Shelled Basis (Metric Tons)

COUNTRY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Italy**	58,536	54,711	49,154	40,211	44,847	47,395	53,966	59,646	64,204	44,030	66,286
Germany**	61,674	65,144	70,054	67,882	59,921	52,599	66,624	57,151	64,204	61,450	65,924
France	29,318	19,518	15,809	27,894	28,984	28,892	26,997	20,477	22,733	21,068	22,428
Poland	9,833	6,084	6,556	6,987	7,483	10,312	8,842	8,077	11,686	3,704	12,312
Canada	3,291	5,377	4,848	7,910	10,222	11,120	10,123	10,111	12,747	11,376	11,676
Russian Fed.	12,592	13,486	9,022	11,016	13,922	13,179	9,187	11,270	7,018	5,541	10,623
Switzerland	12,065	11,609	10,032	9,482	9,551	8,751	10,037	9,761	8,890	9,448	10,223
Netherlands	8,926	7,371	3,035	3,416	3,511	3,555	3,762	3,742	5,047	3,736	8,006
Belgium	13,741	13,800	6,755	7,536	11,050	6,972	7,303	6,736	5,685	4,986	4,994
USA	4,618	4,749	1,801	2,912	2,227	3,238	4,384	2,634	1,338	2,806	4,184
Spain	5,636	5,745	5,403	5,184	4,748	5,248	5,759	4,301	3,193	2,999	3,414
Brazil	1,375	1,772	2,312	2,321	2,541	2,801	2,385	3,040	3,044	2,650	3,095
Australia	1,695	1,752	1,503	2,333	2,271	2,807	2,923	2,629	2,593	2,839	2,906
China	766	270	504	441	380	667	506	433	2,248	1,728	2,860
Austria	8,379	8,528	2,395	2,599	3,179	2,531	2,889	3,467	2,635	2,249	2,759
Czech Republic	1,599	1,789	1,857	1,754	2,283	1,948	2,494	1,872	1,753	2,671	2,224
UK	6,454	5,166	1,508	2,023	2,150	2,023	2,150	2,112	2,227	2,392	2,200
Mexico	185	213	122	157	197	314	329	1,386	1,953	1,955	1,953
Iraq	106	996	2,376	2,157	2,341	2,167	3,155	2,053	937	1,166	1,918
Egypt	2,565	2,990	2,969	3,896	2,130	3,578	2,773	2,059	1,882	1,832	1,727
Others	47,489	55,790	77,819	24,625	20,773	5,334	11,078	6,465	13,054	18,620	23,604
WORLD TOTAL	290,843	286,860	275,834	232,736	234,711	215,431	237,664	219,422	239,074	209,244	265,316

World Hazelnut Estimated Consumption Olam

Per person/ kg/ year



Kernel Basis (Metric Tons)

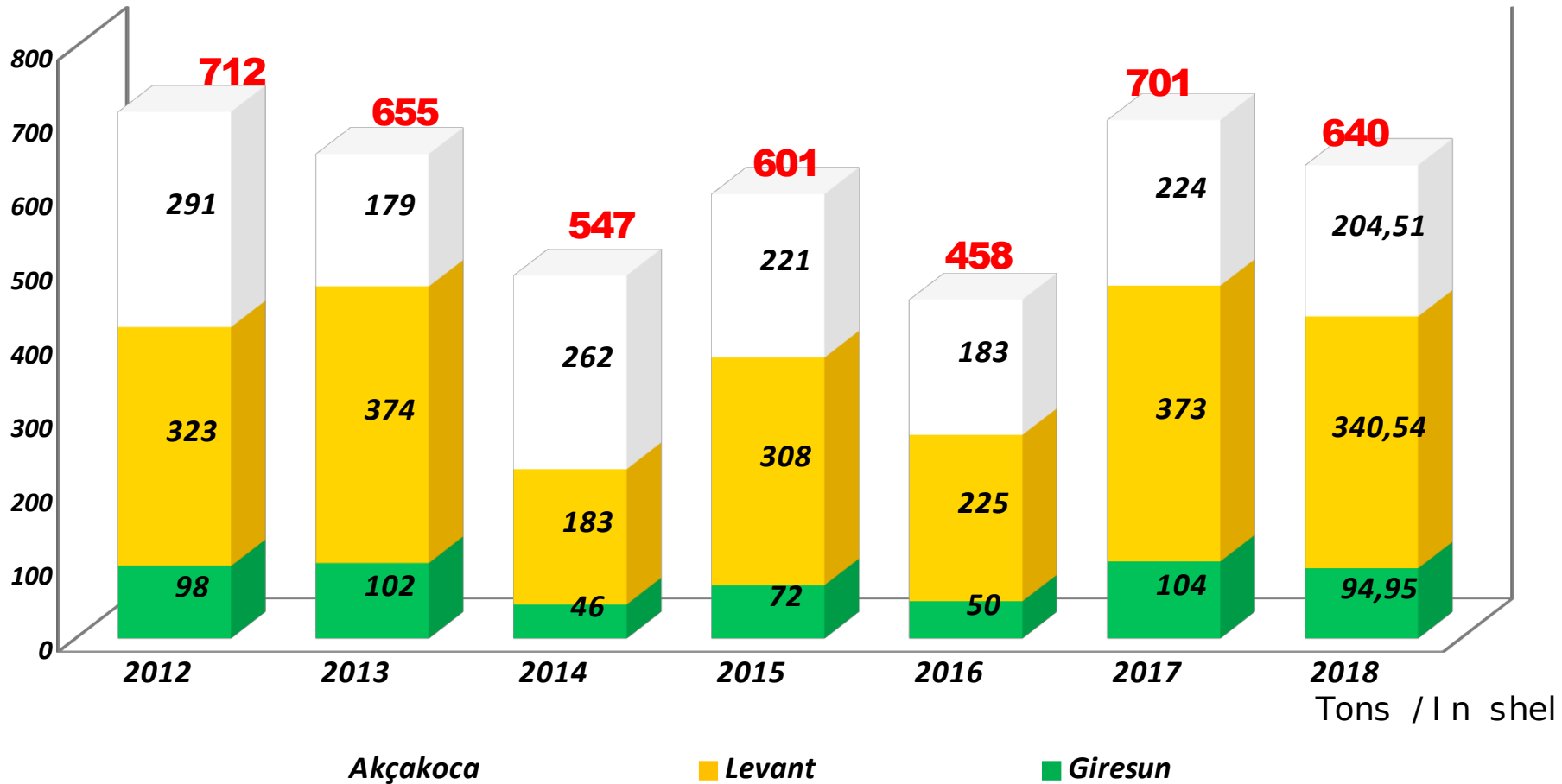
COUNTRY	2013			2014			2015			2016			2017		
	Consumption (MT)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (MT)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (MT)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (MT)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (MT)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²
Italy	88,227	1.459	1.945	79,130	1.328	1.771	89,473	1.496	1.995	78,000	1.312	1.750	83,921	1.416	1.888
Germany	61,676	0.754	1.509	51,252	0.631	1.262	58,615	0.726	1.453	55,572	0.678	1.357	60,640	0.739	1.477
Turkey	65,000	0.889	1.777	60,531	0.798	1.596	40,000	0.508	1.017	60,000	0.755	1.509	50,000	0.616	1.232
France	26,145	0.415	1.661	24,699	0.373	1.492	27,181	0.422	1.688	25,290	0.391	1.563	24,099	0.371	1.485
Poland	8,673	0.227	0.908	7,833	0.206	0.822	11,494	0.298	1.191	3,449	0.090	0.361	11,979	0.314	1.256
Canada	9,596	0.281	0.852	9,504	0.269	0.816	12,652	0.352	1.067	11,331	0.312	0.946	11,647	0.318	0.964
Spain	12,343	0.268	0.536	11,000	0.233	0.466	12,228	0.265	0.530	10,038	0.217	0.433	10,596	0.228	0.457
Russian Fed.	9,168	0.064	0.258	11,217	0.080	0.318	6,200	0.043	0.173	5,479	0.038	0.152	10,595	0.074	0.295
Switzerland	9,737	1.244	1.659	9,651	1.188	1.584	8,607	1.037	1.383	9,206	1.096	1.461	9,608	1.136	1.514
Azerbaijan	5,150	0.569	0.632	1,604	0.170	0.189	7,873	0.807	0.897	9,917	1.020	1.133	6,066	0.617	0.685
Iran	4,500	0.061	0.067	4,500	0.057	0.064	4,355	0.055	0.061	4,560	0.057	0.063	5,775	0.071	0.079
China	2,742	0.002	0.008	2,683	0.002	0.008	4,485	0.003	0.013	3,890	0.003	0.011	5,399	0.004	0.015
USA	6,003	0.019	0.059	4,477	0.014	0.043	2,979	0.009	0.028	6,712	0.021	0.063	5,250	0.016	0.049
Belgium	6,959	0.639	0.852	6,547	0.591	0.787	4,606	0.408	0.544	4,652	0.410	0.546	3,313	0.290	0.386
Brazil	2,385	0.012	0.049	3,040	0.015	0.060	3,044	0.015	0.059	2,635	0.013	0.051	3,095	0.015	0.059
Australia	2,886	0.129	0.344	2,594	0.112	0.298	2,548	0.106	0.283	2,819	0.117	0.354	2,855	0.117	0.354
Austria	2,312	0.276	0.551	2,603	0.306	0.612	2,293	0.268	0.537	2,026	0.233	0.465	2,602	0.299	0.598
Egypt	2,773	0.035	0.141	2,059	0.025	0.099	1,882	0.021	0.082	1,832	0.019	0.077	1,727	0.018	0.071
UK	2,246	0.036	0.109	1,638	0.026	0.077	1,625	0.025	0.076	1,214	0.018	0.056	1,571	0.024	0.072
Israel	1,182	0.155	0.620	1,264	0.158	0.631	996	0.123	0.494	1,116	0.136	0.545	1,434	0.172	0.688
WORLD TOTAL	357,993	0.052		433,270	0.063		380,915	0.053		436,015	0.059		466,594	0.062	

%20 Increase

Olam's Hazel nut Operations



Turkey Annual Regional Crop Break Down



Production of Turkey is directly connected with weather conditions of regional area

General Overview of Hazelnuts in Georgia

Hazelnuts at a Glance

- Georgian Hazelnuts – A growth story expected to reach 120,000 Mt by 2025 (FAO Stat)
- Comes under Ministry of Agriculture in Georgia
- Key Focus sector – Hazelnuts is largest Agricultural contributor to GDP
- Estimated around 700,000 farmers in Georgia. 15% - 20% estimated to be hazelnuts farmers
- 44 registered exporters, over 70 exporters estimated
- 153 crackeries overall
- Minimum of 800-1200 middlemen estimated

General Overview (Georgia)

Crop Quality – 2018 Campaign

- Zugdidi, Samegrelo-Svaneti Region, Georgia (Black Sea Coast Georgia Region)
- State of the art processing fully integrated processing factory in Zugdidi city

Team Strength

- Production : 308 (peak season)
- Quality Safety : 8
- Administration : 31



General Overview (Olam Georgia – Capacities)

Capacities

**Yearly capacity -
15000 MT inshells cracking
capacity annually
3000 MT processed volume
capacity annually**

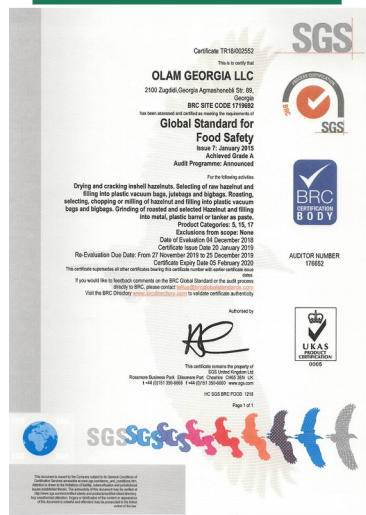


General Overview (Olam Georgia – Certifications)

ISO 45001:2018



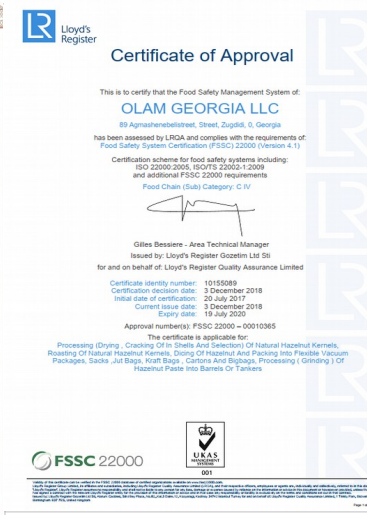
BRC : Grade 'A'



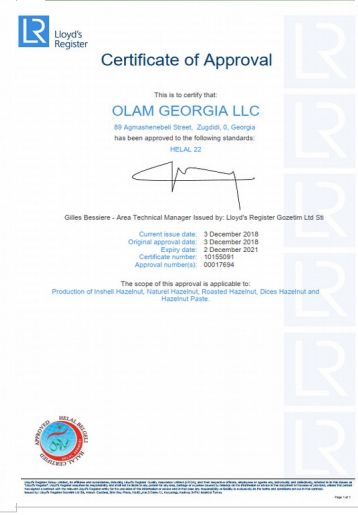
Kosher



FSSC 22000



Halal



Olam Georgia is the 'First Food Ingredients Manufacturer' in Georgia to receive ISO 45001:2018 certification and also the first company across all industries to get ISO 45001:2018

General Overview (Olam Georgia – Product Portfolio)



Natural Hazelnut Kernels

Standard sizes 11-13 mm and 13-15 mm and other calibrations

Packing: Standard and customized solutions



Hazelnut Kernels Roasted

Various calibrations and degrees of roasting



Hazelnut Kernels Blanched

Blanched (white) hazelnut kernels in various calibrations

Packing: Standard and customized solutions



Paste Made of Hazelnut Kernels

Paste made from roasted hazelnut kernels in various tastes and colours



Hazelnut Kernels Roasted Diced

Packing: Standard and customized solutions
Standard calibrations as 2-4 mm, 4-6 mm and various individual size spectrum



Flour Made of Hazelnut Kernels

Flour of different roasting degrees and with different grain sizes

Packing: Standard and customized solutions

Customer expectations/priorities

- Supply chains are under pressure and consumers are becoming more aware
- Conscious consumer: who produces my food and how?
- As the world becomes ever more connected digitally with more and more information becoming available, consumers are getting closer to their food supply.
- Expectations of corporates are increasing.
- 88% of consumers would like brands to help them be more environmentally friendly and ethical in daily life.
- Health and Nutrition – Healthy Diet

Just A Handful Of Nuts May Help Keep Us From Packing On The Pounds As We Age

U.S. adults put on about a pound a year on average. But people who had a regular nut-snacking habit put on less weight and had a lower risk of becoming obese over time, a new study finds.



Food Business News.

Concerns over responsible sourcing continue to climb

KANSAS CITY – Concerns about ethical consumption often are associated with Gen Z.

Young consumers' demand for transparency from food companies is so strong that global consulting agency Futerra recently dubbed them "the honest generation." New research from The Center for Food Integrity (C.F.I.), however, revealed that that interest in responsible sourcing isn't just for children.

A Shift in Sourcing; Sustainability and Strategy in Focus.

Supply chain operations and strategies are more visible, today, than ever before.

Whenever, or wherever the sourcing shift took place is a bit fuzzy, but the rather apparent bit is that a shift has indeed taken place.

Sourcing of goods and materials has done a complete 180 in the last 20 years.

Marketing Georgian Hazelnuts

- Responsible sourcing – knowledge about the production of the hazelnut
- Signing the customers' supplier code – commitment to sustainability
- Traceability to farm level – knowing where the hazelnuts are coming from
- Transparency on full supply chain
- Have policies for quality, environment, labour standards and health and safety
- Any certification on quality, environment, social standards, food safety and health and safety
- Obligation to comply with international standards on labor and environment
- 3rd party verification / audit (field & factory)
- Improvement on quality & yield

