

OLAM COCOA – HOLISTIC SUPPORT FOR FARMERS AND COMMUNITIES

Millions of people around the world depend on cocoa for their livelihoods. We believe in creating a fully sustainable cocoa supply chain and in building a framework of international policies and best practices that provide cocoa farmer communities with long-term, positive support. Cocoa accounts for an important, often sizeable percentage of the GDP of major producing origins and we work hand in hand with partners, customers, governments, NGOs, and through joint initiatives, to create and ensure that the conditions necessary for every person whose life revolves around cocoa production has the ability to prosper.

We manage one of the world's largest cocoa sustainability footprints. This provides us the opportunity to leverage our on the ground strengths to enhance the livelihoods of farmers, their families, and their communities through well-founded sustainability initiatives. Our focus is on overall cocoa supply chain sustainability, on traceability to ensure supply chain integrity, and on reaching the goal of 100% sustainably originated volumes by 2020.

More than 120 dedicated cocoa sustainability staff around the world support improved yields and livelihoods under our [Olam Livelihood Charter \(OLC\)](#) initiatives and we ensure our operations are transparent and open to independent, third party auditors such as [Intertek](#) and the [Fair Labor Association \(FLA\)](#) to verify our OLC programmes, in accordance with its eight Principles.

Our activities further extend to numerous long-term sustainability initiatives, either Olam Cocoa led, through global joint efforts, or through partnerships in origin with [Rainforest Alliance/UTZ](#), [Fairtrade](#), [Fairtrade USA](#) and [Organic Soil Association](#) programmes running in concert with our own OLC initiatives.

In 2016 our 15 Cocoa OLC programmes reached **20,800 new farmers**, including **4,000 new women farmers** worldwide, bringing the total number of farmers touched by our cocoa sustainability programmes to **129,884, of which 13% are women**. In addition to our focus on increasing yields and opening up alternative income sources for cocoa farmers, we are working with the Fair Labor Association and our peers to help eradicate child labour. Read more [here](#).

Olam Farmer Information System (OFIS)

The Olam Farmer Information System (OFIS) is being used extensively by our cocoa business. As of Q2 2017 we have registered more than **93,303 farmers** with **244,165 hectares** covered. OFIS provides greater traceability and transparency for our sustainability partners and customers, allowing for direct access to farmer and origination information. Learn more about OFIS [here](#).

COCOA INITIATIVES

Our first Olam Cocoa sustainability initiative started in Indonesia in 2003/2004 through a joint venture project with The Blommer Chocolate Co., with whom we created [GrowCocoa](#), which formalises our shared cocoa sustainability vision. Our programmes have since grown to span Africa, Asia and South America, supplying traceable, certified and sustainable cocoa beans and semi-finished cocoa products to the global cocoa and chocolate industries. We

are also a founding member of [CocoaAction](#), which aims to align the sustainability programmes of the world's leading cocoa and confectionery companies.

In 2011, we created the world's first [climate-smart verified cocoa](#) in partnership with Rainforest Alliance in Ghana. Climate-smart land-use practices aim to stop deforestation, protect and improve the existing ecosystem and reduce greenhouse gases. Read more in [this case study by Landscapes for People, Food and Nature](#) and in this [post](#) by Rainforest Alliance manager Martin Noponen.

In 2015, Cocoa Revolution was launched in Indonesia with Rainforest Alliance, Indonesian Coffee and Cocoa Research Institute (ICCRI) and it is in part funded by the Millennium Challenge Account Indonesia (MCA-I). We are also a partner in the MCA-I Compact's Green Prosperity project through which we are simultaneously [targeting women farmers and Climate-Smart cocoa production](#). Our 2014 [case study here](#) details the overall landscape approach we take to help Indonesian farmers improve yields and incomes, while at the same time improving environmental and safety standards. An additional case study with [Mondelēz International's Cocoa Life](#) programme demonstrates how we work with our customers to scale up efforts.

We are strong believers in participating in industry associations, as we firmly support playing an active and collaborative role in industry-wide issues. Through our involvement and membership in organisations such as the [World Cocoa Foundation](#), [International Cocoa Initiative](#), [Cocoa Association of Asia](#), [European Cocoa Association](#) and the [Federation of Cocoa Commerce](#), we help shape global policies that improve cocoa farmer livelihoods.

Every year we are expanding on and improving the scope of our cocoa sustainability initiatives to support the farmers and farmer communities that make our business and that of the entire, global cocoa industry possible.

Olam Livelihood Charter (OLC)

Flagship cocoa sustainability projects and initiatives gain [Olam Livelihood Charter](#) (OLC) status when they address all 8 principles of interest-free finance, improved yield, labour practices, market access, quality, traceability, social investment and environmental impact. It results in better productivity and returns for farmers and greater sustainability assurances for our customers and partners.

Our Cocoa OLC activities around the world are focused in the following key areas:

- **Finance and farmer incomes** - Providing interest free pre-financing, short-term financing, paying certification premiums above and beyond non-certified pricing and distributing quality based premiums

2016:

- **US\$110 million in short-term financing**
- **US\$1.2 million in medium and long-term financing**

- **Cocoa farmer training** - OLC farmer registration and farmer training in Good Agricultural Practices, Good Labour Practices, Integrated Pest Management and Business Capacity training through farmer field schools and demonstration plots for practical, hands-on learning opportunities

2016:

- **111,800 farmers trained in Good Agricultural Practices**

-
- **2,223 farmer field schools and 498 demonstration plots**
 - **251,857 litres of insecticide distributed**

 - **Farm support, improving yields and quality** - Providing access to and distribution of the best varieties of cocoa seeds and seedlings, construction of solar dryers to support quality standards post-harvest

 - 2016:** • **US\$29.2 million** paid to farmers in certification and quality premiums
 - **3.96 million seedlings** distributed

 - **Land management and environmental impact mitigation** - Surveying cocoa farmers and their farms, GPS mapping through the Olam Farmer Information System (OFIS), and distributing shade trees to increase ground cover and [support forest conservation](#) through [our Climate-Smart Cocoa programmes with Rainforest Alliance](#)

 - 2016:** • **83,234 farmers** trained in water conservation
 - **99,972 farmers managing 218,079 hectares** trained in biodiversity
 - **179,991 hectares** GPS mapped
 - **69,253 farmers** trained specifically in 'no burning' of forests (covering almost 103,000 hectares)

 - **Market access and traceability** – Increasing market access opportunities for farmers and farmer groups and ensuring traceability through year-round farmgate presence

 - 2016:** • **168,956 tonnes** procured from 331,052 hectares
 - **100%** tonnage is traceable
 - **88%** is certified
 - **85,000** certified farmers in Côte d'Ivoire
 - **30,000** certified farmers in Ghana

 - **Social and infrastructure investment** - Establishing resource centres for farmer training and for storing materials for cocoa cooperatives and nurseries, as well as constructing schools, health centres, maternity units, medical laboratories, water pumps and cooperative stores

 - 2016:** • **US\$311,022** invested in infrastructure support, including trucks, motorbikes and farming assets such as solar dryers, nurseries, pruners and ladders.
 - **Over 600 cocoa farmers and secondary school students** in Nigeria benefited from diabetes, sanitation, malaria, HIV/AIDS and nutrition health booths.
 - **8,000 people** in Indonesia benefited from literacy or vocational courses

 - **Labour** - Working to increase farmer incomes and provide training specifically on [tackling child labour](#) so cocoa farms are able to employ labourers rather than rely on their own families, including children, to work on the farm

 - 2016:** • **98,851 farmers** trained in good labour practices
 - **92,554 farmers** sensitised on the importance of school and education
 - **14,303 farmers** received Personal Protective Equipment
 - **248 women farmer group leaders** (out of 2,904 overall)
-

Tackling child labour

Olam is against all forms of child exploitation and works actively through a number of programmes to prevent it. We will take immediate action should we find any instance of labour law contravention in any part of our business and supply chain. We are absolutely committed to the responsible and sustainable management of our supply chains from seed to shelf.

We are vigilant against any practices that are not in compliance with national and international laws and conventions and investigate as a matter of urgency if information indicates any inappropriate labour practices are taking place.

We acknowledge that in general child labour on smallholder cocoa farms in West Africa continues to be an issue that the industry as a whole must tackle and this requires joint efforts across cocoa buyers, chocolate manufacturers, governments, industry associations, NGOs and foundations. Education and training are key, as well as helping farmers improve the yield and quality of their cocoa crop, so that their extra earnings can pay for adult labour. Learn more about how we're tackling child labour [here](#).

In addition to our own stringent requirements within our cocoa supply chain and adherence to all applicable national and international labour laws and regulations, we are Board / Founding members of a number of active multi-stakeholder groups including [World Cocoa Foundation](#) (WCF), [CocoaAction](#), and the [International Cocoa Initiative](#) (ICI).

Olam was the first agri-business to take the initiative to become a member of the [Fair Labor Association](#) (FLA) to help us strengthen our processes and monitoring systems, as well as to provide transparency.

We have also been active in setting up Child Labour Monitoring and Remediation Systems (CLMRS). With the support of FLA, manufacturer customers and Rainforest Alliance, we conducted a pilot CLMRS programme with 3 cooperative suppliers in 2013, after which CLMRS have since been established at over 140 cooperatives in Côte d'Ivoire. Each cocoa producing community or cooperative section has a representative delegate on the CLMRS in order to ensure implementation and effectiveness and this same system is now being expanded to cooperatives in Ghana. To ensure the correct functioning of the CLMRS committees, we are now financing the salaries of the Group Administrators, CLMRS personnel and Farmer Trainers at over 110 cooperatives.

If any cases of child labour are identified by CLMRS then we ensure the appropriate sensitisation and remediation is conducted, namely the facilitation of obtaining birth certificates, payment of school fees, distribution of school kits, and alternative Income Generation Activities (IGA) for families. These activities are now being taken on by the respective cooperatives and we request that 30% of the certification premium received by the cooperative is spent on these specific social actions.

Further support includes our continued work on improving access to schools in cocoa growing communities by refurbishing existing schools or constructing new schools. In 2015 we inaugurated the Dominique Ouattara School Complex in San Pedro, Côte d'Ivoire, a joint construction project between Olam Cocoa and Blommer Chocolate Co. and received a very generous supporting donation in food and equipment from the First Lady of Côte d'Ivoire as part of the effort. As of Q2 2017 we have partnered with branded chocolate confectionery companies and sustainability partners to construct 18 new schools in Côte d'Ivoire. Additionally, with a co-financing grant from Conseil Café-Cacao (CCC) 42 teacher

residences were constructed at 7 schools and solar panels and medical equipment provided for 8 health centres at an investment of US\$950,000.

Focus on Child labour in Côte d'Ivoire

Olam applies high standards to protect people in agricultural work, including all applicable national and international labour laws and regulations. The main standard in relation to child labour that applies here is the International Labour Organization (ILO) Convention 138 on the Minimum Age for Employment and the ILO Convention 182 on the Worst Forms of Child Labour. The ILO Convention 138 for [Côte d'Ivoire can be found here](#).

When ratifying ILO Convention 138 on the minimum age for employment, [Cote d'Ivoire](#) specified 14 years as the minimum age for regular work. This has subsequently risen to 16 years.

And specifically within that, the law in-country was clarified in June 2017 and has been adopted by FLA in their Code of Conduct under Child labor 3 for Apprentices, whereby children between 13 and 16 years old can be involved in their family's farms tasks if:

- these tasks are not harmful or hazardous for them
- these tasks do not interfere with their education
- these tasks are conducted within reasonable times frame (as indicated in the law)

Ultimately, child labour contravening ILO principles can only be effectively handled by joining forces collectively across the cocoa business sector along with governments, NGOs, and civil society.

Olam's sustainable cocoa work in Côte d'Ivoire in numbers:

- Number of sustainable programmes: **10**
- Number of Co-ops in sustainable programmes: **185**
- Number of farmers in sustainable programmes: **85,000**
- Amount of money in premiums paid this crop season for sustainable cocoa to farmers over Government price: **\$23M**
- Amount of money lent to farmers at 0% interest this crop season: **\$29.79M**
- Number of agricultural training officers in the field: **57 (includes gender equity and child labour sensitisation)**

Tackling deforestation

Deforestation in cocoa is an ongoing issue as farmers seek land to increase their crop. Our Climate-Smart Cocoa programmes with Rainforest Alliance are showing significant results in tackling this problem however incentives to farmers to take up the new practices are proving critical.

Our primary actions have been around encouraging farmers to plant more forest and shade trees to help create cooler microclimates in the face of rising temperatures, although farmers still see them as competing with the cocoa.

In Côte d'Ivoire we had previously been advocating 50 shade trees per hectare (ha) and then scaled up to 100 per ha. In partnership with local timber companies, and in line with the new Rainforest Alliance standards, we are now increasing our advice to plant 100 forestry and 300 shade trees per ha, paid for by the timber companies.

In 2016, cooperative farmers planted 193,000 leguminous shade trees covering 1.9 million hybrid cocoa seedlings.

Further to our own activities, we are working pre-competitively with partners in the industry to tackle deforestation. In March 2017, along with 11 leading cocoa and chocolate companies we, signed the Statement of Intent to the Cocoa & Forests Initiative committing to working together, in partnership with other organisations, to end deforestation and forest degradation in the cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana.

For additional information about how we are working with the industry on the Cocoa & Forests Initiative to tackle deforestation, learn more on the World Cocoa Foundation (WCF) site [here](#).