



Livelihoods Supporting thriving communities

Of the 3.9 million farmers in our supply chain, the majority are smallholders in rural regions of developing countries. Olam does not have the capacity to reach all directly, but nearly one million farmers receive some support to improve their productivity and income. The Olam Livelihood Charter (OLC) provides a formal framework to our approach and is based on eight Principles which cover financing, increasing yields, better labour practices, facilitating market access, improving quality, increasing traceability, investing in social development and safeguarding the environment. While all eight Principles must be addressed for a programme to be included within the OLC, Olam applies and adapts the Principles depending on the social, economic and environmental needs of each local context.

Landscape: Indonesia, Cocoa

Indonesia is the third largest producer of cocoa, providing livelihoods for over 750,000 smallholders and their families. The typical farm ranges from 0.5 to 1.5 hectares.

Major challenges include:

- **Low productivity:** pests and disease, age and variety of trees, poor soil and drought

- **Inconsistent and poor quality:** lack of incentive to invest in improving quality, poor mixing and blending practices
- **Others:** lack of training, plus lack of financial/organisational infrastructure

From 125 farmers in 2005, today 35,000 are supported across Sulawesi and Sumatra (of whom 2,046 are women) in this OLC programme. Partners include The Blommer Chocolate Co, Mars, Nestlé, Rainforest Alliance and UTZ.

Training in Good Agricultural Practices is provided to the farmers to increase yields and improve quality:

- 1,279 training sessions in 2014 with 66 model farms
- 22,045 farmers also given business skills training (including 1,603 women)

Bespoke technology (Olam Farmer Information System) allows Olam to plot the landscape via GPS maps and add highly specific data about individual farms. Olam can then assess the requirements for each farm to achieve maximum output (e.g. age of trees and seedlings required, precise fertiliser plan, baseline data to evaluate impact).

By 2016 these cocoa beans will feed Olam's new processing facility in Indonesia, further assuring farmers of a ready market.

US\$360,000 in short and medium-term finance (0% interest) for Indonesian farmers to cover input and crop purchase (2014)

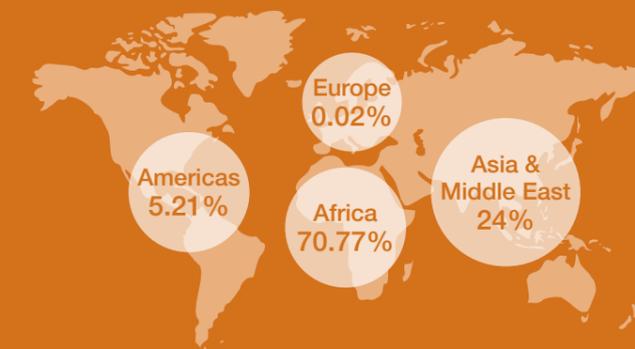
Improved yields and incomes per farmer

Year	Average yield/hectare	Average farmer income/hectare	Farmers
2010	1,050kg	US\$2,105	27,350 farmers
2011	1,050kg	US\$2,443	30,265 farmers
2012	1,190kg	US\$2,531	31,849 farmers
2013	1,200kg	US\$2,585	32,403 farmers



Global Perspective

Based on one million farmers receiving some kind of production support from Olam, we estimate this reaches five million people.*



2014 Olam Livelihood Charter (OLC) key highlights

351,000 farmers embraced (includes 63,730 female farmers)

1,062 CR&S staff supporting 30 initiatives

Five new OLC countries: Republic of Congo, Honduras, India, Vietnam and Papua New Guinea

US\$186 million in short, medium and long-term finance

One million MT procured (23% traceable to farmer and 76% traceable to village/community)

US\$469.8 million market access (farmer income excluding premiums)

US\$21.2 million paid in premiums

*TechnoServe estimate based on five family members per farmer



Land

The Indonesian farmers are trained how to protect the ecosystem, which includes judicious pesticide use coupled with natural methods.

Olam has also collaborated with the Indonesian educational authorities to design biodiversity protection modules for 2,500 students.



Climate Change

Farmers are taught how to use organic waste to nourish the soil and reduce reliance on inorganic fertilisers.

Olam also provides native shade tree seedlings (40,000 in 2014) to help create the required microclimate for cocoa should temperatures rise.



Food Safety

The cocoa beans in this initiative are 100% traceable to farmer level.

Solar dryers (243 in 2014) are provided to the Indonesian farmers to help dry their beans more effectively and ensure quality, which in turn can help them to secure a premium.



Labour

Farmer training modules cover awareness of Indonesian laws and International Labour Organization standards, good on-farm labour practices, storage and safe application of chemicals.



Water

Under this programme protected vegetated zones are established on the banks of rivers and other natural water bodies where farmers are not allowed to use any agri-chemicals.