



## NEWS RELEASE

# SETTING NEW STANDARDS – OLAM’S LIVELIHOOD CHARTER DRIVES PROSPERITY THROUGH ITS PRINCIPLES

***US\$118.6m microfinance at 0% helps over 300,000 smallholder farmers gain US\$13.9m premium***

### **Olam Livelihood Charter Key Highlights for 2013<sup>1</sup>**

- Number of farmers involved in OLC has increased 388% in last 3 years to 313,476
- US\$118.6 million of microfinance provided to 313,476 farmers at 0% interest
- US\$267.2 million income generated for OLC farmers
- 200,000 metric tonnes of product brought to market through sustainable value chains on farms covering over 500,000 hectares
- US\$13.9 million paid in premiums for quality (+67%, from US\$8.3m in 2012)
- 19.2% of OLC farmers are women
- 73% of OLC farmers own a mobile as a business tool
- 99,681 people reached over 3 years in HIV/AIDS programmes

**London, May 22, 2013** – Olam, a leading global, integrated supply chain manager and processor of agricultural products and food ingredients, today announced third year results for the Olam Livelihood Charter. A practical and measurable framework that focuses on creating economic prosperity, improving social welfare and safeguarding the environment, the Charter aims to generate mutual value for smallholders, customers, NGOs and ultimately, shareholders.

The smallholder farmers growing many of the products that Olam purchases, are in emerging markets, often working on less than 3 hectares of land with limited access to fertiliser, seedlings, education, farmer training or credit for investment.

“Only by unlocking value for farmers and creating thriving agricultural communities can we ensure the long-term security and quality of crop supply,” said Sunny Verghese, Group Managing Director and Chief Executive Officer, Olam. “Enabling farmers to become serious commercial partners is integral to our business model, as it allows us to build sustainable supply chains delivering the large volumes of high quality, traceable products that our customers require. In turn this provides us with a competitive edge and benefits our overall business performance.”

The OLC is based on eight principles to achieve holistic long-term improvement: finance, improving yields, market access, quality produce, social investment, labour practices,



environmental impact and traceability. They are aligned with the United Nation's Millennium Development goals to maximise impact and drive inclusivity. To qualify for OLC status, initiatives have to meet all eight principles. From the many corporate sustainability initiatives that Olam conducts across its operations, 20 programmes achieved the flagship OLC status in 2013.

Key 2013 highlights include:

***Commercialising smallholder production: US\$118.6 million microfinance offered to farmers at 0% interest***

Helping farmers to become commercial partners in the global supply chain by improving quality and yield through investment, drives profitable growth for farmers and Olam:

- Pre-finance at 0% interest: US\$118.6 million in both short and long-term finance for crop production, purchasing and asset investments (+86%, from US\$63.8m in 2012)
- Supply of inputs: US\$19.1m invested to train and support farmers (+34%, from US\$14.3m in 2012)
- Farmer training: US\$3.8m invested over 5,583 training days
- US\$13.9m paid in premiums for quality (+67%, from US\$8.3m in 2012)
- 19.2% of OLC farmers are women who traditionally face problems raising credit
- Example of yield improvements<sup>2</sup>:
  - Côte d'Ivoire Farmers, Blommer and Olam (CIFOB) initiative: farmer cocoa yields have increased 34% (484kg/ha to 650kg/ha)

***Integrating technology innovation into agriculture: 73% of OLC farmers have mobile phones***

Provision of mobile technology helps overcome poor infrastructure by connecting farmers to global markets, as well as enabling farmers to share crop information, access pricing data and receive payments:

- 73% of OLC farmers now have mobile phones
- 37,682 GPS mapped farms - builds economic and social profile to enhance farmer access to services and inputs

***Improved social benefits: US\$1.6m invested in community development during 2013 to continue programmes initiated in last three years***

By collaborating with expert partners, Olam increases access to health programmes, as well as education, and skills development, including business skills. Such support enables the long-term development of self-sustaining enterprises.

Results achieved between 2010 and 2013:

- HIV/AIDS & long-term awareness, testing and counseling programmes: 99,681 beneficiaries
- Medical facilities: 3 health centres built, 1 maternity unit built, 1 medical laboratory built
- Vaccinations: 3,142



- Provision of basic healthcare: 12,035 beneficiaries
- Financial support for education: 1,200 beneficiaries including 200 women
- Schools and materials: 2 primary schools built, 14 schools rehabilitated, 20,979 pupil beneficiaries of education materials

### ***Pioneering 'next practice' environmental impact***

Olam manages its overall environmental footprint by reinforcing sustainable agricultural practices such as water management and working with farmers to maximise production on existing land. In Côte d'Ivoire, for example, Olam promoted sustainable production of cashew through certification: 3,183 farmers obtained certification for 17,014 hectares and 7,780 tonnes of organic raw cashew nuts.

### ***Collaboration for lasting change***

637 Olam staff work directly with farming communities to ensure the effective transfer and implementation of OLC-led initiatives amounting to an investment of US\$7.7m.

Many programmes are in close partnership with the public, private and NGO sectors which is essential when delivering a multitude of programmes at any one time, as well as in helping to create lasting social and economic change. Partners include Blommer Chocolate, CAFÉ, Control Union, COSTCO, Nestlé, Bill & Melinda Gates Foundation, BMZ, USAID, Douwe Egberts Foundation, GIZ, Greater Capital, Rainforest Alliance, UTZ, Fairtrade, Soil Association, Better Cotton Initiative, ACDI/VOCA, Winrock, Solidaridad, TechnoServe, IDH, 4C and Bureau Veritas.

Chris Brett, Global Head of Corporate Responsibility and Sustainability concluded: "Rigorous data collection shows that in just three years, sustainable business practices under the OLC principles are facilitating smallholder growth and benefiting communities. Customers and other stakeholders are increasingly recognising the OLC as the defining framework for sustainable smallholder supply chains. We will ensure momentum is maintained and that initiatives are up-scaled and replicated through innovation and collaboration to set new standards and create further value for all."

A further breakdown of the 2013 OLC results across Olam's different business units is available [here](#).

The OLC recently won the [Guardian Sustainable Business Award](#) for its positive impact on Society. In 2012 it was also recognised at the Africa Investor Awards where Olam received the [Leadership in Sustainable Investment in Africa Award](#).

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#### **Notes to editors**

<sup>1</sup> 2013 results are based on April 2012 to March 2013 (i.e. not the financial year)

<sup>2</sup> Not all projects are at a stage where robust yield comparisons can be made against external factors



**Continued ...**

**About the Olam Livelihood Charter**

Olam's heritage was founded on collaborating with smallholder farming communities 24 years ago. Olam's sustainable business practices draw on this experience and begin at the start of the value chain with around 3.5 million smallholder farmers worldwide. This is embodied in the Olam Livelihood Charter (OLC) launched in 2010 – a framework that aims to improve the viability and well-being of 800,000 smallholder farmers living near subsistence levels by 2020.

Eight principles form the OLC to ensure positive economic, social and environmental changes to every farmer it touches:

- Finance: short & long-term finance at 0% interest for crop production, purchasing and asset investments
- Improved Yield: Investment in training and inputs
- Market Access: Commitment to a fair price
- Quality: Encouragement of quality produce by enhancing value to farmers and customers
- Social Investment: Support of rural health, education and infrastructure
- Labour Practices: Education on child labour, gender and safety issues
- Environmental Impact: Improvement of our overall environmental footprint
- Traceability: Tracking of products back to source

**About Olam International**

Olam International is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, supplying various products across 16 platforms to over 12,300 customers worldwide. From a direct presence in more than 65 countries with sourcing and processing in most major producing countries, Olam has built a global leadership position in many of its businesses, including Cashew, Spices & Vegetable Ingredients, Cocoa, Coffee, Rice, Cotton and Wood Products. Headquartered in Singapore and listed on the SGXST on February 11, 2005, Olam currently ranks among the top 50 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. Olam is the only Singapore firm to be named in the 2009, 2010 and 2012 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).

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