8 Principles
5 Years of impact

Olam Livelihood Charter 2015

Olam

We aim to:

- bring prosperity to our farming and rural communities
- build long-term relationships based on fairness and trust
- transfer skills and knowledge through partnerships

Find out more about:

- how we fulfilled the 8 Principles of the Olam Livelihood Charter on pages 2 and 3
- an overview on progress and challenges on pages 4 and 5
- harnessing technology on page 6
- highlights from each product starting on page 7

Olam Livelihood Charter: 5 years old and counting

Since we started sourcing cashew from Nigeria in 1989, Olam recognised that by supporting smallholders to improve their yields and quality, we would also benefit, as we could provide customers with consistent volumes of sustainable products. We call this unlocking mutual value.

In 2010, we formalised our approach with the launch of the Olam Livelihood Charter (OLC) but it didn't happen overnight. It took 3 years of development and engagement with communities, our farm extension staff, customers, NGOs and other experts.

We found that achieving mutually beneficial impacts in the long-term depended not just on supporting smallholders with agri-training and quality seeds or seedlings, but on helping them to overcome wider economic, environmental and social challenges. Without finance, there's no farm investment. Without healthcare, farmers cannot fulfil their potential. Without environmental know-how, their landscape degrades. Read more about the 8 mandatory OLC Principles on page 2 and 3.

Giving customers reassurance with or without certification

The OLC is not a certification standard. Not all customers want to go down this route for their brand. But they do want reassurance that their product is sustainable and traceable, and that it is helping communities to thrive. By ensuring our OLC initiatives fulfil all 8 Principles, we can meet this requirement. And for those customers who do want certification, we work closely with our certifying partners – in 2015 almost 25% of our OLC tonnage was certified.

A flagship programme

The OLC is not the only programme undertaken by Olam for smallholders. We have many procurement programmes across the world supporting smallholders with micro-finance and agri-inputs such as seeds. We estimate that around 650,000 smallholders outside of the OLC are receiving this kind of support. However, with its mandatory 8 Principles, the OLC is our flagship initiative. Fulfilling all 8 can take time; hence the gradual addition with 6 new initiatives in 2015.

Collaborating for scale

The OLC's impact would not be so great without the support of our customer, NGO, certification, trade, foundation and development organisation partners. By learning from each other, we have been able to improve and expand our programmes year-on-year. We thank them for their ongoing support.

2015 achievements

23% of all smallholder tonnage in 2015, supplied to Olam, was under the Olam Livelihood Charter.

344,466
farmers
(18% are women)

36
initiatives
(6 new)

US$177.17 million
in total financing

10
products
Black Pepper, Cashew, Chilli, Cocoa, Coffee, Cotton, Sesame, Sugar
NEW Hazelnuts and Rice

17
countries
Cameroon, Colombia, Côte d'Ivoire, Ecuador, Ghana, Honduras, India, Indonesia, Nigeria, Mozambique, Papua New Guinea, Vietnam, Zambia, Zimbabwe
NEW Tanzania, Turkey and Uganda

1,110
sustainability staff

Cover images Top right: Coffee farmers in Vietnam. Bottom: Hazelnut farmer in Turkey.
Inside cover images Top: Cocoa training in Côte d'Ivoire. Bottom left: Cashew farmer in Côte d'Ivoire. Bottom right: Chilli picking in India.

Charter Principles

Only by fulfilling the requirements of all 8 Principles can a sustainability programme achieve OLC status.

1 Finance

We offer farmer groups finance for crop production, purchasing and asset investments.

2015 highlights:

- US$152 million short-term finance for crop purchasing and other micro-finance requirements (down 5% on 2014 due to slightly fewer farmers as a result of business restructuring)
- US$24.8 million in medium-term financing (up 3% on 2014) usually for 1 month to a year
- US$0.33 million in long-term finance for farm and asset investments.

2 Improved yield

We invest in training and support farmers with the supply of inputs such as fertiliser, seeds or seedlings.

2015 highlights:

- 254,146 farmers trained in Good Agricultural Practices (16% of whom are women)
- 2,880,137 seedlings distributed
- 1,816 model farms, demonstration plots and farmer field schools (89% increase on 2014).

3 Labour practices

We train farmers on health and safety, gender inclusion, the elimination of child labour and farming as a business.

2015 highlights:

- 213,560 farmers trained in good labour practices
- Promoted farm safety through training on safe pesticide application and tools handling, and provision of personal protective equipment, such as masks and gloves, across a wide range of businesses, from Côte d'Ivoire Cotton to India Coffee to Indonesia Cocoa.

4 Market access

We offer farmers a fair and competitive price. By remaining on the ground throughout the entire crop season, farmers come to see us as a reliable buyer.

2015 highlights:

- US$527.38 million paid to farmers (not including premiums). This is an increase of 12% despite slightly fewer farmers.

5 Quality

We encourage farmers to produce good quality crops by enhancing value to farmers and our customers through paying premiums.

2015 highlights:

- US$24.04 million paid in premiums for quality (up 16% on 2014 despite slightly fewer farmers).

6 Traceability

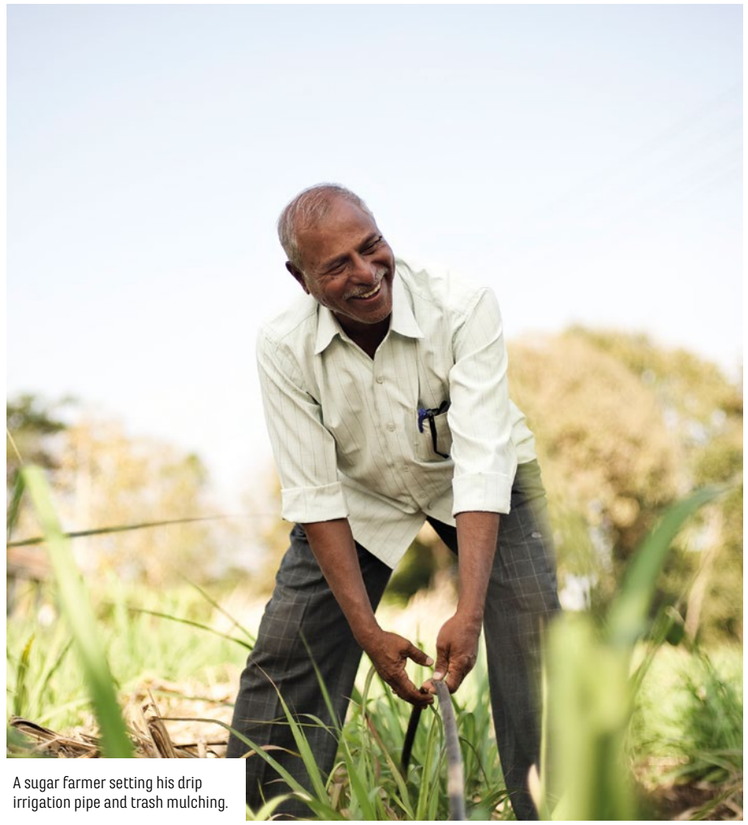
We ensure products can be tracked to source and certified where required.

2015 highlights:

- 647,512 hectares under the OLC
- 197,948 hectares GPS mapped (134% increase on 2014) to better understand the farmers' landscape
- 1,263,228 tonnes of sustainable product, of which 97% is traceable and 25% is certified.

School desks provided for Lusonga Village School, Tanzania.

Hospital in Bouaké, Côte d'Ivoire.



A sugar farmer setting his drip irrigation pipe and trash mulching.

7 Social investment

We support rural health, education and infrastructure to strengthen the potential of farming communities.

2015 highlights:

- Improved access to clean water for 15,000 farmers through construction of 15 boreholes and wells, 1 aqueduct, 1 gravity water system, and equipping 5 water purification systems.
- Health campaigns reached about 200,000 people across Africa (included HIV, Ebola, and Malaria awareness; HIV and Typhoid screening and the distribution of mosquito nets).
- Constructed 5 primary schools in Côte d'Ivoire and 2 school libraries in Indonesia, serving 930 students.
- Improved infrastructure and equipment at over 60 primary and secondary schools with computers, teaching materials, solar lighting, and classroom and teacher housing renovation.
- Repaired 200 kilometres of rural roads in Côte d'Ivoire, Mozambique, and India, improving the transportation of people and their wares.

8 Environmental impact

We are reducing our overall environmental footprint by training farmers on Climate-Smart Agricultural practices to increase productivity, improve soil, water and forest management.

2015 highlights:

- Training on sustainable soil management reached about 140,000 farmers and 300,000 hectares of cocoa, cotton, coffee, cashew, sugar, and black pepper. Topics included integrated soil fertility management, composting, integrated pest management, agroforestry, and promotion of shade trees.
- Training on biodiversity and eco-system conservation reached about 50,000 farmers and 90,000 hectares of cocoa, cotton, and hazelnuts.
- Training on forest conservation, reforestation, avoiding bush fires, and climate education, reached about 60,000 farmers managing 110,000 hectares of cocoa, cotton, coffee, cashew, sugar, and black pepper.
- Training on sustainable water management reached about 120,000 farmers managing 250,000 hectares of cocoa, cotton, coffee, sugar, and rice. Topics include maintaining a buffer zone (not planting nor spraying) near water ways and protected areas; avoiding water wastage; and smart irrigation.

Water pump in Côte d'Ivoire.

Training Cocoa farmers in Indonesia.

School in Honduras.

Hospital in Bouaké, Côte d'Ivoire.

Q&A with Chris Brett

Chris Brett, Global Head of Corporate Responsibility and Sustainability

Q1. The OLC is 5 years old. What progress have you made?

A. The data and the case studies in the Product pages show clearly that the OLC is making a significant impact on yields and livelihoods. Of course, other factors like weather and market price have an influence, but overall the trend data shows a clear positive uplift.

Today almost 350,000 smallholders are embraced by the OLC across Asia, Africa and South America. Due to business restructuring we could not meet our target of 450,000 by 2015 but we already have several other initiatives on the cusp of OLC status for 2016.

By 2020 we hope the OLC will cover 1 million hectares (an increase of 54%) which is around 500,000 smallholders and their families. We are also using our influence to extend the reach of the OLC Principles to help meet the needs of the other 3.5 million smallholders in our extended sourcing network. We do this through the roll-out of the Olam Supplier Code and through sector collaborations with our competitors, NGOs, governments and donors/foundations. Read more in our 2015 Corporate Responsibility and Sustainability Report which can be found at olamgroup.com.

Q2. What have been the learnings?

A. So many! To highlight 2:

- It's important to support farmers to address their nutritional needs. It was something we did on an ad hoc basis but it's now being included in the programmes.
- We can harness technology to really understand the farmer's individual landscape so we can give better advice and agri-support, as well as better mitigate risks such as child labour. Read more about the Olam Farmer Information System on page 6.

Q3. What will be the biggest challenges for the next 5 years?

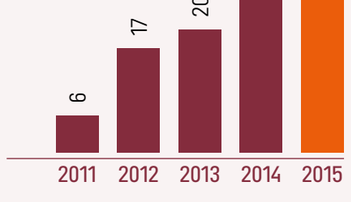
A. Unfortunately, infrastructure, poverty, health and financing challenges remain critical and climate change has the potential to exacerbate the already fragile conditions of the most vulnerable farmers. We already see it affecting crop yields, soil health, water quality and supply, as well as bringing pest and disease.

On the ground, we are training farmers on 'Climate-Smart Agriculture (CSA)' practices. At a global level, we have taken a role as Co-Chair of the CSA programme within the World Business Council for Sustainable Development (WBCSD). The 2020 Action Plan will focus on building smallholder resilience, scaling up investment in CSA, improving businesses' ability to trace, measure and monitor CSA progress and implementing agriculture-driven zero deforestation and sustainable land-use commitments.

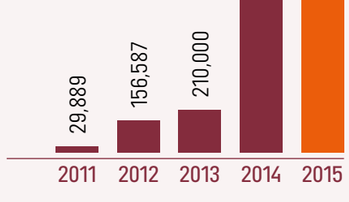
We see the OLC as having the potential to deliver CSA, implement landscape-level partnerships and further build inclusive and resilient smallholder livelihoods. In turn this will contribute to the delivery of the UN Sustainable Development Goals.

Snapshot of the last 5 years

Total number of farmers in the OLC



Total hectares under the OLC



Number of initiatives in the OLC

Total metric tonnes under the OLC

* Please see Question 1

OFIS: Pioneering platform for collecting, analysing and applying farmgate level data

Until now, data from many origin countries has either been completely inaccessible or has required collection and collation manually. This has limited both the use and the scalability of the data.

The Olam Farmer Information System (OFIS) is a multi-product platform which has already mapped and registered tens of thousands of farms across cocoa, coffee and rubber. This is resulting in more effective targeting of intervention by both Olam and our customer partners, saving costs and increasing both yields and revenue for farmers. Over 2016 and 2017 other OLC products will utilise the system.

Recording GPS data points in the field.

Explaining the Olam Farmer Information System (OFIS) to a Nigerian Cocoa farmer.

Improved yields by putting Farm Development Plans into action, smallholder cocoa farm, Indonesia.

Collect

Farmgate level data is collected and centralised.

- Includes farm registration, farmer and family information, current agricultural practices, labour metrics, production inputs, finances and yields.
- GPS data points showing farms and social infrastructure recorded

Analyse

Information is visualised via Google Maps and an analysis-graphing tool to create accurate reports.

- Data is integrated and can be 'cut'/analysed against various drivers
- GPS maps of farms and social infrastructure show distances
- Individual farm profiles can be viewed via GPS markers
- Risk 'hotspots' (e.g. lack of school or healthcare provision) are identified and action plans created

Apply

Farm Development Plans for individual farmers are produced and can be tracked and updated.

- Datasets can be fed directly into the Farm Development Plan module, providing a personalised, long-term plan for each farmer with key recommendations on how to maximise productivity.
- The farmer is able to feedback into process
- Olam and partners can target infrastructure investments and track the progress of recommendations over time
- Olam and the farmer can adapt development plans based on data trends

Sugar

Our project to grow sugarcane sustainably in India demonstrates how public-private partnerships can successfully meet profit and sustainability goals.

In 2013, Olam approached the IFC* with a proposal aimed at increasing sustainable sugar production in India's Madhya Pradesh province. The IFC suggested involving Solidaridad, and the "Madhu Shree" PPP was born. A second phase with Hindustan Unilever Foundation has now started. Olam's Barwani and Rajgoli Mills provide a guaranteed market. A major focus for the programme is water efficiency.

Key highlights for the programme

Through our intensive farmer support activities, farmers achieved 10-15% higher yields in the 2014-2015 season compared to the 2012-13 season. We convinced more farmers to practice intercropping which improves soil health and their earnings. We saved approximately 27 billion litres of irrigation water over 18 months (October 2013 to March 2015) by implementing various agrochemical interventions like space planting, trash mulching, use of organic manures/FYM, furrow irrigation and drip and gated pipe.

As a result, the farmers are earning more. Capacity building, better productivity, assured market, development of rural entrepreneur and prompt payment has led to greater interests in growing sugarcane and sugar crush volumes have increased fourfold for Olam over the last few years.

Charter Principles	2015 key facts
1. Finance	• US$355,167 in medium-term financing • US$12,156 in long-term financing
2. Improved yield	• 11,976 farmers trained on Good Agricultural Practices • 80 demonstration plots established for practical learning sessions and the testing of more productive and resilient sugar varieties
3. Labour practices	• 12,614 farmers trained on good labour practices
4. Market access	• 889,336 tonnes from 18,529 hectares
5. Quality	• The partnership also aims to develop the market for sustainable sugarcane, to train and support the mills and producers for certification for the Bonsucro standard – the first global metric standard for sugarcane.
6. Traceability	• Tonnage is 100% traceable
7. Social and infrastructure investment	• Primary school constructed and temple repaired • Road repairs • Achieved 40% mechanisation which reduced harvesting times and labour costs (and risks) from 15-20 days per hectare to just 1 day per hectare. Machines have been purchased by the programme partners, then loaned to micro-entrepreneurs who harvest the crop under contract.
8. Environmental impact	• 17,409 farmers trained on irrigation techniques, as well as trash mulching (using the old dried leaves of previous crops to cover the soil), green manure and composting to improve soil quality and water retention. • 45% increase in farmers using drip irrigation, furrow irrigation and trash mulching compared to 2012 • Trash mulching has reduced irrigation needs by around 28% • 3,125 farmers now use smart irrigation and water efficiency management programmes • Over 15 billion litres of irrigation water have been saved in the last season

Farmer case study

"Olam trained me and my husband on micro-entrepreneur development and financial and credit management. We started a project providing irrigation in our village. Our success helped our villagers to grow sugarcane and it encouraged new entrepreneurs from my village to develop uncultivated land into cultivated land. My village is now moving towards a model village. Thank you to Olam and its management for the valuable guidance and support."

Lilabai Bharmu grows Sugar in Hadalge, India.

Thank you to our partners and supporters

HUL (Hindustan Unilever Limited), Belgaum, IFC*, KLE Society (Karnatak Lingayat Educational Society), Solidaridad, WWF.

* International Finance Corporation, a member of the World Bank Group

Cotton

Our initiative in Côte d'Ivoire (SECO) is one of the oldest and most successful OLC initiatives.

We support cotton farmers in Africa because the climatic and agri-conditions mean the fibres are of good consistent quality. As the cotton is hand-picked, there is little trash content compared to mechanically harvested cotton. The potential for African farmers to increase their yield is significant. Growers in regions supported since 2009 increased their average cotton production from 1.8MT to 4.2MT in 2015, while also increasing their food crop production – a clear demonstration of creating shared value through innovative business models.

130,248 farmers

22% women

Charter Principles	2015 key facts
1. Finance	• US$22.9 million of high-quality agri-inputs provided on credit to farmers throughout the growing season (medium-term finance)
2. Improved yield	• 830 farmer field demonstration plots established for a 'teaching by example' approach to training and the transfer of learnings • 5,766 tonnes of planting seeds distributed free to farmers
3. Labour practices	• 89,511 farmers trained on good labour practices
4. Market access	• 87,680 tonnes procured at fair market price
5. Quality	• US$1.0 million paid to farmers in certification and quality premiums
6. Traceability	• 197,934 hectares (33% mapped by GPS through OFIS) • 99% of tonnage is traceable and 86% is certified – BCI (Better Cotton Initiative) and CmiA (Cotton made in Africa)
7. Social and infrastructure investment	Included: • rural health and nutrition campaigns • 2 boreholes constructed • financing the construction of a primary school and teacher housing • adult literacy classes in over 20 villages • repairing feeder roads, and • support for food crops (see 'Spotlight on food and nutrition security')
8. Environmental impact	• 92,605 farmers received training on Good Agricultural Practices, covering land preparation, conservation agriculture techniques, integrated pest management, and safe chemical handling.

Farmer case study

"Today, with Olam, our cooperative has become bigger, stronger and more prosperous. And in addition to cotton, we signed a new contract to sell our cashew production through Olam as well. Since working with Olam, at the end of each cotton season we have been awarded with the best individual producers and their cooperatives.

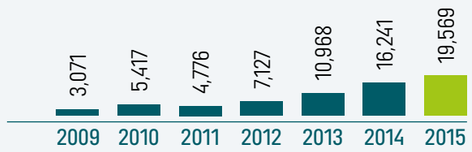
Personally, I would like to say thank you to Olam, because thanks to their commitment to the welfare of the farmer, I am now the owner of many goods such as an ox park, a dump truck and a car. I also educated my 4 children."

Traore Seydou grows cotton in Kaouara, Côte d'Ivoire.

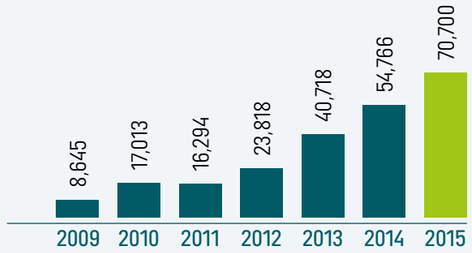
Olam steadily expands its support to more farmers and areas in Côte d'Ivoire

Average cotton production increased from 1.8MT per farmer in 2008 (prior to Olam's support) to 4.2MT in the 2014-2015 season.

Total number of farmers in the OLC



Total hectares of cotton under OLC



Building farmer capacity through cattle financing in Côte d'Ivoire.

Spotlight on financial challenges faced by smallholders

Banking infrastructure rarely supports rural communities, and banks are too risk-averse so may not lend to small-scale farmers limiting access to credit. With the bulk of their annual income tied to seasonal crop harvests, farmers are often unable to buy fertiliser and other agri-inputs, hire labour, or invest in their farms when it is most needed. Without credit, farms struggle to grow beyond subsistence levels.

Olam bridges the credit gap by offering crop loans and financing farm inputs, cattle and ploughing equipment at minimal or no interest. This means that farmers are able to equip themselves with all the tools needed to make the most out of their farms and improve their livelihoods. So, for example, between 2010 and 2015 in Côte d'Ivoire Olam helped farmers by financing 12,000 oxen and 4,000 ox-drawn ploughs and planters. All loans are voluntary, and Olam's field staff are trained to evaluate the farmers' capacity to repay to make sure that farmers are not exposed to excessive risk.

Olam has successfully experimented with three-way agreements with agri-input companies and banks. At harvest time, Olam collects the repayments while buying the crops and transfers the repayment to the input provider or bank. Olam also supports farmer groups to build their credit ratings by helping them to legally register with the relevant government department, providing training on business management, and maintaining records that the groups can present when applying for bank loans.

Thank you to our partners and supporters

Bill & Melinda Gates Foundation, COMPACI (Competitive African Cotton Initiative), DEG (international financing subsidiary of KfW), GIZ (Deutsche Gesellschaft for Internationale Zusammenarbeit), IDH (Sustainable Trade Initiative), Solidaridad.

Spotlight on food and nutrition security in Côte d'Ivoire, 2015

In 2015, the SECO cotton team in Côte d'Ivoire formalised their approach to helping farmers grow more food crops and better understand their nutritional needs. Their learnings are being shared with other OLC product programmes.

Highlights in 2015 included:

- crop rotation training delivered to 11,457 cotton farmers to improve soil fertility and promote food crop production,
- US$2.0 million of agri-inputs such as fertiliser, supplied for staple food crops to increase productivity of maize and rice,
- distributed improved maize seeds through our "Project Maize" pilot. As a result participating farmers more than doubled their yields,
- supported 1,000 female vegetable farmers with agri-inputs and training to establish vegetable gardens, improve group management and financial literacy skills, and
- delivered training on improved nutrition to over 4,000 farmers.

Cocoa

Today we have 10 OLC programmes across Africa, South America and Asia helping farmers improve yields and quality but also opening up alternative income sources.

The challenges facing cocoa farmers remain significant, ranging from climate change to child labour. The Olam Farmer Information System (OFIS), with its ability to create individual farm development plans and identify risk 'hot spots', is therefore a key tool in driving the vital changes required for cocoa-growing communities to truly thrive. Olam Cocoa's major sustainability programmes started in 2003/04 in Indonesia through a project with Blommer Chocolate Company, with whom we now have a joint venture, GrowCocoa.

109,082 farmers

12% women

Charter Principles	2015 key facts
1. Finance	• US$132,520,264 in short-term financing • US$677,005 in medium-term financing
2. Improved yield	• 66,029 farmers received training on Good Agricultural Practices • 1,793,880 cocoa seedlings distributed to farmers • 577 farmer field schools and demonstration plots established for practical learning sessions
3. Labour practices	• 53,558 farmers trained on good labour practices
4. Market access	• 149,676 tonnes procured (44% increase on 2014)
5. Quality	• US$20.5 million paid to farmers in certification and quality premiums
6. Traceability	• 99% is traceable to village or farmer group and 92% is certified*
7. Social and infrastructure investment	• 7 cocoa resource centres established for farmer training and storage for cocoa cooperatives and nurseries (in Ghana and Indonesia), benefiting 4,000 farmers. • 1,500 female farmers supported with high-yielding cassava varieties to improve the food security and revenue potential in cocoa communities in Western Côte d'Ivoire. This pilot activity will be scaled up to reach 10,000 women and 120 cooperatives in the coming years.†
8. Environmental impact	• Increased tree cover and supported forest conservation through climate education, shade tree nurseries and distribution, planting indigenous trees, and promoting buffer zones near protected forests. • Improved soil health through training on integrated soil fertility management techniques such as composting, organic pesticide production, and restoring degraded eco-systems by growing restorative ground cover plants.

Farmer case study

"When my husband passed away 10 years ago, I started growing cocoa to support my 3 children but my hope for a better income from cocoa became less and less every year with disease and bad harvests. Since then, the training, support and motivation I've received from Olam helps me be more knowledgeable and energetic and I've increased my farm's cocoa production."

Haji Devi grows cocoa in South Kolaka, Sulawesi, Indonesia.

Climate-smart cocoa: mitigation and adaptation

Supporting smallholders to become resilient to the impacts of climate change is essential for both poverty reduction and long-term supply. Olam's teams in Ghana launched the world's first verified climate-smart cocoa according to the climate module of the Sustainable Agriculture Network (SAN) in 2012 and are now transferring learnings to other programmes.

Objectives include:

- breaking the link between cocoa production and deforestation by training farmers on how to get higher yields from their current farms rather than encroaching into forests
- increasing household income stability through training in business practices and identifying additional revenue streams
- improving quality through better agronomy and post-harvest handling
- reducing land-based greenhouse gas emissions through carbon foot-printing and modifications
- increasing carbon sequestration through shade trees and agricultural techniques
- helping farmers to establish long-term commercial partnerships.

Ghana

- 5 year programme in Bia Juabeso
- 2,150 farmers in 34 communities
- 2,500 tonnes of verified climate-smart cocoa
- 286 hectares of trees planted to reconstitute the forest

Indonesia

- Started July 2015
- 3 year programme in North Kolaka and North Luwu districts
- 8,000 farmers
- 50% of funding provided by Millennium Challenge Corporation under the Green Prosperity Grant

Spotlight on smallholder training challenges

For many smallholders, the training that Olam provides is the first formal education they have received. As such, our training sessions rely heavily on images and practical demonstrations through farmer field schools to suit those with only basic or no literacy skills. Olam's first challenge is to show how Good Agricultural Practices and farm management techniques can increase their production and improve livelihoods. Given the distances some smallholders travel to their farms, finding time for training can be a challenge. Field staff meet farmers in the evenings when they are more likely to be back in their villages. Typically women face greater difficulties because of additional household activities and social obstacles presented by husbands or chiefs afraid that an educated wife may become disloyal.

However, the consistent translation of training into real application on farm is still a significant challenge. One example is around pruning. Whilst it will help the tree to flourish and yield more pods in the future, the farmer may choose not to risk losing branches that have yielded even a small number of pods in the past.

Cocoa training in Nigeria on safe and appropriate pesticide use.

We therefore undertake a number of measures, including establishing more model farms and demonstration plots so the farmers can see the trees start to flourish. We also look at how they can be sure of longer-term financing while the tree rejuvenates.

Equally we have found that farmers respond much better when the training is aimed at their specific farm and situation. So we have to invest far more in 1-to-1 training on their farms, providing individual farm management plans which is why OFIS is so important. In parallel, we identify motivated farmers who are embracing the training and support them to be leaders, giving other farmers role models and confidence in the new methods.

Thank you to our partners and supporters

Customers: Blommer Chocolate Company, Costco, Mars Inc., Lindt, Mondelēz International, Nestlé, The Hershey Company.

Partners: Bill & Melinda Gates Foundation, IDH (Sustainable Trade Initiative), Millenium Challenge Account - Indonesia, Rainforest Alliance, USAID.

* UTZ, Fairtrade, Rainforest Alliance, Organic and client certifications † This is part of the Cocoa Livelihoods Programme, and Nestlé is a partner

Cashew

Cashew farmers face challenges with limited access to training support and high-yielding cashew varieties.

Traceability has become a key driver for the Cashew team within the 4 OLC initiatives for African cashew farmers.

57,712 farmers

36% women

Charter Principles	2015 key facts
1. Finance	• US$17,440,681 in short-term finance • US$70,951 in medium-term finance
2. Improved yield	• 60,941 farmers received training on Good Agricultural Practices (some received refresher courses) • 50,000 seedlings distributed to farmers • 35 farmer field schools or demonstration plots for a practical, hands-on approach to training.
3. Labour practices	• 41,177 farmers trained on good labour practices
4. Market access	• 36,355 metric tonnes (22% increase on 2014)
5. Quality	• US$0.5 million in certification premiums • Improved cashew quality through training on cashew harvesting and drying, constructing drying yards, and distributing 130,000 jute bags.
6. Traceability	• 84% of tonnage is traceable and 61% is certified (Organic and Fairtrade)
7. Social and infrastructure investment	Provision of: • health awareness campaigns • primary school and literacy support • warehousing and drying yards, trucks, weighing scales and wheelbarrows
8. Environmental impact	• 32,243 farmers trained on soil fertility management

Farmer case study

Prince Andrews Boampong is a 65-year old father of 9. He joined the OLC initiative in its first year and was part of the first group of farmers that Olam trained in Wenchi. Thanks to the training he received on Good Agricultural Practices and the 4.5 hectares of grafted improved seedlings on his 14.5 hectare plantation, Mr. Boampong has seen his yield increase from 320 kg to 580 kg per hectare in the past 2 years.

With his improved revenues and an interest-free loan from Olam, Mr. Boampong has started an agrochemical shop in Asuano, providing further income security and a new lifestyle.

"I hope my success story will entice other cashew farmers and the community youth to take cashew farming seriously; especially with increasing global demand for cashew."

Prince Andrews Boampong grows cashew in Amiikrom, Wenchi District, Ghana.

Cashew farmers in Côte d'Ivoire.

Côte d'Ivoire organic cashew

Olam launched its first organic cashew initiative in the Zanzan Region of eastern Côte d'Ivoire, where farmers are known for producing extra large, white cashew nuts. Olam established demonstration plots and trained farmers to improve their productivity, while ensuring that cashew is produced in an environmentally-friendly manner and certified to organic standards. The farmers benefit from secure market access for their product and fair market prices enhanced by with organic quality premiums.

From 2,536 farmers in 2009, the organic programme has expanded to 4,500 farmers in 2015, supplying 11,250 tonnes of organic cashew to Olam's factories in and around the town of Dimbokro.

Since 2015, Olam's 30,000 tonne capacity cashew factory in Bouaké has also achieved organic certification.

Spotlight on traceability

Traceability is of increasing importance to our customers who want to know about the products they are buying: where they are from, who grew them, and under what conditions. Products are sourced from a vast, fragmented network of hundreds of thousands of smallholder farmers in remote parts of the developing world. Tracing products back to individual farmers is challenging – often the quantities they produce are too small to be marked and processed as a separate batch in a factory and there are middlemen involved in buying and selling.

Through the OLC, we strengthen traceability by buying directly from the farmer groups. Traceability becomes easier to manage and customers can be assured of a sustainably sourced product. Olam helps farmer groups to become certified by a third-party when there is market demand, enabling farmers to charge a premium as a result. In Côte d'Ivoire, the world's largest exporter of cashew nuts, Olam has helped to establish the Sustainable Supply System (3S), developed with the Sustainable Trade Initiative (IDH) and its partners. 3S is an online system designed to track the nuts from the cashew apples that are harvested by farmer groups to the finished product on the supermarket shelf. Trucks are loaded with cashew, which are then tracked through transportation, warehousing, processing, and export.

This relies on close monitoring and regular training for those collecting the data. To improve the process, we are exploring transitioning from physical documentation to handheld devices for data.

Fork lift truck transporting cashew from our warehouse in Côte d'Ivoire.

Thank you to our partners and supporters

ACI (African Cashew Initiative), Bill & Melinda Gates Foundation
FairMatch Support, GIZ, IDH (Sustainable Trade Initiative).

Coffee

Coffee is grown across Asia, Africa and South America. Climate change and the impact of El Niño have made life difficult for many farmers.

In 2015, the Coffee team achieved OLC status for 6 new programmes with more set for inclusion in 2016. The outgrower programme supported by the Olam Aviv coffee plantation in Tanzania is one of the new initiatives, demonstrating how large-scale and small-scale farming can work together.

24,288 farmers (50% increase on 2104)

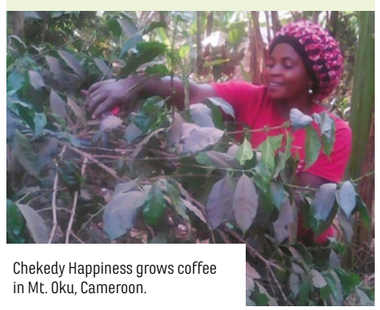
19% women

Charter Principles	2015 key Facts
1. Finance	• US$2,052,223 in short-term financing • US$438,785 in medium-term financing
2. Improved yield	• 18,292 farmers received training on Good Agricultural Practices • 280 demonstration plots established for practical learning sessions • 972,357 seedlings of improved coffee varieties distributed
3. Labour practices	• 13,672 farmers trained on good labour practices • 750 lockable sheds provided for safe pesticide storage for coffee farmers and their communities in Vietnam
4. Market access	• 88,395 tonnes procured (18% increase on 2014)
5. Quality	• US$1.5 million paid to farmers in certification and quality premiums • Provided drying facilities for improved quality in Tanzania and Indonesia
6. Traceability	• 100% of tonnage is traceable • 97% certified Rainforest Alliance, UTZ, 4C, Starbucks C.A.F.E. Practices, Nespresso AAA
7. Social and infrastructure investment	• New dispensary built in Tanzania • Supported Ugandan farmers with solar lights and fuel-efficient cook stoves for climate-friendly improvements to their living conditions • Built an aqueduct in Indonesia and provided a step-down transformer to provide electricity for a village in Cameroon • Built a school library in Indonesia and provided school materials for children in Honduras • 1,430 farmers supported to establish 743 beehives in Tanzania (beekeeping improves coffee yields and provides an additional income source for farmers).
8. Environmental impact	• Promoted biodiversity conservation, shade tree planting, and conserving buffer zones near waterways.

Farmer case study

"Before, my harvest ranged between 30 and 50 kg of coffee a year. With the training from the Arabica project, I am doing pruning, mulching, applying fertilisers, and other activities. Now I produce between 100 and 120 kg. I also farm bananas and avocado as shade trees.

Today I see myself as an enlightened woman compared to 6 years back. Olam's presence in the market has brought competition and the prices of coffee are improving. Another good part is their support to our communities, like HIV/AIDS programmes that Olam organised. My daughter is now in lower sixth form and I have been able to pay her school fees and pay for healthcare for my family. Young people in my community are opening new farms thanks to Olam, now they see that they can earn a living from coffee."

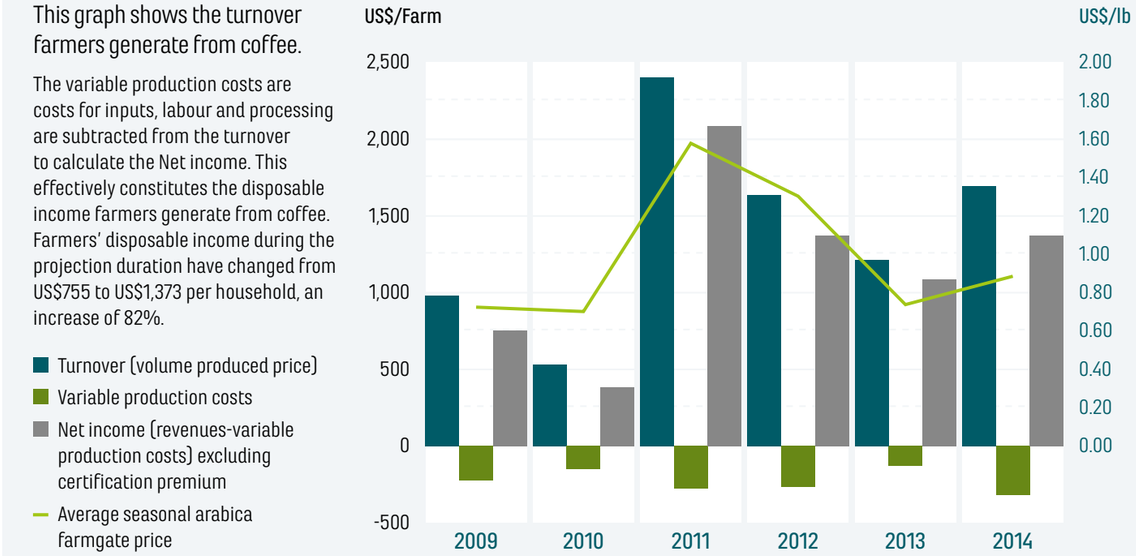


Chekedy Happiness grows coffee in Mt. Oku, Cameroon.

Turnover, costs and Net income per farm - Cameroon Arabica Project

This graph shows the turnover farmers generate from coffee.

The variable production costs are costs for inputs, labour and processing are subtracted from the turnover to calculate the Net income. This effectively constitutes the disposable income farmers generate from coffee. Farmers' disposable income during the projection duration have changed from US$755 to US$1,373 per household, an increase of 82%.



Reviving the coffee sector in North-West Cameroon

North-West Cameroon is the only West African producer of Arabica coffee beans but cultivation had been in steady decline until about 2010.

In 2009, DE Foundation, sponsored by DE Master Blenders, approached Olam Cameroon, the last remaining international exporter with a presence on the ground in the region, to become the operational partner in the project. The initial phase of 5 years was completed in 2014, and IDH has joined as a funding partner for the final 3 year phase.

The partnership identified the twin objectives of raising standards of living among smallholders and reviving the coffee sector in North-West Cameroon to sustainably boost the supply of high-quality coffee. With yields of under 100kg per hectare (far lower than the industry average of 500 kg/ha), efforts were initially focused on raising productivity.

Almost 3,000 smallholders have now organised themselves into 35 commercial farmer groups that supply an average of 368MT of green coffee per year – equating to around 15% of Cameroon's total Arabica coffee supply. Improvements in productivity have started to materialise due to better pruning, nutrient management and pest and disease control improvements. As a result of these and other interventions improving productivity, farm income has risen significantly from US$755 per year in 2009 to US$1048 in 2014 despite the market price for coffee increasing only marginally.

Spotlight on environment

Coffee often grows on the slopes of hills. This means that topsoil and nutrients can be washed down with heavy rain unless farmers have completed banking and terracing to stabilise the land. Intensive farming and poor soil management techniques have also led to soil erosion and fertility loss. We therefore work with coffee farmers to develop an integrated soil fertility management programme which includes:

(1) boosting soil health and structure by increasing organic matter and soil biodiversity through compost, household waste, rotting leaves, and pulp;

(2) protecting the soil through mulching. Covering the soil reduces evaporation, keeps the soil cool and moist, and increases organic matter as it decomposes; and

(3) increasing tree and crop diversity helps create ideal microclimates, improves soil fertility and provides additional sources of income and nutrition. For example, intercropping with leguminous trees and food crops helps to fix nitrogen in the soil, while planting agroforestry trees provides shade for coffee plants, their falling leaves help boost organic matter and their root structures help bind the soil and protect against erosion.

Thank you to our partners and supporters

Customers: Caritas, JDE (Jacobs Douwe Egberts), JJ Darvoben - Honduras, Nespresso, Nestlé, S&D Coffee, Starbucks.

Partners: Coffee Partnership for Tanzania, IDH (Sustainable Trade Initiative), National Beekeeping Supply (Tanzania), TAEEs (Tanzania Association of Environmental Engineers), USAID - Honduras.

Chillies

With demand for spices on the rise, Olam acquired a spice processing facility in Cochin, India, in October 2011.

In order to procure the volumes and quality of chilli for the plant to run at optimal levels and meet international standards, Olam recognised the need to support small-scale farmers who supply the factory.

A particular focus is on Integrated Pest Management (IPM) which helps farmers produce chilli that is free of pesticide residues and aflatoxin, meeting all major food safety norms in the EU and USA – better for the farmers, customers and end consumers. Training focuses on natural methods of pest control, such as planting maize as a border crop, using other crop and pheromone traps, and deploying hygienic drying techniques that minimise contamination of the harvest. Since the programme started in 2012, farmers' costs have declined by 15% and pesticide use by 30%, while average crop yields are up by 10%. Of the 1,000 farmers in the IPM programme, 655 were fully embraced by the OLC in 2015.

Charter Principles	2015 key facts
1. Finance	• Provision of Integrated Pest Management kits for each farmer
2. Improved yield	• All farmers received training on Good Agricultural Practices and improved labour practices • 94 farmer field schools or demonstration plots established for practical learning sessions
3. Labour practices	• All farmers received training in good labour practices, with a focus on child labour, safe pesticide use and science-based management of the farm.
4. Market access	• 3,904 tonnes purchased from 1,293 hectares (31% increase on 2014)
5. Quality	• US$0.44 million paid to farmers in certification and quality premiums • 90% of farmers qualified for premiums meeting European Union regulations as a result of Integrated Crop Management programme for pest control and post-harvest storage minimising chemical and fertiliser residue levels • Supported 80 farmers (250 hectares) to produce organic chilli
6. Traceability	• 100% of tonnage is traceable
7. Social and infrastructure investment	• Installed 2 water purifying plants and 1 borehole, supplying potable water to about 4,700 people in and around 3 communities in Andhra Pradesh and Telangana states.
8. Environmental impact	• 259 hectares mapped by GPS to better understand the farmers' landscapes • Supported 80 farmers (250 hectares) to produce organic chilli using organic fertilisers and bio-pesticides

Farmer case study

"Olam encourages me to practise Sustainable Agricultural cultivation in chilli through Integrated Pest Management which benefits me in many ways. The programme helped me change my thinking pattern, by witnessing the reduction in cost of cultivation and how this can increase yields and improve quality. Olam's market premium price has improved my social status."

Narramaneni Brahman grows chilli in Kothavemavaram, Andhra Pradesh, India.

Sesame

Sesame is an annual crop, usually grown by small-scale farmers with a labour-intensive harvest. Sesame can grow in tough climatic conditions so is becoming increasingly grown in Africa, where organic cultivation has proved popular in many markets.

In Nigeria, the sesame purchased from our OLC farmers goes directly to our new mechanical hulling processing unit in Lagos, offering farmers a 'visible' market for their crop and enhancing traceability for customers. Over the past 5 years, farmers have seen a 100% increase in yields.

Charter Principles	2015 key facts
1. Finance	• US$0.3 million credit given to farmers to purchase: herbicides, fertilisers and harvesting equipment.
2. Improved yield	• 7.2 metric tonnes of high quality seeds distributed, planting 1,380 hectares • 1,100 farmers received training on Good Agricultural Practices • 10 farmer field schools or demonstration plots established for practical learning sessions
3. Labour practices	• 300 farmers trained on good labour practices, especially child labour and business management skills.
4. Market access	• 400 tonnes purchased from 1,380 hectares
5. Quality	• US$0.16 million paid to farmers in certification and quality premiums
6. Traceability	• 100% of tonnage is traceable
7. Social and infrastructure investment	• Constructed 2 bore holes in 2 villages
8. Environmental impact	• Working with local agronomists to improve soil fertility with optimal chemical application and crop rotation

Farmer case study

"Olam is the only company in the sesame industry which is contributing to the livelihood of sesame farmers. Providing us with free seeds, and fertilisers on credit has taught us Good Agricultural Practices which has helped us to get better yields."

Alhaji Surajo grows sesame in Garki, Jigawa State, Nigeria.

Black Pepper

Grown in countries such as India and Vietnam, black pepper is the dried fruit of a climbing vine.

Establishing one of the world's first black pepper supply chains certified by Rainforest Alliance, this programme has increased from a pilot of 98 farmers in 2014 to 166 at the end of 2015 (a 59% increase). Farmers are supported to apply Sustainable Agriculture Standards (SAS), developed by the Sustainable Agriculture Network (SAN) to generate ecological, social and economic benefits.

Charter Principles	Key facts
1. Finance	• Vietnam law prevents micro-finance from private companies
2. Improved yield	• 10 training models conducted in the field and classroom by industry experts
3. Labour practices	• All farmers received training on good labour practices • Provided protective clothing (masks, gloves, rubber boots and raincoats) to be worn when spraying pesticides
4. Market access	• 475 tonnes purchased from 162 hectares
5. Quality	• US$0.1 million paid to farmers in certification and quality premiums
6. Traceability	• 100% of tonnage is traceable and certified by Rainforest Alliance
7. Social and infrastructure investment	• Waste disposal pits dug at each pepper farm to avoid open air burning • Provided computer sets and installed water purifiers for the local schools
8. Environmental impact	• Promoted Integrated Pest Management practices, including: - bio-insecticides such as Trichoderma, Chaetomium cupreum, Metarhizium anisipolieae, beauveria bassiana, and Isaria sp fungi - herbicide-free weed control, by providing 14 greater cane rats (also known as grasscutters) to 5 farmer groups • Average of US$1,800 per hectare per year saved by farmers by reducing the amount of pesticides and herbicides used • Training on wildlife protection, water resource conservation and protection, soil management and conservation. • Used living trees as supports for the pepper vines, instead of concrete or wooden posts. These provide natural shade for the pepper, contributes to soil fertility when they drop their leaves, and create humus that helps preserve soil moisture.

Farmer case study

"We've participated in the Olam sustainable project for 2 years and we've seen changes to the farming community and the environment. Thanks to the guidance of Olam, we have reduced the use of pesticides and replaced with biological agents, and increased the use of organic fertilisers. Yields of our pepper crop have improved and our products no longer have a high content of pesticide. As our pepper is drawing a higher price and is easier to sell, our earnings have increased and our agri-input costs have reduced."

Pham Van Phuong grows black pepper in Vietnam.

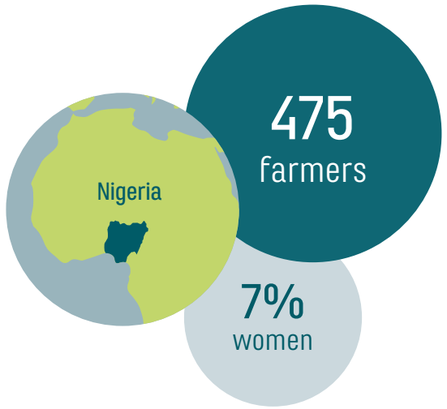
Thank you to our partners and supporters

Department of Agriculture and Rural Development of Ba Ria-Vung Tau province, SNV (Netherlands Development Organisation).

Rice

In 2011/12 Olam developed a 10,000 hectare rice farm with an integrated mill in Nasarawa State to help Nigeria meet domestic consumption needs.

By the end of 2015, the rice farm was also supporting an 'outgrower' programme of 475 smallholders, providing training and improved rice varieties to promote yields which are then bought for the rice mill. The target is 16,000 outgrowers by 2018. In 2015, the team managed to fulfil all 8 OLC Principles for 475 farmers which will be extended over 2016.



Charter Principles	2015 key facts
1. Finance	• 51 tonnes of improved varieties planting seeds distributed to farmers, on credit, at the subsidised price of US$15,160.
2. Improved yield	• 50 tonnes of improved varieties of seeds distributed to 475 farmers enabling the planting of 675 hectares • 8 demonstration plots established for practical learning sessions • Rice extension workers trained to monitor and advise on crop health
3. Labour practices	• Trained all farmers in good labour practices
4. Market access	• 506 tonnes purchased from 675 hectares
5. Quality	• US$14,625 paid in premiums
6. Traceability	• 81% of tonnage is traceable
7. Social and infrastructure investment	• A network of community-designated purchase centres established to procure rice, ensuring quick transport to the Olam processing mill for maximum quality.
8. Environmental impact	• Trained all farmers on the safe usage and application of pesticides • As most of the area is rain fed, farmers were educated about the raising of 'bunds' around fields for catching water. This also helps to avoid seed contamination from run-off water from other fields.

Farmer case study

"This year we took the first step towards sustainable agriculture by replacing seeds being planted year-after-year with quality seeds provided by Olam at subsidised rates. Training sessions, followed by regular crop monitoring and advice by field staff helped to lay a strong foundation for a good harvest. Hassle free purchase with immediate payment at a collection centre, helped me to get a motorcycle this year. With these initiatives, we have developed personal relations and look forward to working together going forward."

Martha Mallam grows rice in Alagye, Nasarawa State, Nigeria.

Thank you to our partners and supporters

Nigeria Markets II (USAID), Nasarawa Agricultural Development Programme.

Hazelnut

Turkey produces 75% of the world's hazelnuts.

As the second largest buyer of hazelnuts in Turkey, Olam is working with farmers to gradually apply the OLC principles with a particular focus on labour issues. Due to a large concentration of hazelnut trees and a limited local labour force, farmers rely on 420,000 migrant workers to help during the narrow 4-week harvest period which can bring issues of child labour and long hours for adult labourers. Olam is a member of the Fair Labor Association (FLA) and is publicly committed to being compliant with the FLA Code of Conduct and all ILO* conventions. To ensure fair conditions for workers we have been involved in a programme of activities, including third-party audits by the FLA.

Charter Principles	2015 key facts
1. Finance	• US$189,655 in long-term financing. Hazelnut farmers require less financing than smallholders in Africa and Asia.
2. Improved yield	• 1,907 farmers trained on Good Agricultural Practices
3. Labour practices	• 1,907 farmers trained on good labour practices, particularly avoidance of child labour and fair working hours for adults. • Mitigation steps include: - posters distributed to raise awareness - continual monitoring of farms during the harvest - invited the FLA to conduct third-party audits and offer remedial actions which are made public - established a free hotline to report any labour violations - an educational programme has been developed for children of migrant workers by Bilgi University Child Studies Department. This will be delivered with support from university students in villages during the harvest period. • In 2015, Olam became a lead partner on the Steering Committee in 'The Partnership to Prevent Child and Forced Labour in Agricultural Products'. Coordinated by the FLA and funded by the US Department of Labor, this aims to eliminate child labour through a 28-month project that implements the USA Department of Agriculture's guidelines on labour standards in supply chains.
4. Market access	• 6,965 tonnes from 4,000 hectares (203% increase on 2014 OLC tonnage bought)
5. Quality	• Improvement of farming techniques for yield increase for 10,000 farmers • Supported a producer union to be organic certified (150 farmers)
6. Traceability	• 94% of tonnage is traceable • 150 farmers are organic certified
7. Social and infrastructure investment	• Summer school renovation • 2 drying units constructed
8. Environmental impact	• Promoted biological pest management systems for farmers • Organised biodiversity training in collaboration with WWF (World Wildlife Fund), including advice on creating biological pest traps and leaving parts of the orchards fallow to encourage biodiversity to flourish.

Farmer case study

"We believe the efforts conducted have been useful for our village in terms of eliminating child labour. There is an increased awareness in the village with respect to not employing children. We think the posters were effective in developing awareness."

Mufsafa Berber and Yusuf Dağgü, grow hazelnuts in Akçakoca, Western Black Sea Region, Turkey.

Thank you to our partners and supporters

Bilgi University, FLA, ILO/Caobisco project, Ordu University, Respect for Women Workers Rights.

* International Labour Organization

Stay up to date

olamgroup.com/sustainability

@olam

For more information:

Company Head Office

Olam International Limited
9 Temasek Boulevard
11-02 Suntec Tower Two
Singapore 038989

Telephone: +65 6339 4100
Facsimile: +65 6339 9755
olamgroup.com
Twitter: @olam

Corporate Responsibility and Sustainability

Olam International Limited
New Zealand House
80 Haymarket
London SW1Y 4TQ

Telephone: +44 (0)20 7389 6464
Facsimile: +44 (0)20 7389 6465
crs@olamnet.com

Olam