

# Olam Cocoa Sustainability



# Growing Responsibly together

With operations spanning 11 countries across Africa, Asia and South America, we manage one of the world's largest cocoa sustainability footprints.



Gerard A. Manley  
Olam Cocoa CEO

Cocoa beans are sourced from an ever-expanding network of 650,000 smallholder farmers and our business impacts the lives of these farmers, their families and the cocoa growing communities in which they live, each and every day.

By leveraging our scale and our on the ground strengths, we improve livelihoods through carefully considered sustainability programmes that increase yields and improve crop quality from existing land. This is how we Grow Responsibly.

We believe in creating a fully sustainable cocoa supply chain, in focusing on traceability and the proper measurement thereof to ensure supply chain integrity, and in building a framework of international policies and best practices that provide cocoa farmers and their communities with long-term, positive support.

As Africa produces in excess of 70% of the world cocoa crop, it is the heart of our cocoa bean sourcing operations and we are the leading exporter of cocoa beans from the continent. Our African footprint spans Côte d'Ivoire, Ghana and Nigeria in West Africa, Cameroon and Republic of Congo (Brazzaville) in Central Africa and Tanzania and Uganda in East Africa.

In addition, our sourcing operations are well established in Asia with a focus on Indonesia and Papua New Guinea. Our South American footprint includes a substantial operation in Brazil and an expanding presence in Ecuador, and we also source fine flavour cocoa from niche geographies.

And, as cocoa accounts for an important, often sizeable percentage of the GDP of major producing origins, 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 are already one of the world's leading suppliers of sustainable cocoa, but our mission is to go further still. Our goal is to achieve 100% traceable and sustainable cocoa volumes from our direct origination supply chain by 2020.



# Growing Responsibly together

Olam Cocoa is a fully integrated cocoa business. We are the leading originator of cocoa beans, a globally leading cocoa processor, and the world's foremost focused supplier of cocoa beans and cocoa products (cocoa powder, cocoa mass, and cocoa butter).

Our business combines Olam's unique and unparalleled strengths at origin with a global market presence that is supported by research, information, analysis and futures market expertise.

Cocoa beans are sourced from all major origins and our portfolio of respected brands is spearheaded by the iconic deZaan, with its heritage of more than 100 years of excellence; African origin brand Unicao; South American origin brand Joanes; the well-established Macao cocoa powders and Britannia speciality fats brands; and the recently launched Huysman cocoa powder brand. We have processing, refining and milling presence in the main cocoa producing countries, as well as in, or adjacent to, primary consumption markets in Asia, Europe, South America and North America.



## The Olam Livelihood Charter (OLC) – providing holistic support for cocoa farmers and communities

Our commitment to cocoa sustainability is formalised through the Olam Livelihood Charter (OLC). Flagship projects gain OLC status when they successfully engage all of its 8 Principles which tackle economic, environmental and social challenges including business management, empowering women, reducing child labour and building resilience to climate change. This results in better productivity and returns for farmers and greater sustainability assurances for our customers and partners.

Dedicated sustainability staff support improved yields and livelihoods under our OLC initiatives. 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, ensure supply chain integrity, and eradicate child labour in accordance with the 8 OLC Principles.

Activities extend to numerous long-term programmes, either Olam Cocoa led, through global joint efforts, or through partnerships in origin with Rainforest Alliance/UTZ, Fairtrade, Fairtrade USA and Organic Soil Association that run in concert with OLC initiatives.

# A traceable and sustainable cocoa supply chain

## Sustainability actions in origin:

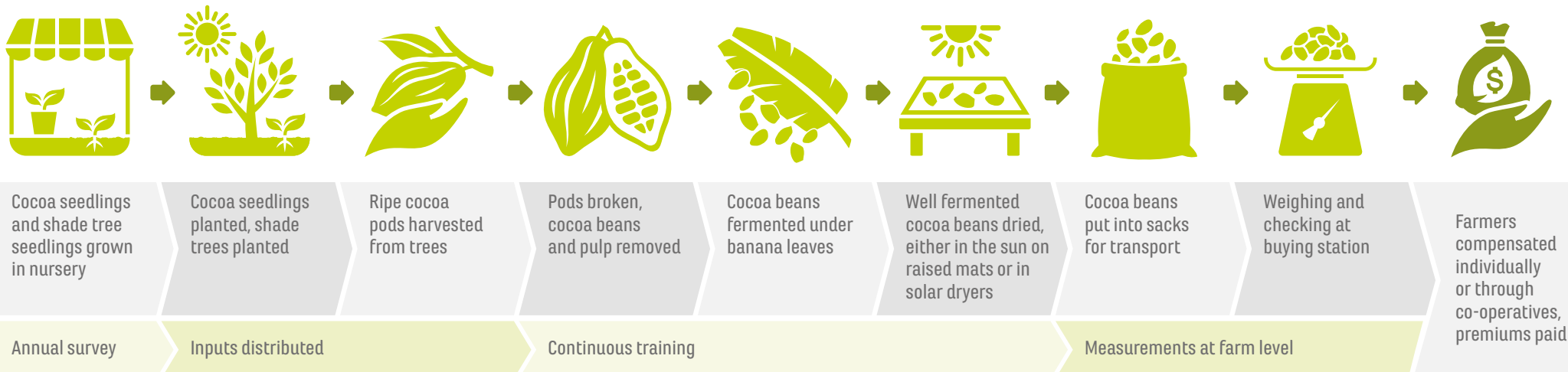
- Continuous training of cocoa farmers in Good Agricultural Practices, Good Labour Practices, Integrated Pest Management, and Business Capacity Training
- Economic, social and community infrastructure development, including the construction of schools, health centres, and borehole wells
- Establishment of Child Labour Monitoring and Remediation Systems (CLMRS)
- Environmental protection and mitigating the impact of climate change
- Partnering with customers, governments, NGOs and through joint initiatives
- Applying new technologies: farms mapped, 55 point data collection surveys conducted and individual farm development plans issued via Olam Farmer Information System (OFIS)
- Empowering women in rural communities
- Providing inputs (seedlings, shade trees, interest free loans, fertiliser, Personal Protective Equipment, building solar dryers)
- Supply chain open to independent, third-party auditing
- Food safety controls and manufacturing best practices applied

## Initiative and programme outcomes:

- Improved yields and crop quality from existing land
- Payment of certification and quality premiums
- Next generation of farmers trained and motivated to work in cocoa
- Greater supply chain stability
- Improved food safety and quality through traceability

## Seedlings, training and agricultural support

## Premium payments



# A traceable and sustainable cocoa supply chain

## Processing





**In 2016 our 15 Cocoa OLC programmes reached 20,800 new farmers, including 4,000 women farmers worldwide, bringing the total number of farmers touched by our cocoa sustainability programmes to 129,884, of whom 13% are women.**



# Activities and Initiatives

**Our first sustainability initiative, GrowCocoa, started in Indonesia as a joint venture project with The Blommer Chocolate Co. that formalised our shared cocoa sustainability vision.**

Sustainability programmes now span Africa, Asia and South America, supplying traceable, certified and sustainable cocoa beans and cocoa products to the global cocoa and chocolate industries. We are a founding member of CocoaAction, a voluntary, industry-wide strategy that aligns the sustainability programmes of leading companies and aims to create a profitable way of life for professionalised and economically empowered cocoa farmers and their families, while providing a significantly improved quality of life for cocoa-growing communities.

In 2011, we began a partnership to produce the world's first verified Climate Friendly Cocoa in partnership with Rainforest Alliance in Ghana which supported the preservation of the Juabeso-Bia forest. Successful implementation of climate-friendly land-use practices targets deforestation, protects and improves existing ecosystems and reduces greenhouse gases.

In 2015, Cocoa Revolution was launched in Indonesia with Olam Cocoa, Rainforest Alliance, Indonesian Coffee and Cocoa Research Institute (ICCRI) as partners, and with funding from the Millennium Challenge Account Indonesia (MCA-I).

We are also a partner in the MCA-I Compact's Green Prosperity project targets both the empowerment of women farmers and Climate Friendly Cocoa production.

An additional programme in Indonesia, Cocoa Life demonstrates how we work with our customers to scale up efforts and it is now serving 13,000 farmers across 2 provinces.

Further to these initiatives, we have an organic cocoa farmer network in Tanzania and Uganda. This cocoa is grown with only organic inputs and requires a 3-year period without any chemical inputs to qualify and achieve certification. This approach sustains and enhances soil and plant health and allows ecosystems to be largely unchanged within the farmed areas.

We believe in participating in industry associations and in playing an active and collaborative role in industry-wide issues. Through our involvement in and membership of 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 sustainability initiatives to support the farmers and farmer communities that make our business and that of the entire, global cocoa industry possible, now and into the future.







PROJECT  
REPORT

**CocoaAction is a voluntary, industry-wide strategy that aligns the world's leading cocoa and chocolate companies, origin Governments, and key stakeholders on West African regional priority issues in cocoa sustainability.**

The vision of CocoaAction is to transform the cocoa sector to offer a profitable way of life for professionalised and economically empowered cocoa farmers and their families, while providing a significantly improved quality of life for cocoa-growing communities.

Olam Cocoa is a founding member of CocoaAction and, in convening the cocoa sector to align complementary roles and responsibilities, leverage scale and efficiency through collaboration, and catalyse efforts to accelerate sustainability, we are a key participant in the focused work streams that are driving the strategy.

These work streams include the Fertiliser work stream that has produced a soil map for Côte d'Ivoire emphasising overall nitrogen needs and fertiliser recommendations and which is now focused on soil fertility management. The Community Development work stream has organised a women's empowerment conference that highlighted the need to focus on financial inclusion and land tenure. Meanwhile, the Government and Donor Relations Committee is working on securing finance for the Cocoa & Forests Initiative through a US\$123m proposal with the United Nations Development Programme Green Climate Fund. Feasibility studies are underway to explore potential expansion into Nigeria, Cameroon and Brazil.



# Finance and farmer incomes

Many smallholder cocoa farmers have limited access to affordable finance, impacting how much they can invest in their farms and therefore how much they can grow and earn.

Olam Cocoa supports farmers by providing interest-free pre-financing, short-term financing, paying certification premiums above and beyond non-certified pricing and distributing quality-based premiums.

## Financial highlights 2016

**US\$110 million**  
in short-term financing

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



## Financial highlights 2017 (as of Q2)

**US\$195,000** in micro finance provided to cocoa farmers at 0% interest for agro-inputs and crop production in Indonesia.

**US\$1.5 million** in interest free loans already paid to farmers in Ghana.

**US\$149,000** in premiums for sustainable cocoa paid to farmers this crop season in Nigeria either directly or through our partners.

**US\$29.79 million** in interest free loans already paid to farmers in Côte d'Ivoire.

**US\$480,000** worth of 0% interest loans benefitted farmers across three states in Nigeria (Osun, Ondo and Cross River) who needed to upgrade and replenish Personal Protection Equipment and agrochemical spraying equipment.

**US\$23 million** in premiums already paid to farmers for sustainable cocoa over the Government price in Côte d'Ivoire either directly or through our partners.



## 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**, who grows cocoa in South Kolaka, Sulawesi Indonesia



# Farmer training

A lack of education can trap cocoa farmers in a cycle of low productivity. Through farmer field schools and the use of demonstration plots for practical, hands-on learning opportunities, farmers are registered and receive training in Good Agricultural Practices, Good Labour Practices, Integrated Pest Management and Business Capacity.

## Highlights 2016



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



**2,223 farmer field schools**  
and 498 demonstration plots



**251,857 litres** of insecticide distributed

## Highlights 2017 (as of Q2)



**5,438 farmers** benefiting from the provision of  
labour services to support Good Agricultural Practices  
in Ghana.



**240 farmer field school sessions**  
conducted and 12 model farms established  
in Papua New Guinea.



**PROJECT  
REPORT**

## Joint certification programme Family Life

Through this programme, Ghanaian cocoa farmers are receiving training in Good Agricultural, Environmental and Social practices. This has included the distribution of 150 sets of PPE to farmers groups and the construction of chemical storage facilities for the safe keeping of inputs away from the domiciles. Already in 2017, US\$1.9m in price premiums have been paid to farmers in this programme.





# Farm support, improving yields and quality

Sustainably improving yields and crop quality benefits all parties. By providing cocoa farmers access to and distribution of the best varieties of cocoa seeds and seedlings, and through the construction of solar dryers to support quality standards post-harvest, overall cocoa quality is raised and livelihoods are supported.

## Highlights 2016



**US\$29.2 million** paid to farmers in certification and quality premiums either directly or through our partners



**3.96 million seedlings** distributed

## Highlights 2017 (as of Q2)

In Indonesia this year so far:



**290,000 seedlings** distributed



**51 nurseries** built



**346 farmer groups** trained in Good Agricultural Practices during 63,000 training days



**104 solar dryers** constructed



**428 MT** of cocoa specific fertiliser distributed

In Papua New Guinea this year so far:



**200,000 seedlings** distributed

We are committed to improving the quality of Nigerian cocoa beans and already this year so far:



**solar dryers** have been installed in 19 farming communities in Osun and Cross River states, with a further nine more scheduled for installation in Ondo state



Papua New Guinea

## Pilot project Cacao Trace in Papua New Guinea

This project is focused on improving the quality of traceable cocoa beans in Papua New Guinea for an international bakery company. Currently all Papua New Guinea cocoa beans are kiln dried using firewood and this creates a high likelihood of smoke contamination, one of the most common quality issues with cocoa beans from this origin. In this initiative we are supporting cocoa farmers to transition to full sun-dried cocoa beans and the initial quality control results have been promising.

The project also supports forest conservation as it reduces the need for firewood to fuel the kiln driers.

# Farm support, improving yields and quality

## El Nino and an earthquake add to the challenges facing farmers in Ecuador

In 2016, heavy rains brought by El Nino drastically reduced the production of monillo flat beans. This was coupled with an earthquake in April that affected 496 farmers participating in the programme. A relief fund was established, providing kits for farmers to help repair houses, as well as medical supplies.



*"One of the big challenges when setting up a programme is gaining the trust of the farmers. They have been farming for decades and then we arrive and want them to form farmer groups and take up new practices. Social engagement is therefore crucial."*

**Saurabh Mitra**, Branch Manager, Olam Cocoa, Ecuador



## FARMER CASE STUDY

In Ecuador in 2014 we joined with a major chocolate confectionery company to improve the livelihoods of farmers growing fine flavour cocoa, and establish traceability. Today the programme embraces 2,300 farmers and aims to reach 5,500 farmers by 2019. The farmers benefit from training sessions in farmer field schools, improved fine flavour cocoa seedlings, solar dryers or partner premiums.

*"The best thing about this programme is the trainings. I like attending sessions in groups where I get to learn, interact with others and then implement the learnings on my farm. I have already made a lot of changes in my farm, have started pruning and planted new seedlings as well."*

**Maria Esperanza Basurto Lucas**,  
living in San Isidro, Manabi





# Land management and mitigating environmental impact

Sustainable actions to protect the environment in cocoa producing areas rely on improving the quality of key data utilised in programme planning.

We are addressing these issues by surveying cocoa farmers and their farms and undertaking GPS mapping through the Olam Farmer Information System (OFIS). We also distribute shade trees to increase ground cover and support forest conservation through the Cocoa & Forests Initiative and our Climate Friendly Cocoa programmes with Rainforest Alliance.

## Highlights 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)







## PROJECT REPORT



### MCA-I Cocoa Revolution Project

Cocoa Revolution supports 8,000 cocoa farmers across two provinces in Indonesia. In conjunction with Rainforest Alliance as a consortium partner and with support from the Indonesian government, this unique public/private grant programme focuses on climate-smart agriculture and poverty reduction.

The Cocoa Revolution High Yielding Climate-Smart Cocoa Farms project was initiated in Jan 2016 and will run through the end of March 2018. The project is based on a partnership model involving Olam Cocoa and Rainforest Alliance, GrowCocoa (joint venture between Blommer Chocolate Co. and Olam Cocoa), and MCA-I as key stakeholders. The project funding is unique in that it involves a 50% contribution from the government via MCA-I and a 50% matching contribution by Olam Cocoa under the consortium run by Rainforest Alliance and with GrowCocoa providing market access.





# Market access and traceability

Our goal is to reach 100% traceable and sustainable cocoa volumes from our direct origination supply chain by 2020.

By increasing market access opportunities for farmers and farmer groups and through our year-round farm gate presence.



## Olam Farmer Information System (OFIS) – unparalleled transparency

The Olam Farmer Information System (OFIS) is a technology platform that is being used extensively by our cocoa business. OFIS is unique in that it allows access to previously invisible data which benefits all parties. Smallholder farmers are empowered to make individual to farm, data-driven decisions that support improved yields and incomes, with digital access to all 'first mile' transactions, including crop purchases, input distribution and financing. For Olam, it provides visibility down to single farm level of farm maps, farmer profiles complete with training, improvement plan implementation and transaction history, it generates 'hotspots' to inform the creation of action plans, and it supports end-to-end traceability through bag coding and enhanced communication with field staff.

Already in Côte d'Ivoire for example we have been able to survey, record and map 51,833 farms with 53,447 farmers surveyed, providing information on the surrounding landscape, as well as each farmer's social circumstances. As of Q2 2017 we have registered more than 93,303 farmers with 244,165 hectares covered worldwide. OFIS provides greater traceability and transparency for our sustainability partners and customers, allowing for direct access to farmer and origination information.


## Highlights 2016

 **168,956 tonnes**  
procured from 331,052 hectares

 **100% tonnage**  
is traceable and OLC verified

 **88% is certified** (remainder OLC verified)

## Highlights 2017 (as of Q2)

 **US\$1,450,000**  
has been paid to farmer groups as premiums  
for OLC cocoa bought in Indonesia.



## Food Safety

Our quality control programmes are designed to set the industry benchmark for quality compliance and food safety. Quality assurance is based on openly supplying the necessary information regarding the production process and the way in which quality control is achieved. One of the most important objectives of Olam Cocoa is to transform the naturally fermented cocoa beans into wholesome cocoa products with suitable microbiological specifications. To this end, cocoa bean quality is constantly being assessed and controlled in accordance with the principles of Good Manufacturing Practices. These call for careful processing and the use of specific checks throughout the production process.

By utilising Hazard Analysis and Critical Control Points (HACCP) we are able to go beyond just the hygienic aspects of quality assurance and conduct full assessments of the hazards associated with raw materials processing and transport through the supply chain. Microbiological, chemical and physical influences of processing are considered in relation to food safety and quality and Critical Control Points (CCPs) are continuously monitored to control identified hazards. This has resulted in the establishment of an incredibly reliable food safety support system, with special attention given to the prevention of Salmonella contamination under the International Confectionery Association (ICA) code of hygienic practice for the production of cocoa, chocolate and confectionery products.



# Social and community investment

From the establishment of resource centres for farmer training and for storing materials for cocoa cooperatives and nurseries, to constructing schools, health centres, maternity units, medical laboratories, water pumps and cooperative stores, our involvement in communities is ever-expanding.



## Highlights 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.

## Highlights 2017 (as of Q2)



**10 borehole wells**

have been sunk in the most under-served cocoa growing communities that we work in across Ondo state in Nigeria



**15 mechanised boreholes**

have been sunk in 15 communities in Ghana

Communities whose primary source of water was previously the nearest stream, now have easier and improved access to safe drinking water.



**661 farmers received pre-exposure medical tests**

(appointed as spraying team officers by their communities) in Nigeria to identify those with a pre-existing health conditions that might be compromised by spraying activities.



**US\$25,000** start-up capital for a new educational fund set up for two traditional authorities in Ghana.



**6,000 farmers** provided with fertiliser and Personal Protective Equipment as part of the Cocoa Revolution project in Indonesia.



Additional livelihood support options for women and youths being created in Ghana - honey farming, grasscutter farming, batik and soap making.

# Social and community investment

Community support includes work on improving access to schools in cocoa growing communities by refurbishing existing schools or constructing new schools.

In 2015 the Dominique Ouattara School Complex in San Pedro, Côte d'Ivoire was inaugurated, a joint construction project between Olam Cocoa and Blommer Chocolate Co. it received a very generous supporting donation in food and equipment from the First Lady of Côte d'Ivoire to support the school.

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.

*"The success of our business and the future of Côte d'Ivoire is based on thriving rural communities. At Olam we are committed to strengthening communities by not only improving employment and livelihoods, but also by working together to enhance education, health and equality."*

**Gerard A. Manley**, Olam Cocoa CEO



Part of the previous school structure in San Pedro.



Opening of the new Dominique Ouattara School Complex in San Pedro. Prior structure replaced with 6 classrooms, a library, kitchen, canteen, headteacher's office, infirmary and toilet block.



## Rural healthcare

In Nigeria there is a lack of affordable healthcare and healthcare information in rural communities. In Cross River State, 500 farmers and school children attended the Olam Healthy Living Fair and benefitted from One-Stop medical services provided by visiting medical doctors, nurses and nutritionists. Medical services provided included HIV/AIDS counselling and testing, standard checks for blood pressure, diabetes and malaria, weight / height ratio checks, hand washing hygiene and breast and prostate cancer awareness training.





# Labour

**We work 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.**

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.

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.



## What is the Fair Labor Association?

Since 1999, The Fair Labor Association (FLA) has helped improve the lives of millions of workers around the world. As a collaborative effort of socially responsible companies, colleges and universities, and civil society organisations, FLA creates lasting solutions to abusive labour practices. It offers tools and resources to companies, delivers training to factory workers and management, conducts due diligence through independent assessments, and advocates for greater accountability and transparency from companies, manufacturers, factories and others involved in global supply chains.

## Highlights 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)

## Highlights 2017 (as of Q2)

As a part of the Sustainable Agriculture Network in Indonesia we train our farmers on Safety, Child Labour, Gender Equality and Farm as a Business.

 **45,000 cocoa farmers** have now been trained in good labour practices (15% women farmers)



# Labour



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.

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).

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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) we have constructed 42 teacher residences at 7 schools and provided solar panels and medical equipment for 8 health centres at an investment of US\$950,000

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### Tackling child labour in action

We have also been active in setting up Child Labour Monitoring and Remediation Systems (CLMRS). With the support of FLA, manufacturer customers and ICI, we conducted a pilot CLMRS programme with 3 cooperative suppliers in 2013, after which CLMRS have since been established at 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 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.

# Tackling deforestation

Deforestation in cocoa is an ongoing issue as farmers seek land to increase their crop. Our Climate Friendly 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.

Olam recognises that deforestation in the cocoa supply chain is a problem that must be halted. Our primary actions have been around encouraging farmers to produce more cocoa, of better quality, from existing land, and to plant more forest and shade trees to help create cooler microclimates in the face of rising temperatures, although farmers still see these trees as competing with the cocoa.

In partnership with GIZ, we are recommending 100 forestry and 50 shade trees per hectare. Additionally, Olam has been working progressively with its producers towards restoration of zones adjacent to aquatic ecosystems; restoration of farmed areas of marginal productivity to natural ecosystem; and incorporation of native trees as border plantings and barriers around housing and infrastructure, and permanent cocoa agroforestry systems. This means that we are planting more trees in our supply base and building more resilience of our communities to be climate ready. In 2016, OLC cooperatives planted 193,000 leguminous shade trees covering 1.9 million high quality cocoa seedlings.

Our agreements with Côte d'Ivoire and Ghana suppliers clearly stipulate both their obligations and our own regarding reforestation. Co-operatives in our direct sourcing operations must sign the Olam Supplier Code.

Suppliers are required to commit to distributing forest tree plants and shade trees supplied by Olam specifically to the farmers benefitting from Centre National de Recherche Agronomique de Côte d'Ivoire (CNRA) cocoa plants.

Suppliers are further required to commit to collecting cocoa from its farmer members situated outside the boundaries of classified forest parks and reserves. In case of a refusal to put this into practice, the supplier commits to notifying Olam in writing and to cease to collect cocoa from the farmer.

As the exporter, we commit to systematically distribute hybrid cocoa plants, forest trees, and shade trees, and to immediately cease all collaboration with a supplier sourcing from a farmer member found to be operating in a protected area.

In 2016, cooperative farmers planted 193,000 leguminous shade trees covering 1.9 million hybrid cocoa seedlings in Côte d'Ivoire and climate-smart agriculture activities in Indonesia included distribution of 515,000 cocoa seedlings and 11,500 shade tree seedlings in an effort to support carbon sequestration. A further 11,045 shade tree seedlings have already been distributed in Indonesia during 2017.





# Tackling deforestation

## What is the World Cocoa Foundation?

The World Cocoa Foundation (WCF) is an international membership organization that promotes sustainability in the cocoa sector. It acts as a convenor for a voluntary industry-wide strategy that aligns the world's leading cocoa and chocolate companies, origin Governments, and key stakeholders on regional priority issues in cocoa sustainability. The WCF's vision is a sustainable and thriving sector – where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved.



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 World Cocoa Foundation's Cocoa & Forests Initiative (CFI). Supported by The Prince's International Sustainability Unit (ISU) and The Sustainable Trade Initiative (IDH), the number of stakeholder companies has since increased to 35 and the initiative commits us 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.

In signing the CFI Statement, we will align our individual action plans and learnings, such as our verified Climate Friendly Cocoa programme successes, with the common vision and framework. We will build on existing initiatives such as CocoaAction in order to improve cocoa productivity and resilience and reduce pressure on existing forests, and we will help ensure evidence-based decision making by generating and sharing data, such as the key information available through OFIS, which will further ensure effective and transparent monitoring.

The CFI is the first collective industry commitment to specifically end deforestation and forest degradation covering the global cocoa supply chain. An actionable suite of measures, developed in consultation with the relevant cocoa producing country governments, farmers and farmer organizations, civil society organizations, development partners and other stakeholders, is to be announced at the United Nations Framework 3 Convention on Climate Change 23rd Conference of the Parties (COP 23) conference in November 2017.



Through OFIS, we have mapped and surveyed in detail over 51,500 cocoa farms in Côte d'Ivoire. This allows us to build a greater risk assessment of our global footprint. It also means we can provide advice tailored for each individual farmer – 22,000 farm management plans have been distributed to farmers.





## CORIP

The Cocoa Rehabilitation and Intensification Program (CORIP), which is a partnership with Solidaridad and is co-financed by Olam Cocoa and the Dutch Embassy in Ghana, is a key part of the process of rehabilitating old, diseased and low yielding cocoa farms. The programme has now established 4 Rural Service Centres (RSC) that serve 12,410 farmers in 172 communities.

These RSC include input shops that provide ready-to-use and approved agro-inputs at affordable prices for farmers. The RSC also provide technical support in terms of application on 100 demonstration plots and have established an additional 35 Integrated Soil Fertility Management (ISFM) demonstration plots. Since 2015, 200 ha of farmland has been rehabilitated under this initiative.





## Thank you to our partners and supporters

**Customers:** Blommer Chocolate Company, Costco, Ferrero, General Mills, Lindt & Sprüngli, Mars Inc, Mondelēz International, Nestlé, The Hershey Company.

**Partners and certifiers:** Advans, AfriCert Ghana Limited, Bayer, Bureau Veritas, Caritas, Cocoa Research Institute Nigeria (CRIN), Le Conseil du Café-Cacao, Comité National de Surveillance des Pires Formes des Travail des Enfants, Ecole Supérieure d'Agronomie de Côte d'Ivoire, Fairtrade, IDH-The Sustainable Trade Initiative, Initiative Restore pour le Cacao, International Cocoa Initiative, Kit Royal Tropical Institute, Organic, Rainforest Alliance, Save The Children, Scope Insight, Syngenta, UTZ, World Cocoa Foundation.

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