COCOA COMPASS

ROADMAP
Looking at sustainability goals towards 2030
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INVESTING IN NATURE
Regeneration of the living world
p.21

EMPOWERED TO GROW
Thriving communities
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FOCUSED ON FARMERS
Prosperous farmers and farming systems
p.9
OUR VISION IS OF AN ENVIRONMENTALLY POSITIVE, PROFESSIONALISED AND QUALITY FOCUSED COCOA SUPPLY CHAIN COMPRISED OF FARMERS WHO ARE EARNING A LIVING INCOME AND WHOSE CHILDREN HAVE ACCESS TO EDUCATION.
We are a leader in the supply of sustainably sourced cocoa beans and the processing of cocoa ingredients. For over 15 years we have played a significant role in helping to build a sustainable cocoa supply chain. In partnership with customers and supporters, we have focused on programmes that provide long-term, positive support to cocoa farmers and their communities.

In 2004, we launched our first cocoa sustainability initiative and our ambitions have grown each year. Developing the 8 Principles of the Olam Livelihood Charter (OLC), which highlight the importance of traceability, quality, pre-financing and market access, was a major step forward in establishing the framework for broader economic, social and environmental impact. The OLC remains the backbone of all of our sustainability programmes today and has led to specific actions such as opening our cocoa supply chain to the Fair Labor Association to tackle child labour and increase transparency. We also pioneered the world’s first Climate Smart Cocoa with Rainforest Alliance, have supported customers to scale their own sustainability programmes worldwide and become a founding member of cross sector alliances through the World Cocoa Foundation and the Cocoa & Forests Initiative (C&FI).

Despite these collective efforts, many of the most complex problems in cocoa remain. Smallholder farmers have not experienced enough improvement in incomes, child labour still occurs, and forests continue to be degraded. We remain focused on leveraging social and environmental insights to refine our sustainability programmes to meet the needs of farmers and their communities. AtSource, tailored towards achieving the objectives of both the Cocoa Compass strategy and our customers’ own sustainability goals, will be the platform through which we deliver these programmes in cocoa growing regions and through which we are able to report and better understand the improvements required to reach our goals. Cocoa Compass lays out our commitment for how we will have a lasting, positive impact on the future of cocoa.
Sustainability progress to end of 2018
Achieved in partnership with our customers

ARRIVING AT TODAY

1911

1989

OLAM FOUNDED

DEZAAN FOUNDED

OLAM INTERNATIONAL FOUNDED

1999

ACQUIRED VALENCIA AND GOOGLE PROCESSING FACILITIES, MACAO AND BRITANNIA BRANDS

2009

FOUNDING MEMBERS OF WORLD COCOA FOUNDATION’S PROGRAMMES

2010

OLAM LIVELIHOOD CHARTER ESTABLISHED

2013

UN SDGS LAUNCHED TO ADDRESS CLIMATE CHANGE, POVERTY AND DEFORESTATION

2014

OLAM AND FARMERS INFORMATION SYSTEM LAUNCHED

2015

OLAM COCOA FOUNDED

2016

COCOA AND JOANES BRANDS ACQUIRED

2017

70TH ANNIVERSARY OF JOANES BRAND

2018

ACQUISITION OF BT COCOA

2019

COCOA & FORESTS INITIATIVE ESTABLISHED IN CÔTE D’IVOIRE AND GHANA

2019

HUYSMAN BRAND LAUNCHED IN NORTH AMERICA AND ASIA

2019

ATSOURCE LAUNCHED

2019

LAUNCH OF OLAM COCOA COMPASS

1989

ACQUIRED VALENCIA AND GOOGLE PROCESSING FACILITIES, MACAO AND BRITANNIA BRANDS

2011

1ST CLIMATE SMART COCOA WITH RAINFOREST ALLIANCE IN GHANA

2013

OLAM AND FARMERS INFORMATION SYSTEM LAUNCHED

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2019

ATSOURCE LAUNCHED

2019

LAUNCH OF OLAM COCOA COMPASS

2010

64,000 FARM DEVELOPMENT PLANS ISSUED TO COCOA FARMERS

2010

240,000 FARMERS TRAINED IN GOOD AGRICULTURAL PRACTICES

2010

USD$136m PAID IN PREMIUMS TO FARMERS

2010

95,000 FARMERS COVERED BY A CHILD LABOUR MONITORING AND REMEDIATION SYSTEM IN CÔTE D’IVOIRE AND GHANA

2010

41 SCHOOLS BUILT

2010

28m COCOA SEEDLINGS DISTRIBUTED

2010

1.3m TREES DISTRIBUTED FOR AGROFORESTRY AND INCOME DIVERSIFICATION

2010

FARMERS TRAINED IN GOOD AGRICULTURAL PRACTICES

2010

PREMIUMS PAID TO FARMERS

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SCHOOLS BUILT

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TREES DISTRIBUTED FOR AGROFORESTRY AND INCOME DIVERSIFICATION

2018

FARMERS TRAINED IN GOOD AGRICULTURAL PRACTICES
Towards the Future

2020*

- 100% Traceability
- 100% AtSource compliant
- 100% Child labour monitoring in managed programmes
- 100% Deforestation monitoring
- 10% Reduction in natural capital costs

2024

- 60,000 Cocoa farmers in Olam Cocoa’s supplier network are achieving a living income

By 2030

- Focused on farmers: prosperous farmers and farming systems
- Empowered to grow: thriving communities
- Investing in nature: regeneration of the living world
- 150,000 Cocoa farmers in Olam Cocoa’s supplier network are achieving a living income
- Child labour is eliminated from our supply chain
- All cocoa farmers’ children in our supply chain have access to education
- Protecting forests: we create an increase in tree carbon stock
- Environment: 30% reduction in natural capital costs

*From direct cocoa supply chain
We are not only focused on lifting cocoa farmers out of extreme poverty, we are also taking a step beyond to help them achieve a level of income that allows for more than just survival. Farmers must be able to earn enough to cover their basic needs of food, water, housing, education, healthcare, transportation and clothing, as well as manage unexpected costs. The complexity and magnitude of closing the gap between extreme poverty and living income is considerable but is essential to ensuring cocoa remains an attractive profession for future generations.

**Our Goal**

**150,000**

**Cocoa farmers in our supplier network are achieving a living income**

**Metrics**

- Number of farmers that have received training to improve agricultural practices
- Number of hectares of cocoa farm land rehabilitated
- Average productivity change of trained farmers
- Number of farmers out of poverty
- Number of farmers earning a living income
Currently the extreme poverty line for an average cocoa growing family in Côte d’Ivoire is estimated at USD$2,300 per year whereas the defined living income line is USD$7,300.*

IN FOCUS
EXAMPLES FROM AROUND THE WORLD OF THE WAYS WE ARE SUPPORTING PROSPEROUS FARMERS AND FARMING SYSTEMS

OUR COCOA FACTORY IN KUMASI, GHANA produces single origin cocoa liquors under our Unicao brand. With a distinctive West African flavour, these liquors ultimately become the key ingredient in chocolate confectionery recipes worldwide.

MAINTAINING A YEAR ROUND FARMGATE PRESENCE AND LONG-TERM PROCESSING INVESTMENT IN COUNTRIES WHERE COCOA IS GROWN ENSURES VISIBLE MARKET ACCESS FOR FARMERS.

IT’S NOT ‘ONE SIZE FITS ALL’ (GLOBAL)
We have to adapt to local needs, identify farmers with the greatest potential and offer tailored solutions that create the conditions for farmers to prosper.

By providing tailored Farm Development Plans via our Olam and Farmers Information System, we give cocoa farmers specific advice about how to sustainably increase their crop yields.

ONE FARMER, ONE ACRE (GHANA)
This programme, covering 1,500 farms, sends local ‘pruning teams’ into cocoa communities to prune a single acre of neglected cocoa trees. Instead of farmer group training sessions, this direct coaching demonstrates the benefits of best practices on individual farms, resulting in healthier trees that are more productive and setting a positive example for neighbouring cocoa farmers.

ENCOURAGING ENTREPRENEURS (ECUADOR)
The Bee Sustainable Project in Ecuador creates an alternative source of income for cocoa farmers. The provision of apiaries and one-to-one training encourages entrepreneurialism through the production of honey.

Each beehive adds around USD$400 per year to the farmer’s income which is the equivalent to a month’s local salary.

KUMASI, GHANA
Our cocoa factory in Kumasi, Ghana produces single origin cocoa liquors under our Unicao brand. With a distinctive West African flavour, these liquors ultimately become the key ingredient in chocolate confectionery recipes worldwide.

IN FOCUS
EXAMPLES FROM AROUND THE WORLD OF THE WAYS WE ARE SUPPORTING PROSPEROUS FARMERS AND FARMING SYSTEMS

2000* HECTARES PRUNED
28M* SEEDLINGS DISTRIBUTED WORLDWIDE

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**ALL NUMBERS TO END OF 2018**
Access to education and freedom from child labour are basic human rights, and it is our belief that these problems should be addressed simultaneously because they are inextricably linked. Through supporting children of cocoa farmers our aim is to create opportunities that their parents may not have had, whether in cocoa farming or another profession. The important outcome is that they become part of a thriving local community.

**EMPOWERED TO GROW**

**THRIVING COMMUNITIES**

Our goals by 2030:

- All children of cocoa farmers in our supply chain have access to education
- Child labour is eliminated from our supply chain

**METRICS**

- Number of households covered by a Child Labour Monitoring and Remediation System (CLMRS)
- Number of children identified in child labour
- Number of child labour cases remediated
- Number of children removed from child labour

**METRICS**

- Percentage of farmers’ children with access to education
- Number of children that have received education support
The number of children in forced labour and performing hazardous tasks related to cocoa production is declining and school attendance is increasing but problems still exist.
Our deZaan processing factories in the Netherlands, Germany and Singapore all employ large local teams to produce premium cocoa powders, contributing to the prosperity of national economies.

IDENTIFYING KEY OBSTACLES FOR ACCESSING EDUCATION

We conduct community needs assessments to identify obstacles to accessing education. Common issues include a lack of textbooks, uniforms and birth certificates (which are needed for enrolment). Sometimes, a local school just doesn’t exist.

PROTECTING COMMUNITIES IN CÔTE D’IVOIRE AND GHANA

In partnership with the Fair Labor Association (FLA) and the International Cocoa Initiative (ICI), we have established Child Labour Monitoring and Remediation Systems (CLMRS) in Côte d’Ivoire and Ghana.

This involves a combination of educating cocoa growing communities, household and farm visits to collect data and track instances of child labour, followed by educating cocoa growing communities about the need to protect children and remediating to withdraw them from hazardous situations.

EXAMPLES OF THE WAYS WE ARE SUPPORTING THRIVING COMMUNITIES

41* SCHOOLS BUILT

95,000* COCOA FARMERS COVERED BY A CLMRS

*ALL NUMBERS TO END OF 2018

DEZAAAN’S LOCAL TEAMS

HELPING TO CREATE THRIVING COMMUNITIES IS NOT JUST LIMITED TO FARMING COMMUNITIES.

BOOSTING NATIONAL ECONOMIES AT DEZAAAN FACTORY SITES

Our deZaan processing factories in the Netherlands, Germany and Singapore all employ large local teams to produce premium cocoa powders, contributing to the prosperity of national economies.
INVESTING IN REGENERATION OF THE LIVING WORLD

We are focused on the co-existence of prosperous farms and thriving communities with healthy ecosystems in order to both reduce and eventually reverse deforestation. One way to look at these issues and mitigate our wider environmental impact is through the measurement of tree carbon stock. This takes into account both the amount of land being used for cocoa farming versus the amount of forest in our supply chain, as well as the quality of the trees and agroforestry systems. All of which is important for carbon capture and promoting biodiversity. Another method is the Natural Capital Protocol, a new and evolving way to look at overall environmental impact. We recognise the need to work with governments and rural farming communities to support environmental stewardship that balances improvements in cocoa farmer livelihoods with the coexistence of protected forests, industrial plantations, subsistence crops, and perennial crops.

OUR GOALS

BY 2030

PROTECTING FORESTS:
CREATE AN INCREASE IN TREE CARBON STOCK

METRICS

- Number of farmers who received sensitisation training on deforestation
- Net change in tree carbon stock
- Number of trees distributed for agroforestry and income diversification

ENVIRONMENT:
30% REDUCTION IN NATURAL CAPITAL COSTS

METRICS

- Natural Capital cost and equivalence per metric tonne of cocoa beans
- Reduction in water and carbon footprint of processing and transport versus baseline

METRICS

- Number of farmers who received sensitisation training on deforestation
- Net change in tree carbon stock
- Number of trees distributed for agroforestry and income diversification
Although neither country ranks in the top 10 by total area, Côte d’Ivoire and Ghana experienced percentage increases of primary tropical rainforest loss between 2017-2018. Illegal mining caused some of the loss [in Ghana], and while it is difficult to attribute the exact location and amount of forest loss [to cocoa], expansion of cocoa farms caused loss in both countries.*

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### PRESSURE ON NATURAL RESOURCES

#### TROPICAL PRIMARY RAINFOREST LOSS IN 2018*

<table>
<thead>
<tr>
<th>Country</th>
<th>Loss in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRC</td>
<td>491,248 HA</td>
</tr>
<tr>
<td>Indonesia</td>
<td>339,888 HA</td>
</tr>
<tr>
<td>Colombia</td>
<td>176,977 HA</td>
</tr>
<tr>
<td>Bolivia</td>
<td>154,488 HA</td>
</tr>
<tr>
<td>Malaysia</td>
<td>144,571 HA</td>
</tr>
<tr>
<td>Peru</td>
<td>140,185 HA</td>
</tr>
<tr>
<td>Madagascar</td>
<td>94,785 HA</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>77,206 HA</td>
</tr>
<tr>
<td>Cameroon</td>
<td>57,935 HA</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>25,669 HA</td>
</tr>
<tr>
<td>Ghana</td>
<td>12,289 HA</td>
</tr>
</tbody>
</table>

#### BY TOTAL AREA

- Brazil: 3,347,132 HA
- DRC: 491,248 HA
- Indonesia: 339,888 HA
- Colombia: 176,977 HA
- Bolivia: 154,488 HA
- Malaysia: 144,571 HA
- Peru: 140,185 HA
- Madagascar: 94,785 HA
- Papua New Guinea: 77,206 HA
- Cameroon: 57,935 HA
- Côte d’Ivoire: 25,669 HA
- Ghana: 12,289 HA

#### BY PERCENT INCREASE FROM 2017

- Ghana: 60%
- Côte d’Ivoire: 26%
- Papua New Guinea: 22%
- Angola: 21%
- Suriname: 12%
- Liberia: 12%
- Colombia: 9%
- Panama: 4%
- Tanzania: 3%
- DRC: 2%

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*OLAM COCOA RESEARCH

### TOP 10 COCOA PRODUCING COUNTRIES IN 2018–2019*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Metric Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Côte d’Ivoire</td>
<td>2,290</td>
</tr>
<tr>
<td>2</td>
<td>Ghana</td>
<td>790</td>
</tr>
<tr>
<td>3</td>
<td>Ecuador</td>
<td>525</td>
</tr>
<tr>
<td>4</td>
<td>Nigeria</td>
<td>223</td>
</tr>
<tr>
<td>5</td>
<td>Cameroon</td>
<td>293</td>
</tr>
<tr>
<td>6</td>
<td>Indonesia</td>
<td>240</td>
</tr>
<tr>
<td>7</td>
<td>Brazil</td>
<td>175</td>
</tr>
<tr>
<td>8</td>
<td>Peru</td>
<td>115</td>
</tr>
<tr>
<td>9</td>
<td>Dominican Republic</td>
<td>80</td>
</tr>
<tr>
<td>10</td>
<td>Colombia</td>
<td>56</td>
</tr>
</tbody>
</table>

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*WORLD RESOURCES INSTITUTE, 2019

*OLAM COCOA RESEARCH
Focusing on environmental impact and sustainability

The Natural Capital Protocol is a new and evolving way to look at overall environmental impact, helping businesses to understand their relationships with natural resources.

It assesses land use change, water usage, greenhouse gas emissions and fertiliser levels, amongst other things, to produce a total impact metric which businesses can use to evaluate and focus their sustainability efforts.

Our efforts to protect land and combat deforestation

Our commitment as a founding member of the Cocoa & Forests Initiative (C&FI) includes the implementation of an action plan detailing the steps we will take as a business to combat deforestation in Côte d’Ivoire and Ghana. A similar plan is being developed for Colombia.

This is just one element of our global efforts against the loss of forests and protected land. Over the past 15 years we have also trained 240,000 cocoa farmers in Good Agricultural Practices and distributed 1.3 million trees for agroforestry and income diversification.

By committing to 100% traceability we are showing our customers where our cocoa comes from and the environmental impact of our cocoa supply chain.

The bigger picture

Efforts to protect the environment must extend through the entire supply chain.

We are investing in renewable energy initiatives in our cocoa factories such as boilers to power operations fuelled by cocoa bean shells in Côte d’Ivoire, Indonesia, the Netherlands and Singapore.

In focus

Examples of the ways we are supporting regeneration of the living world

We are utilising solar panels to reduce our reliance on local energy grids in Koog aan de Zaan, the Netherlands.

We are capturing and recycling waste water in Ilhéus, Brazil and we are investing in further renewable initiatives across the globe.

Côte d’Ivoire, Indonesia, the Netherlands and Singapore

Investing in nature

We are utilising solar panels to reduce our reliance on local energy grids in Koog aan de Zaan, the Netherlands.

We are capturing and recycling waste water in Ilhéus, Brazil and we are investing in further renewable initiatives across the globe.
We are the leading originator of cocoa beans and a globally leading processor of cocoa powders, cocoa liquors and cocoa butters with a team of 3,000 around the world.

We have a presence in all major cocoa producing countries.

We procure cocoa beans from a network of over 650,000 cocoa farmers.

Our business vision is to be the world’s most valuable cocoa and chocolate ingredient company by producing solutions and innovations for our customers worldwide.

We have 10 cocoa bean sourcing origins.

We have 12 factories, ingredients and corresponding brands.

We have 4 cocoa innovation centres.

We have 17 dedicated cocoa sales offices.

10 COCOA BEAN SOURCING ORIGINS

12 FACTORIES, INGREDIENTS AND CORRESPONDING BRANDS

4 COCOA INNOVATION CENTRES

17 DEDICATED COCOA SALES OFFICES