

Olam Food Ingredients reaches Cocoa Compass targets for 100% child labour and deforestation monitoring

London, 14 April, 2021 – Olam Food Ingredients (OFI), a leading supplier of cocoa beans and cocoa ingredients, today announces it has established child labour monitoring across its managed sustainability programmes*, covering 183,000 households in nine countries, and 100% deforestation monitoring across its direct global supply chain, covering almost 12,000 suppliers†.

Both achievements are part of Cocoa Compass, OFI's sustainability ambition for the future of cocoa. In its first impact report published today, the company confirmed that along with its 100% direct supply chain traceability target reached last year, it has hit its remaining 2020 milestones in collaboration with customers and partners and shares progress towards its 2024 and 2030 goals, which include targets on living incomes, child labour and natural capital.

The Child Labour Monitoring and Remediation System (CLMRS) developed by the cocoa business, in collaboration with the Fair Labor Association (FLA), covers 100% of its managed sustainability programmes and is a ground-breaking new tool for monitoring child labour in Cameroon, Uganda, Brazil and Indonesia. This is a critical step towards Cocoa Compass's goal of eradicating child labour from the cocoa supply chain by 2030. With training and the help of a smartphone, community leads, and field officers now collect detailed social data on individual farming households, helping to identify children at risk and take faster, more effective action.

This data paints a clearer picture of child labour‡ in the supply chain and the interventions needed. For example, in Côte d'Ivoire, which has a reported high prevalence of child labour, 79% of school-aged children attend school and 75% of children identified in a situation of child labour combine school and work and in 97% of child labour cases, children were working for a parent or a relative. These findings are in line with the recent NORC study from the University of Chicago§ which showed that school attendance has increased significantly in Côte d'Ivoire in the past ten years, indicating that actions like establishing birth certificates, building classrooms, providing school equipment and setting up Village Savings and Loans Associations are contributing to improving access to education.

Gerard A. Manley, CEO of OFI's Cocoa Business, said: "Child labour anywhere in the cocoa supply chain is unacceptable, but the risk has increased over the past year as schools have closed due to the pandemic. By introducing this level of monitoring across all our cocoa sourcing countries, we want to make sure that cases are identified and dealt with as quickly as possible. Our data shows that there is still a long way to go to eradicate child labour from the cocoa supply chain, but this insight is helping us to tailor our interventions to the situation on the ground and focus on how we can make the biggest impact."

The cocoa business is also sharing progress towards cutting its natural capital costs for the first time today, reporting a 13% reduction in its processing operations and a 4% reduction in

* Managed in partnership with customers

† Farmer groups or buying agents who supply cocoa to OFI

‡ See notes to editors

§ [Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana](#) NORC at the University of Chicago, October 2020,

its agriculture operations in the year 2019/20 compared to the previous year^{**}. By 2030, it aims to reduce natural capital costs by 30% across its global cocoa supply chain. The company is one step closer to achieving that goal after introducing satellite technology to map tree cover across its entire direct cocoa supplier network. Combining this data with historic deforestation rates, existing forest cover and national park boundaries, it can identify deforestation risk hotspots and take targeted action.

Manley continued: “Through the hard work of our teams and the support of our customers and partners, we have now achieved 100% traceability and 100% deforestation monitoring in our direct supply chain, and 100% child labour monitoring in all our managed sustainability programmes. This is just the beginning. The unprecedented level of data and insight at our fingertips will help us identify how and where to act to achieve our longer-term ambition of a professionalised and quality-focused cocoa supply chain, one where farmers are earning a living income, child labour is eliminated, and the natural world is protected.”

The Cocoa Compass report also sets out OFI’s work with Sustainable Food Lab, Global Living Wage Coalition (GLWC), the Anker Research Network and the Living Income Community of Practice to publish the first-ever living income reference values for Cameroon, Nigeria, and Papua New Guinea, as well as an updated Côte d’Ivoire level. These benchmarks will allow the cocoa business to determine the existing living income gaps in its direct cocoa supply chain and work towards its target for 150,000 farmers to be earning a living income by 2030.

All cocoa data collected by OFI, including child labour and deforestation data, will feed directly into [AtSource](#), the company’s sustainability insights platform, giving customers unprecedented visibility of the social and environmental impact of their cocoa, including full traceability for all of OFI’s directly sourced cocoa.

For more information, please see [here](#).

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Notes to editors

- Child labour is defined by the [International Labour Organisation](#) as work that endangers children or interferes with their schooling, and covers four main categories: a) slavery, debt bondage, trafficking and similar practices; b) the use, procurement or offering of a child for commercial sexual exploitation; c) illicit activities, such as drug trafficking; d) work which by its nature or the circumstances in which it is carried out puts their health, safety or morals at risk. The last category is what is also known as “hazardous work”, and the most common form of child labour found in cocoa, for example children carrying heavy loads or using sharp tools on the family farm. Hazardous work is distinct from the first category of child labour mentioned - forced or slave labour - which, according to the [Global Slavery Index 2018](#), occurs rarely in cocoa. Olam Cocoa has a zero-tolerance policy for forced or slave labour in its supply chain and if it were to identify any instances, it would immediately act, including notifying the appropriate authorities.

^{**} Measured per metric tonne of cocoa beans

- Natural capital accounting assigns a monetary value to natural resources like forests and healthy soil, allowing businesses to calculate the true cost of their decisions.

About Olam Food Ingredients

Olam Food Ingredients (OFI) is a new operating group born out of Olam International. OFI offers sustainable, natural, value-added food products and ingredients so that consumers can enjoy the healthy and indulgent products they love. It consists of Olam's industry-leading businesses of Cocoa, Coffee, Edible Nuts, Spices and Dairy.

OFI has built a unique global value chain presence including its own farms, farm-gate origination and manufacturing facilities. OFI partners with customers, leveraging its complementary and differentiated portfolio of "on-trend" food products, to co-create solutions that anticipate and meet changing consumer preferences as demand increases for healthier food that's traceable and sustainable.

About OFI's cocoa business

OFI's cocoa business is a leading supplier of cocoa beans and cocoa ingredients (cocoa powder, cocoa butter and cocoa liquor) and ranks amongst the top three processors worldwide. A leader in sustainable cocoa, its sustainability ambition, Cocoa Compass, sets challenging goals for its direct source supply chain which include helping 150,000 farmers to achieve a living income, eliminating child labour from its supply chain and creating a net increase in tree carbon stock by 2030. It sources from all major cocoa growing countries across Africa, Asia and South America, and has a cocoa processing, milling and refining presence in, or adjacent to, primary consumption markets in Europe, the Americas, and Asia. Supplying to over 2,000 customers globally, OFI is a close collaborative partner in their innovation and product development programmes. Its portfolio of ingredient brands is led by deZaan, with its heritage of more than 100 years of excellence, as well as African brand Unicao, South American brand Joanes, the regional Macao and Huysman cocoa powder brands, BT Cocoa in Indonesia, and Britannia confectionery and speciality fats brand.

About Olam International Limited

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 25,200 customers worldwide. Our value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a sourcing network of an estimated 5 million farmers.

Through our purpose to 'Re-imagine Global Agriculture and Food Systems', Olam aims to address the many challenges involved in meeting the needs of a growing global population, while achieving positive impact for farming communities, our planet and all our stakeholders.

Headquartered and listed in Singapore, Olam currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.

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