

The background is a grid of 24 small images. The top row shows chocolate, cashews, coffee, milk, and a milk splash. The second row shows coffee beans, rice, and almonds. The third row shows almonds with a logo, a bowl of rice, and a bowl of rice with a logo. The bottom row shows bread, a tire, a bread with a logo, and a bowl of tomato soup.

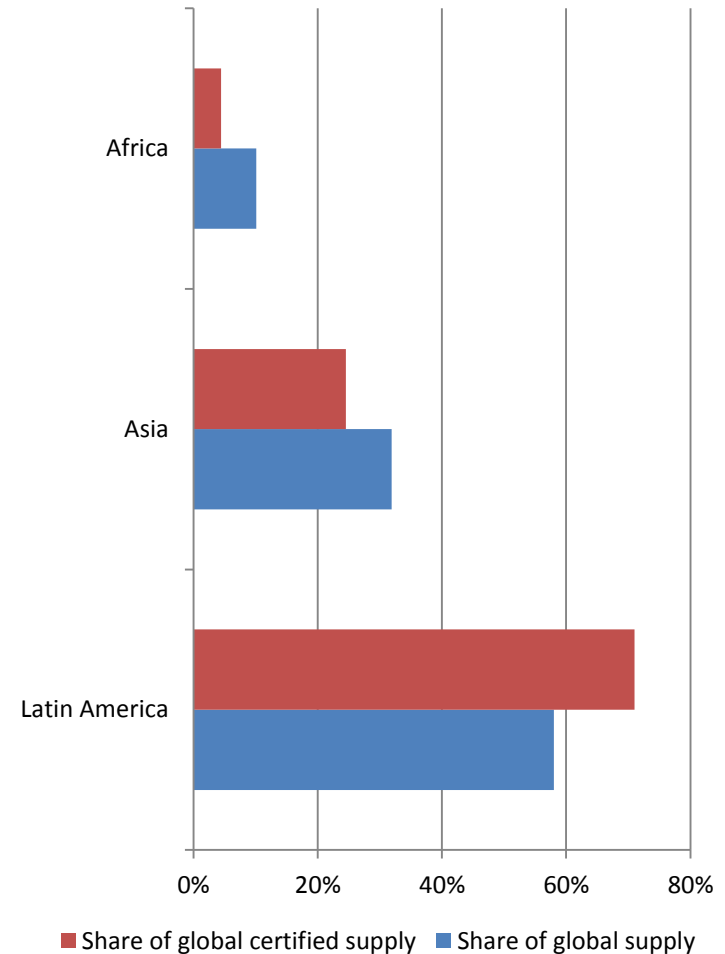
Olam International

4C Coffee Congress

London, June 2015

±15 years of sustainability certification, where do we stand?

- Certification is market-driven
- Majority of farmers remain on low income despite significant investments
 - Much investment is on compliance, little on income improvement
 - Less productive farmers difficult to reach (e.g. Africa does 10% of global supply, yet only 4% of certified supply)
- Companies have an interest in farmers that can invest and take some risk, poorer farmers are risk averse, yet we rely on them for the bulk of supply
- **The key question is how can we transfer greater monetary value of certification to farmers?**



Olam's point of view

- Larger-scale partnerships with support from Common Fund for Commodities, IDH, etc can help but cover a small part of supply
- We would like to reduce inefficiencies and costs on the 'sustainability industry' and transfer savings to farmers
- Our approach is to integrate delivery of services to farmers in our supply chains
- The current concern to commodity companies, who are 4C compliant, is how to support the Vision 2020 in a pre-competitive manner ?

Farming system adaption to climate change is critical

- Poor farmers are risk averse, adapting farming systems carries a short-term risk to counter a longer-term risk
- By generating more value at farm level, farmers' ability to take risks can be increased
- **Can we transfer coffee related carbon-emission equivalent monetary value from consumers, roasters and traders to farmers to support adaption?**

Olam's point of view

- We'd like to explore this possibility, farmers emit 20% of the carbon associated with a cup of coffee, yet bear the brunt of climate change effects
- True carbon cost needs to increase and then a real value transfer could occur
- A value transfer will enable farmers to access finance to invest in climate smart agriculture

