

# Olam International

**Olam International** is a leading and the third largest *agri-business* in the world, operating from seed to shelf in 70 countries, supplying food and industrial raw materials to over 23,000 customers worldwide.<sup>[1]</sup> Olam is one of the world's largest suppliers of cocoa beans and products, coffee, cotton and rice.<sup>[2]</sup>

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## History

Since it was established in 1989, Olam has evolved from a single-product, single-country geography, to a multi-product, multi-national, agri-business today, with 70,000 employees,<sup>[3]</sup> contract, seasonal and temporary workers from 70 different nationalities.

In 1989, the Kewalram Chanrai Group established Olam Nigeria Plc to set up a non-oil based export operation out of Nigeria to secure hard currency earnings to meet the foreign exchange requirements of the other Group Companies operating in Nigeria. The success of this operation resulted in Olam establishing an independent export operation and sourcing and exporting other agricultural products. The Group's agri-business was headquartered in London and operated under the name of Chanrai International Limited. The business began with the export of cashews from Nigeria and then expanded into exports of cotton, cocoa and sheanuts from Nigeria.

### Move to Singapore

By the start of 1993, Olam recognised patterns and in the skills and capabilities required to participate in agricultural production and distribution in many different product markets. Between 1993 and 1995, the business grew from a single operation into multiple origins, first within *West Africa* (including Benin, Togo, Ghana, Côte d'Ivoire, Burkina Faso, Senegal, Guinea Bissau, Cameroon and Gabon), and then to *East Africa* (Tanzania, Kenya, Uganda, Mozambique and Madagascar) and then *India*. The move into multiple origin countries coincided with the *deregulation* of the agricultural commodity markets.

Olam International Limited was incorporated in Singapore on 4 July 1995 as a public limited company. In 1996, at the invitation of the Singapore Trade Development Board (now *International Enterprise Singapore*), Olam relocated their entire operations from London to Singapore. Furthermore, the Singapore Government awarded Olam the Approved International Trader status (now called the *Global Trader Programme*) under which Olam was granted a concessionary tax rate of 10%, which was subsequently reduced, in 2004, to 5%. On relocation to Singapore, the Group's agri-business was reorganised to be wholly owned by Olam International Limited in Singapore.

During this phase, Olam established sourcing and marketing operations in Indonesia, Vietnam, Thailand, China, Papua New Guinea, Middle East, Central Asia and Brazil.

### IPO

In 2002, Russell AIF Singapore Investments Limited (managed by OnAIF Capital limited), became the first external investor to take an equity stake in the company. In 2003, *Temasek Holdings*, through its wholly owned subsidiary, Seletar Investments, took a stake in Olam, followed by *International Finance Corporation* (IFC).

2005 marked a key point in Olam's history. After nearly a decade as a highly successful private company, Olam International Limited was listed on the Main Board of the Singapore Exchange on 11 February 2005. *Temasek* made a strategic investment in Olam in 2009.

As of December 2014, following a Voluntary General Offer<sup>[4]</sup> it holds close to 51.4% of Olam.<sup>[5]</sup> In 2015 Mitsubishi Corporate acquired a shareholding of 20% making them the second largest shareholder.

The Management Team of Olam has a significant shareholding in the company approximating 5.8%<sup>[6]</sup> in the total issued share capital, which greatly aligns shareholder and management interests in creating value. Olam's free float owned by public shareholders accounts for approximately 14.8% of the total issued share capital.<sup>[7]</sup>

### Olam International Limited



<b>Type</b>	Public company
<b>Traded as</b>	SGX: O32 ( <a href="https://sg.finance.yahoo.com/q?s=O32.SI&amp;m=SI">https://sg.finance.yahoo.com/q?s=O32.SI&amp;m=SI</a> )
<b>Industry</b>	Agri-business
<b>Founded</b>	Nigeria (1989)
<b>Headquarters</b>	Singapore, Singapore
<b>Key people</b>	Kwa Chong Seng (Chairman) Sunny George Verghese (CEO)
<b>Revenue</b>	<span>▲</span> S\$20,587.0 million (2016) <sup>[1]</sup>
<b>Operating income</b>	<span>▲</span> S\$1,202.8 million (2016) <sup>[1]</sup>
<b>Net income</b>	<span>▲</span> S\$363.800 million (2016) <sup>[1]</sup>
<b>Total assets</b>	<span>▲</span> S\$15,173.208 million (2016) <sup>[1]</sup>
<b>Total equity</b>	<span>▲</span> S\$5,634.304 million (2016) <sup>[1]</sup> "/>
<b>Number of employees</b>	35,045 (2016) <sup>[1]</sup>
<b>Website</b>	olamgroup.com ( <a href="http://olamgroup.com">http://olamgroup.com</a> )

## Post IPO

Olam is active in the supply chain management of agricultural raw materials and food ingredients. With operations across more than 70 countries, Olam supplies 47 agri-products<sup>[3]</sup> and markets them to over 23,000 customers<sup>[3]</sup> with a global employee strength of 35,045, totalling 70,000 when contract and temporary workers are included.<sup>[1]</sup>

In 2010, Olam International discussed a possible merger with one of its main competitors, i.e. the Geneva-based Louis Dreyfus Commodities, the world's largest cotton and rice trading company. This idea was given-up early 2011, as the two parties could not find an agreement on the details of such a potential merger.

Olam announced in July 2013 that it would sell its cotton assets in Zimbabwe, with the preferred buyer being a private equity company.<sup>[8]</sup>

## Deforestation-linked palm oil, cocoa, and rubber

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Between 2011 and 2015, Olam's palm oil trade volume grew by approximately twenty times—from 71,000 tons to 1.53 million tons.<sup>[9]</sup> Despite Olam's stated commitment to RSPO-certified palm oil, the company shunned transparency as it expanded its palm oil production.<sup>[10][11]</sup>

A report<sup>[12]</sup> released by the NGO Mighty Earth and Gabon-based NGO Brainforest on December 12, 2016 revealed that Olam was operating a secretive palm oil trading operation worldwide, particularly with its third party suppliers in Asia. Olam was accused of endangering the forest habitats of gorillas, chimpanzees and forest elephants due to widespread deforestation.<sup>[13]</sup> It was revealed that in Gabon Olam had cut 26,000 ha of forest for palm oil.<sup>[14]</sup>

The photos and videos featured in the NGO report show Olam bulldozing Gabonese rainforests for rubber and to establish what they intended to build as Africa's largest palm oil plantation. The analysis found that in Gabon Olam cleared approximately 26,000 hectares of forest across its four palm oil concessions since 2012<sup>[15][16][17][18]</sup> and additional forests for rubber.

The two NGOs also documented Olam's cutting down an area the size of Washington DC in what had been an intact forest landscape in Northern Gabon, for rubber in Gabon.<sup>[19]</sup>

On December 16, 2016, shortly after the report was released, Mighty Earth submitted a formal complaint against Olam to the Forest Stewardship Council (FSC) for Olam's deforestation and for violating FSC policies.<sup>[20]</sup> In response to these allegations, on February 21, 2017, Olam suspended further land clearing of forests in Gabon for at least a year.<sup>[21]</sup> As part of the agreement Olam suspended further land clearing of forests in Gabon for at least a year.<sup>[21]</sup> As a result, Mighty Earth suspended its campaign.<sup>[22][20][23][24][25]</sup>

On September 13, 2017 NGO Mighty Earth released a second report<sup>[26]</sup> documenting findings that Olam purchases cocoa grown illegally in national parks and other protected forests in the Ivory Coast.

The report accused Olam of endangering the forest habitats of chimpanzees, elephants and other wildlife populations by purchasing cocoa linked to deforestation.<sup>[27][28][29]</sup> As a result of cocoa production, 7 of the 23 Ivorian protected areas have been almost entirely converted to cocoa.<sup>[30]</sup> Olam was notified of the findings of Mighty Earth's investigation and did not deny that the company sourced its cocoa from protected areas in the Ivory Coast.

## Muddy Waters allegations

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In November 2012, Carson Block of Muddy Waters Research accused Olam of "deciding to take huge leverage and invest in illiquid positions",<sup>[31]</sup> questioning its accounting practices and accusing its board of an "abject failure of leadership".<sup>[32]</sup> Olam called the allegations "baseless rumour-mongering" and sued Block for libel,<sup>[33][34]</sup> but its shares nevertheless fell 21%.<sup>[31]</sup>

## Forced evictions and land clearance in Laos

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The company is involved in the production of coffee in Laos and the clearance of forests and villages to plant large plantations. Areas of land that were acquired by the company were previously inhabited and farmed by villagers who had paid their land taxes and were also farming coffee alongside other products.<sup>[35]</sup> Compensation was only partly paid, with many evicted landholders being paid only in rice. Many landholders are now facing challenges to grow enough food to survive. This development of large industrial plantations at the sacrifice of the small holding family unit is argued by some to be counterproductive to the development of Laos; as it reduces the overall agricultural productivity; and increases poverty amongst the families, while a few officials and the company benefit.<sup>[36]</sup>

## See also

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- Commodity markets
- Noble
- Wilmar

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## External links

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- [Olam Corporate Website \(http://www.olamgroup.com\)](http://www.olamgroup.com)
  - [Olam's activities in Tanzania \(https://web.archive.org/web/20060922224440/http://tanzania.usembassy.gov/pr\\_09282005z.html\)](https://web.archive.org/web/20060922224440/http://tanzania.usembassy.gov/pr_09282005z.html)
  - [Olam's problems in Guinea-Bissau \(http://www.irinnews.org/report.aspx?ReportId=70672\)](http://www.irinnews.org/report.aspx?ReportId=70672)
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