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## SGS Verification: A New Milestone in Our Commitment to Quality and Traceability

As part of fruits of our effort to transform soft commodity trading in Africa, we're proud to announce our recent verification as an SGS Verified Supplier. This milestone demonstrates our dedication to maintaining the highest standards of quality control and product integrity. SGS (Société Générale de Surveillance) is the world's leading inspection, verification, testing, and certification company, recognized globally for its rigorous standards and commitment to ensuring quality, safety, and integrity. Achieving SGS verification is a testament to Cardinal Torch's adherence to these stringent standards.

In today's interconnected world, traceability has become a paramount concern for consumers and businesses. Ensuring products can be traced back to their origins is critical for verifying quality, authenticity, and ethical sourcing, especially in the commodity trading sector. With SGS verification, Cardinal Torch meets the growing demands for traceability and quality assurance in the global market. This certification verifies the company's authenticity and capacity to deliver high-quality goods internationally, enhancing its credibility and trustworthiness among partners and clients, thus significantly bolstering the company's for global partnerships.

As an SGS Verified Supplier, we assure our partners and clients of our ability to consistently deliver high-quality products, paving the way for expanded market opportunities and strengthened business relationships. This milestone reflects our ongoing dedication to excellence and its strategic vision for growth and innovation in the commodity trading industry.

## Cardinal Torch Participates in African Union ESG Study

In an era marked by growing environmental and social concerns, sustainable business practices have become paramount for companies worldwide. Cardinal Torch Company Ltd, was recently selected to participate in an African Union (AU) ESG study, which not only assessed our current sustainability practices but also provided valuable insights into areas where we could further enhance our commitment to ESG principles.

The study while seeking to understand our compliance with areas such as the need for increased transparency in our reporting, particularly regarding ESG performance and targets, broadened our knowledge with a number of beneficial ESG reporting frameworks, which when adopted, will update our reporting mechanisms to provide stakeholders with comprehensive and accurate information on our sustainability initiatives.

# Informal Logistics Handling: The Backbone of Nigeria's Food Supply



In the bustling markets and remote villages of Nigeria, the silent yet crucial work of informal logistics handlers known as Charter-men ensures that food commodities reach their destinations. These dedicated individuals, often driving trucks ranging from small pick-ups to large articulated lorries, are the backbone of the country's food commodity trading sector, navigating complex logistics with skill and determination.

These servicers typically own their trucks, which is a key aspect of their role in the informal food commodity transportation sector. They manage and maintain their own vehicles, handle the logistics of transporting goods, and cover operational costs. This ownership model is common in informal transportation sectors, where individuals or small operators provide essential transportation services to earn a living while serving the grassroots.

The role of Charter-men extends beyond individual livelihoods. They play a vital part in Nigeria's agriculture sector, which contributed over 20% to the nation's GDP in Q1 2024 (Nigeria Bureau of Statistics). Their work is crucial not only for economic stability but also for ensuring that food commodities are efficiently and reliably transported across the country.

The Commodity Transport sector in Nigeria presents a vast opportunity for private sector investment, particularly in enhancing food safety during transit within the nation and cross-border trade under the Africa Continental Free Trade Area (AfCFTA) agreement. Recent data from the

Nigerian Export Promotion Council indicates that reducing food waste during transit could save the Nigerian economy approximately ₦2 billion annually. This figure underscores the significant potential of increased private sector investment, especially in deploying refrigerated trucks, which will significantly enhance food security by preventing waste during transit.

Although their operations are informal, Charter-men's activities are regulated by guilds that enforce adherence to statutory regulations. These guilds play a critical role in ensuring that informal logistics handling remains within legal frameworks. Additionally, by collaborating with organizations such as the Federal Produce Inspection Agency, Charter-men work to mitigate product theft and secure goods in transit, thereby protecting against theft or diversion of commodities.

Yusuf Ibrahim, a Charter-man from Nasarawa State, exemplifies the dedication required for this service. His arduous journey transporting sesame seeds from Doma to Lagos highlights the challenges and rewards of this vital role. While he deems his income modest, it provides a lifeline for his family, enabling him to send his daughters to university. Yet, he says the satisfaction of contributing to Nigeria's economy and feeding the nation is his greatest reward.

At Cardinal Torch, we incorporate the services of Charter-men into our downstream supply chain for delivering key commodities like cocoa and cashews to our processing centers. Guided by our overarching principle of "Innovation through Collaboration," our teams leverage technology to enhance the safety and efficiency of logistical operations when working with verified partners like Yusuf. We look towards a future where the sector operates at its full potential, and by partnering with local guilds on CSR interventions, we commit to improving safety objectives for the Charter-men who ply the trade routes of our key commodities.

# Advancing Compliance and Policy Leadership in Nigeria's Commodity Sector



**A**dherence to regulations is crucial for successful policy implementation in Nigeria's commodity sector. CT's deep-rooted commitment to adherence to local and international regulations positions us as a trusted partner in driving industry growth and development.

By meticulously adhering to Central Bank of Nigeria (CBN) regulations, including accurate documentation of export trade using Form NXP, repatriation of export proceeds, and exclusive forex operations within regulated trade windows, Cardinal Torch upholds the highest standards of financial integrity. This unwavering commitment to compliance fosters a robust and transparent business environment.

Our compliance extends beyond financial regulations. We strictly adhere to all relevant export regulations, trade agreements, and customs procedures, ensuring our operations align with industry best practices and contribute to a sustainable commodity sector.

Building upon this strong foundation of compliance, Cardinal Torch actively participated in shaping policies to revitalize Nigeria's commodity sector at a high-level Policy Design Workshop of the National Cashew Association of Nigeria, NCAN. Cardinal Torch's BDM, Ndutim Enang, proposed key strategic policy solutions to pressing challenges to a distinguished audience of Cashew Sector stakeholders, local and international development partners, as well as government officials. The aim was to inform and shape policy formulation through the following proposals:

- **The development of a strong Nigerian cashew brand** as means to a regime of fair and subsidized RCN prices for local processors in order to enhance global market competitiveness.
- **Tax incentives** to stimulate research and development within the cashew industry.
- **Digital platform for capturing nationwide cashew data** to improve industry transparency and efficiency.
- **Effective communication of research findings** to inform decision-making and drive industry growth.

Through our unwavering commitment to compliance and policy leadership, Cardinal Torch is driving positive change within Nigeria's commodity sector. Our actions exemplify the synergy between regulatory adherence and effective policy design, creating a sustainable and prosperous industry for all stakeholders.



# David Olurin: Steering Cardinal Torch to Leadership in Commodity Trading



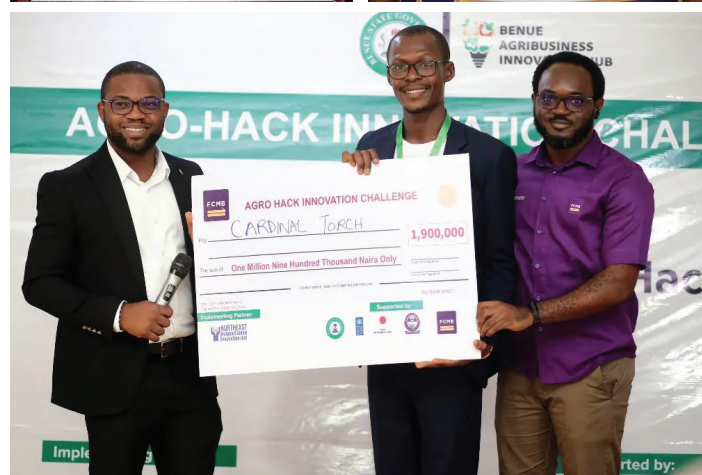
Cardinal Torch Company Limited's rise in the commodity trading industry is inextricably linked to the visionary leadership of its CEO, David Olurin, (D.O). Recently nominated as one of the 50 Top Performing CEOs in Nigeria by Business Times Magazine, David's expansive experience and strategic acumen have been pivotal to the company's success.

Born into the prominent Olurin cocoa trading family in Ogun State, David's deep-rooted knowledge of the commodity markets has been a significant asset. His professional journey includes notable tenures at top commodity trading companies, where he honed his skills and expanded his expertise in global commodity trading. Under his leadership, Cardinal Torch has not only achieved remarkable growth but has also cultivated a culture of excellence and innovation.

This culture of excellence extends beyond D.O. The company's leadership team boasts distinguished professionals, including the immediate past Chairman, Dr. Philip Ikeazor, who

went on to become a Deputy Governor at the Central Bank of Nigeria in 2023; and in Q1, 2024, Dr. Aderinola Philips, the former Executive Director for Business Development, became the Special Adviser to the Lagos State Governor on Real Estate matters.

D.O's award nomination is coming on the heels of Cardinal Torch's serial winnings: 2nd place at Benue Agrohack Challenge in February 2023; Africa Quality Award Winner: Africa's Most Trusted Agro-processing and Food Company of the year 2023; National Quality Order of Merit Awards for Most Innovative Agro-Business Commodity Trading Company of the Year 2024. His illustrious leadership underscores Cardinal Torch's commitment to fostering top-tier talent and driving industry-leading performance.



# Adapting to Global Cocoa Market Dynamics



Africa produces approximately 70% of the world's cocoa and remains the leading region in global cocoa production. Among the top producers, Côte d'Ivoire, Ghana, Cameroon, and Nigeria play pivotal roles. Nigeria, in particular, holds a significant market share as one of the largest cocoa producers, contributing to both regional and global supply. In recent months, global cocoa markets have experienced significant volatility. Key factors driving these trends include climate change impacts, shifts in trade policies, and other economic factors. Cocoa beans, a staple in Cardinal Torch's portfolio, has seen price fluctuations due to climate change affecting major producing regions like West Africa.

These factors have created a challenging environment for businesses operating in the cocoa market. For many companies like Cardinal Torch that operate in supply side of the cocoa value chain, this volatility has eroded working capital, as the unpredictable fluctuations in terminal prices have made it difficult to maintain stable financial footing. The surge in cocoa futures prices, driven by these market dynamics, has pushed costs higher and squeezed margins.

Here are some key data trends for Q1 2024 that we find particularly noteworthy:

- **Climate Change:** West Africa experienced significant weather problems due to climate change, including extended dry spells and heavy rains, leading to the spread of black pod disease. These conditions severely impacted cocoa yields and resulted in a shortage in supply, contributing to the rise in cocoa prices.
- **Cocoa Prices:** Cocoa futures prices increased in Q1 2024 due to poor crops in West Africa, leading to a surge in the London and New York cocoa exchanges. This has resulted in the erosion of working capital, with gains in terminal prices and the British pound (GBP) soaring higher.
- **Global Consumption:** Global cocoa consumption increased in Q1 2024, with strong demand reflected in rising grindings across all regions. This increase in demand has transferred the effect to final consumers, leading to higher prices for chocolate and related products.
- **Certified Cocoa:** Certified cocoa prices are generally higher than conventional cocoa due to the additional costs associated with certification processes and the premium consumers are willing to pay for sustainably sourced products.
- **Nigeria's Market Conditions:** In addition to the global trends, Nigeria has faced unique challenges. The exchange rate has surged from 700 Naira to 1,600 Naira per US dollar as at Q2. 2024, increasing the cost of production and impacting overall market dynamics. The removal of fuel subsidies, have also seen transportation rise significantly, further straining the supply chain and contributing to the higher costs of cocoa production and distribution.



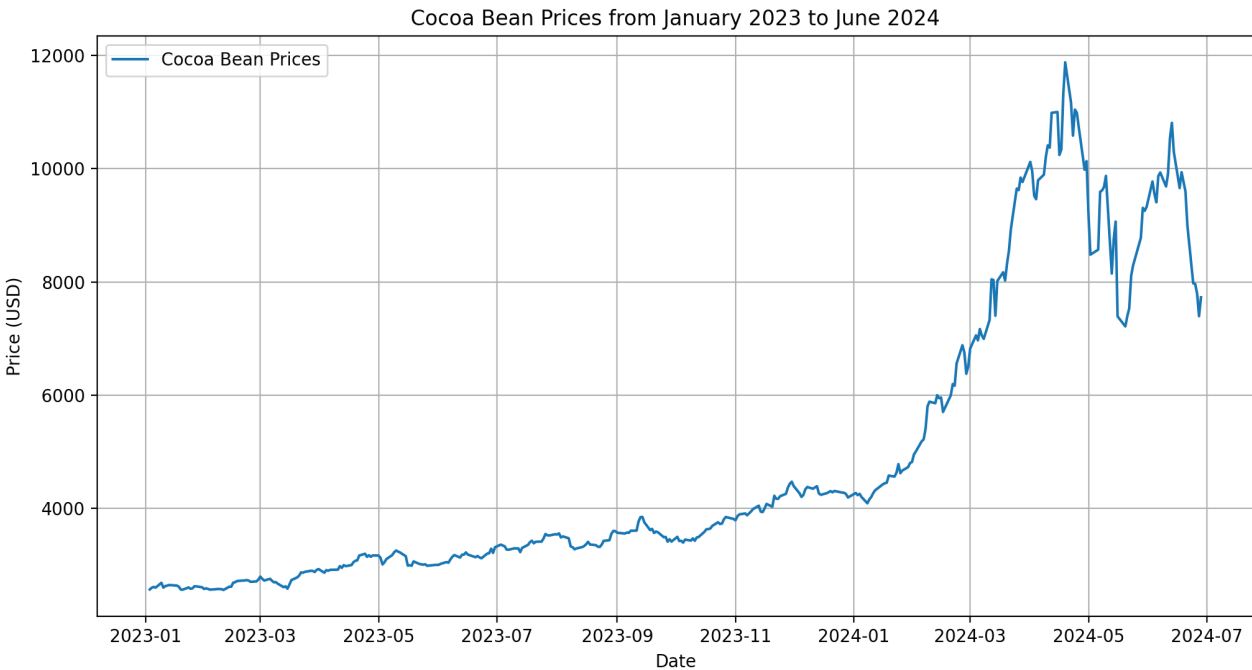
# ...Adapting to Global Cocoa Market Dynamics

The international chocolate and beverage markets have also felt the impact. With rising cocoa prices, end users are now facing increased costs, which are gradually being passed down the supply chain. As the largest producers, including Nigeria, grapple with these market conditions, the effects are being transferred to consumers worldwide, who are experiencing price increases for their favorite products. The shortage in supply caused by climate change and diseases has further strained the market, intensifying the pressure on prices.

At Cardinal Torch, we are well-positioned to leverage these trends. Our trading team excels at connecting market changes with real-world impacts and market reactions. Our in-depth insights into how various factors interact to influence the market and how global and regional trends affect pricing and consumption are used to enhance our trading strategies and decision-making processes. By utilizing advanced market analysis tools and nurturing strong relationships with our stakeholders, we remain agile and responsive to market changes.



Additionally, our funding partners have been instrumental in helping us adjust to the situation. Their support has not only allowed us to mitigate the effects of market volatility but has also enabled us to maintain year-on-year growth in supply capacity despite the over 1,000% increase in produce price per ton. By leveraging these partnerships, we have been able to implement strategies that ensure continued growth and stability. Our commitment to responsible sourcing and supply chain transparency further strengthens our position in navigating the ongoing challenges in the global cocoa market.



Cocoa prices have experienced a notable increase in recent months. This surge can be attributed to factors such as reduced crop yields due to adverse weather conditions, growing demand from the chocolate industry, and increased investor interest in agricultural commodities. (Data: Bureau of Statistics, 2024)

# Empowering Communities through Cashew Processing for Nigeria's Non-oil export Growth



**W**e are excited to announce our proposed cashew processing facility in Siun, Obafemi-Owode Local Government Area of Ogun State, Nigeria. This groundbreaking project aligns with our vision of transforming the commodity trading sector in Africa.

Scheduled for commissioning in Q4 2025, the facility is set to become a catalyst for economic growth and social development in the region. By providing training and development opportunities for up to 1,000 young women and men monthly, we aim to contribute significantly to Ogun State's achievement of SDG Goal 8: Decent Work and Economic Growth.

This strategic investment will enhance the value of Nigeria's cashew exports by achieving international certifications that enhance market performance thus giving us a competitive edge, and setting a benchmark for sustainable development as we contribute to Nigeria's non-oil sector.

The facility will have a production capacity of 10 tons per day, focusing on the semi-processing of cashew kernels for export. In addition, a complementary flavoring facility will be



established to further process these cashew kernels into ready-to-eat brands for both local and international markets.

As a leading player in the commodity trading sector, Cardinal Torch is committed to creating positive impact while driving economic prosperity. We are confident that this cashew processing facility will be a cornerstone of our efforts to transform the agricultural landscape in Nigeria and Africa as a whole.

**Exploring Profitable Opportunities with Cashew Kernels Beyond Snacks**

[Know more>>>](#)

# Jute Bags: Strengthening Nigeria's Agricultural Exports and Domestic Economy

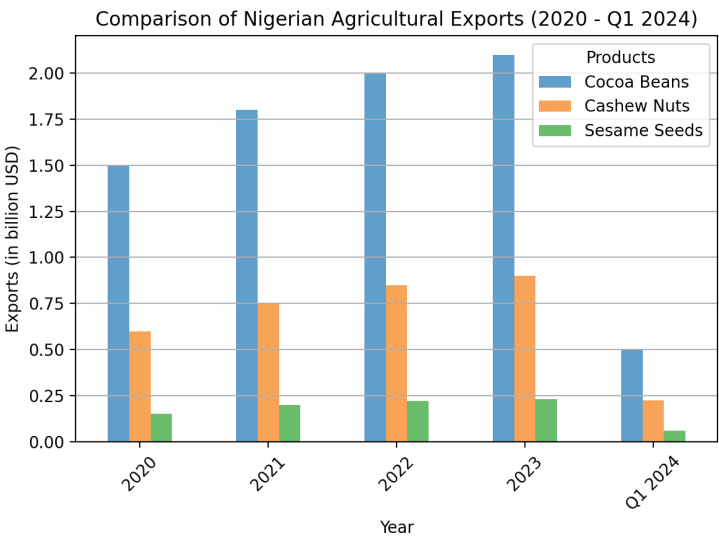
Nigeria has witnessed a remarkable surge in agricultural exports since 2017, with commodities like cocoa beans, cashew nuts, and sesame seeds leading the charge. This growth is underpinned by increasing global demand for natural and organic products. A critical component of this export success is the packaging material – the humble jute bag.

Jute bags, particularly those used for agricultural commodities known as sacking jute, are widely used for storing and transporting a variety of products, including grains, pulses, and vegetables. Their strength, durability, and breathability make them ideal for preserving the quality of these products. Notably, many raw soft commodities, such as cashew nuts and cocoa beans, are primarily packaged in sacking jute due to their ability to maintain optimal conditions for

foreign exchange reserves but also represents a missed opportunity to create jobs, generate revenue, and strengthen the domestic economy. The foreign exchange burden of these imports underscores the need for a strategic focus on boosting local production of jute bags.

Interestingly, jute bags can be produced not only from the traditional jute plant but also from coconut husk, a material abundant in Nigeria. This offers a viable alternative for the country to reduce its reliance on imported packaging materials. Additionally, jute bags are considered food-grade, making them an ideal choice for packaging food exports.

To harness the full potential of the jute industry and mitigate the foreign exchange impact, Nigeria must implement strategic initiatives. These include:



**Nigerian Agricultural Exports: (2020 - Q1 2024) (Data: Nigeria Bureau of Statistics)**  
The growth and contributions of Nigeria's key agricultural exports—cocoa beans, cashew nuts, and sesame seeds—to the total export value each year from 2020 to Q1 2024. With cocoa and cashews primarily packaged in jute bags, the rising export volumes highlight the critical need to bolster domestic jute production to meet the growing demand and strengthen Nigeria's agricultural export industry.

these delicate products. Nigeria currently imports a significant portion of its jute bag requirements. In 2023 alone, imported jute bags valued at about \$7 billion were used for the cocoa export sector. This heavy reliance on imported jute bags not only strains Nigeria's

- **Boost local jute production:** Incentivizing jute cultivation to farmers and researching for improvement.
- **Develop the jute processing industry:** Supporting small-scale processing plants.
- **Implement supportive policies:** Offering tax incentives for using locally produced jute bags.
- **Foster collaboration:** Engaging international partners and the local private sector to invest in the jute value chain.

By investing in the jute value chain, Nigeria will not only reduce its reliance on imported packaging materials but also create a sustainable and profitable industry. This will contribute to reducing the foreign exchange burden, enhance earnings from non-oil exports, and support the overall growth and diversification of the Nigerian economy.