

Meeting tomorrow's demand

COFCO International
Sustainability Report 2017





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This report covers the 2017 calendar year and applies the Global Reporting Initiative (GRI) Standards: Core option.

For more information about this report, see page 34.

Cover Image: COFCO International corn supply in Lincoln, Argentina. We are the 2nd largest exporter of grains and oilseeds in Argentina.

About us

We're building a world-class global agri-business committed to providing the food the world needs in a responsible way.



Image: COFCO International soybean supply in Mato Grosso, Brazil. We are the 3rd largest exporter of soybeans from Brazil.

Welcome to our first sustainability report



By 2050, there will be over nine billion people living on our planet – almost two billion more than today. At the same time, pressure on agricultural land and natural resources is stretched to the limit. Against this backdrop, sustainability is defined as a core value of COFCO International. It forms an integral part of our business strategy, as we work to strengthen our direct commodity sourcing capacity in key producing countries and expand our presence in rapidly growing demand markets.

Supported by our Sunshine Culture, our new sustainability strategy guides us in our aim to become a world-class agri-business positioned to meet tomorrow's demand. This report shows the progress we are making towards our vision – and the challenges we have encountered along the way.

Partnerships for sustainable development

The Paris Agreement on climate change and the UN Sustainable Development Goals help set the context for our approach to sustainable agriculture commodity supply. We are also aligned to internationally recognised sustainability standards such as those of the International Finance Corporation, one of our shareholders. Building on strong values of partnership, we have decided to join as a member the World Business Council for Sustainable Development in the coming days to catalyse change within our sector and beyond.

Continuous improvement

Recognising that our most significant environmental and social impact lies within our supply chains, we work to better understand and support farmers and producers, starting with soy sourcing in Latin America. Technologies such as geo-mapping are helping us better track and improve the sustainability performance of suppliers.

We strive to create a people-first culture and take the safety and lives of our people as the top priority. This report shows the many ways in which we engaged, developed and inspired our teams around safe and healthy behaviours, as well as lessons we have learned in this journey.

Reflecting the important link between climate change and the world's agriculture, I am pleased to report that 82% of our energy consumption came from renewable sources in the last year. Almost two thirds of our waste is now reused, recycled or composted.

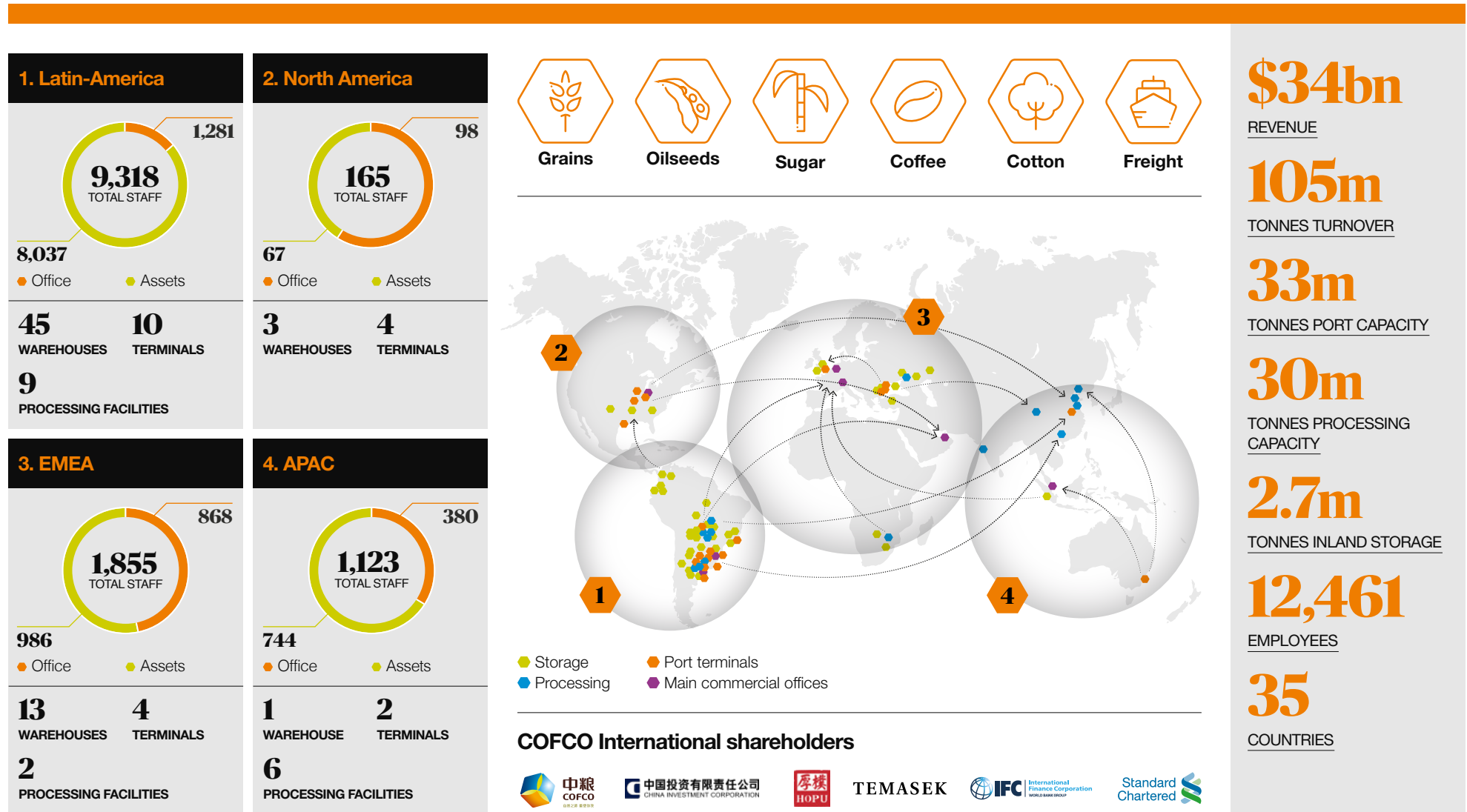
In our communities, we now reach more than 14,000 people with our programmes to support education, health, youth employability and environmental prospects.

Given the integration of COFCO International in 2017, we may be in the early stages of our sustainability journey, but these are exciting times for COFCO International. I see a unique opportunity to create a lasting positive impact on some of the world's greatest challenges. I hope you will see our commitment reading this report, and I welcome your thoughts and feedback along our path to meet tomorrow's demand.

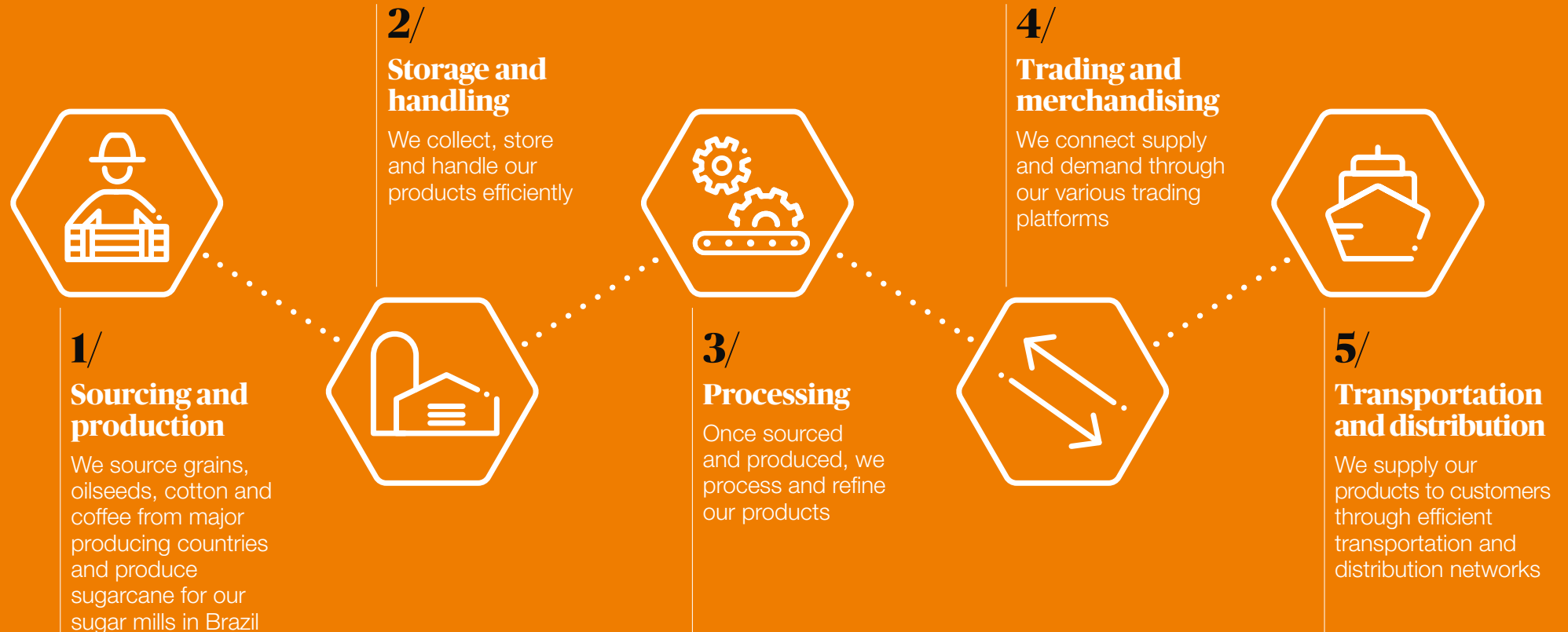
Johnny Chi

Chief Executive Officer

At a glance



Value chain *how we meet tomorrow's demand*



Meeting tomorrow's demand | 2017 in numbers | The bigger picture

Our approach

Sustainability as a core value of COFCO International



Image: Soybean harvesting in Mato Grosso, Brazil.

Meeting tomorrow's demand

Our materiality analysis

In 2017, we conducted a rigorous materiality assessment to identify the issues of greatest importance to our stakeholders and our business. This consisted of research into industry and sustainability standards in order to generate a set of most relevant sustainability issues for consultation. We then engaged stakeholders, including COFCO International leadership, investors, employees, civil society, clients, industry associations and regulators. Stakeholders were requested to rank each identified issue based on its level of importance.

Based on the consultation results, we identified 12 material issues for COFCO International as well as stakeholders, which are plotted on the matrix shown to the right.

On the following page, we show how we group these 12 issues into five pillars, which form the basis of our sustainability strategy

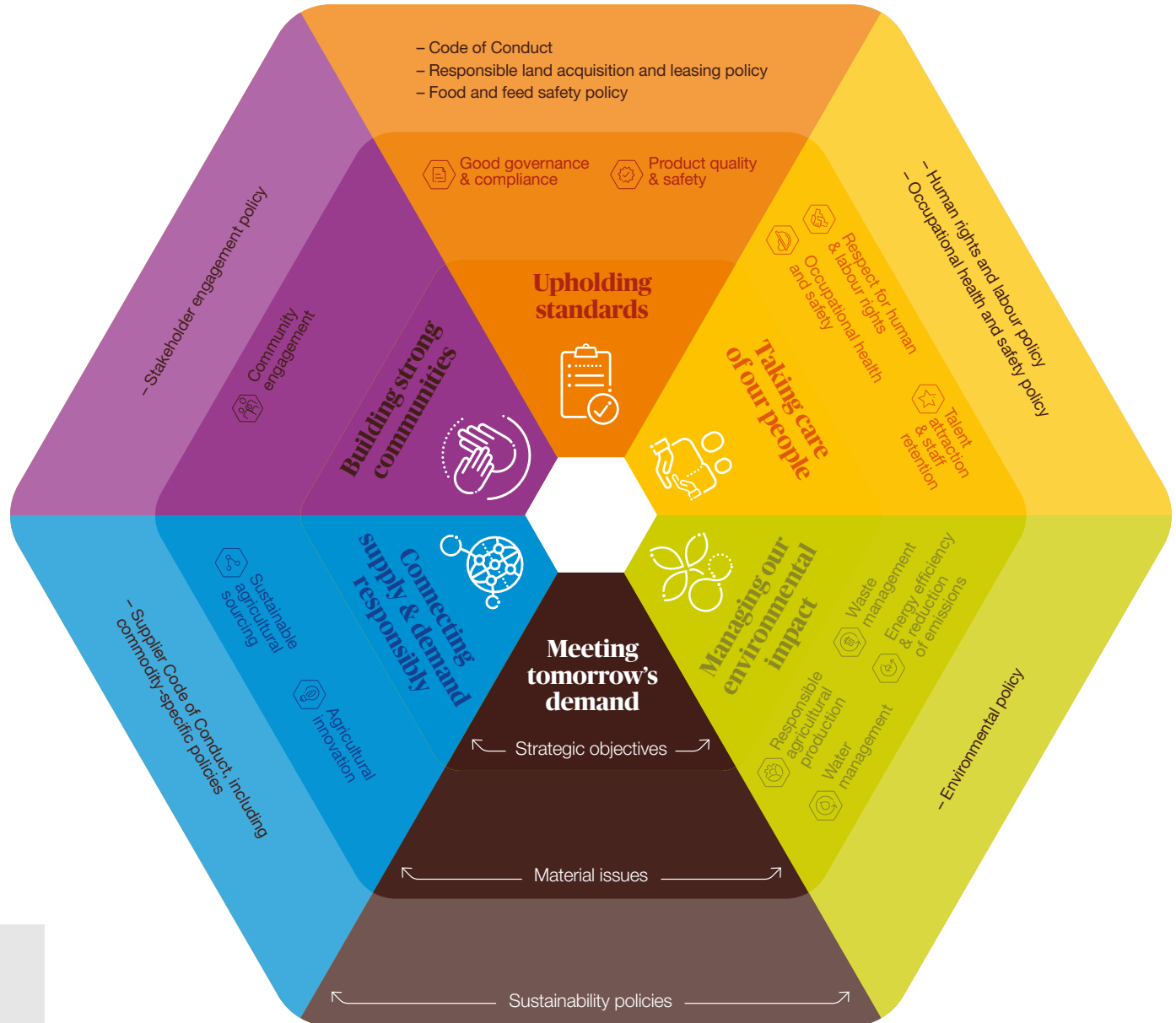


COFCO International Materiality Matrix



Our sustainability strategy

Our sustainability strategy, *meeting tomorrow's demand*, is our roadmap to feeding a growing population sustainably. It consists of five main pillars, 12 material issues and policies to guide implementation.



All our sustainability policies are available at: www.cofcointernational.com/sustainability/our-policies/

Our sustainability strategy

How we deliver on our strategy

Our corporate sustainability team leads the strategy implementation.

Part of the CEO Office, the team is tasked with:

33

SUSTAINABILITY COORDINATORS

25

COUNTRIES



The team is supported at an operational level by 33 sustainability coordinators across 25 countries. In our coffee and sugar business, we also have three staff tasked with sustainability responsibilities, to ensure the implementation of corporate policies throughout business operations.

1

Developing and implementing sustainability policies and the annual sustainability action plan

3

Reporting on sustainability implementation and achievements to leadership, the Board, and external stakeholders

2

Coordinating all sustainability activities globally and monitoring implementation

4

Fostering stakeholder collaboration through partnerships and memberships

2017 in numbers



Sustainability strategy

12

MATERIAL ISSUES IDENTIFIED IN COLLABORATION WITH STAKEHOLDERS

33

SUSTAINABILITY COORDINATORS ACROSS 25 COUNTRIES

[> Find out more](#)



Upholding standards

92

CERTIFICATIONS FOR ENVIRONMENT, HEALTH, SAFETY, PRODUCT QUALITY AND SUSTAINABILITY

100%

EMPLOYEES ENGAGED ON OUR ANTI-CORRUPTION POLICIES AND PROCEDURES

[> Find out more](#)



Taking care of our people

361,275

HOURS OF TRAINING IN ENVIRONMENT, HEALTH AND SAFETY FOR EMPLOYEES AND CONTRACTORS

45%

OF EMPLOYEES RECEIVE FORMAL PERFORMANCE APPRAISAL AND REVIEW

[> Find out more](#)



Managing our environmental impact

60%

OF TOTAL WASTE RECYCLED, REUSED OR COMPOSTED

82%

OF TOTAL ENERGY GENERATED FROM RENEWABLE SOURCES

[> Find out more](#)



Connecting supply and demand responsibly

955,000

HECTARES OF SOY FARMS IN AMAZON AND CERRADO SCREENED

10,560

TONNES OF CERTIFIED SUSTAINABLE COFFEE SOURCED

[> Find out more](#)



Building strong communities

14,419

PEOPLE DIRECTLY BENEFITTED FROM OUR COMMUNITY PROGRAMMES


12

STAKEHOLDER ENGAGEMENT PLANS AND SOCIAL DIALOGUES IMPLEMENTED

[> Find out more](#)

The bigger picture

UN Sustainable Development Goals (SDGs) are a global call to action to end poverty, protect the planet and ensure prosperity for all. Given our scale and unique role in the food value chain, we are well positioned to make meaningful contributions towards achieving the SDGs. We have mapped our strategy pillars and material issues to the relevant goals to understand where we could have the most impact.

STRATEGY PILLAR	MATERIAL ISSUE	SDG
Upholding standards > Find out more	– Good governance and compliance	 
	– Product quality and safety	
Taking care of our people > Find out more	– Respect for human and labour rights	 
	– Talent attraction and staff retention	
	– Occupational health and safety	
Managing our environmental impact > Find out more	– Responsible agricultural production	  
	– Waste management	
	– Water management	 
	– Energy efficiency and reduction of emissions	
Connecting supply and demand responsibly > Find out more	– Sustainable agricultural sourcing	    
	– Agricultural innovation	
Building strong communities > Find out more	– Community engagement	  

Sustainability Pillars

Our sustainability strategy is based on five objectives.

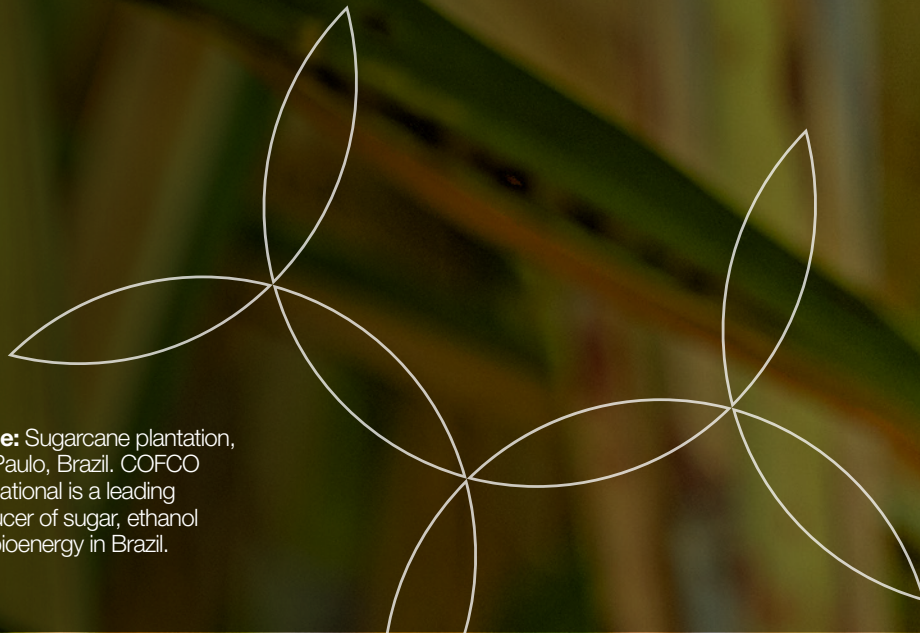


Image: Sugarcane plantation, São Paulo, Brazil. COFCO International is a leading producer of sugar, ethanol and bioenergy in Brazil.



Upholding standards



We create value and balance stakeholder interests through good corporate governance, compliance with applicable laws and regulations and ensuring the quality and safety of our products.

Our Board of Directors is composed of 12 members, including two independent non-executive directors. The Board appoints the Executive Committee which, led by the Chief Executive Officer, is responsible for setting, delivering and reporting progress on the company strategy.

Our Code of Conduct sets out detailed behavioural standards which all our employees are expected to uphold and practice. It is grounded in our corporate values of Integrity, Inclusiveness, Innovation and Sustainability and includes our overall policy on environmental and social responsibility. We expect our business partners to comply with the principles and standards of this Code. For more on corporate governance and our Code, see our [website](#).





Image: A quality control employee inspecting oil samples at the COFCO International Saforcada crushing plant in Junín, Argentina.

Compliance and anti-corruption

Our internal risk assessment framework includes comprehensive evaluation of the control environment aimed at identifying possibilities of fraud, bribery and corruption, as well as a specific review of reported cases. In 2017, we rolled out online financial markets compliance training to all trading department employees, and delivered in-person compliance training in 10 of our main offices worldwide, covering various topics such as our Code of Conduct, anti-money laundering, anti-bribery and corruption and financial markets compliance.

Product quality and safety

We strictly comply with all applicable laws and regulations regarding food and feed safety, as outlined in our Food and Feed Safety Policy. We have established specific systems to systematically identify, assess and manage food safety hazards. We apply stringent supplier qualification control, as well as third-party inspections and supplier onsite audits as needed, to eliminate contaminants from the value chain and ensure safety. To ensure laboratory test accuracy, we have also implemented a global Internal Quality Cross Check programme whereby each facility submits results of three sampling experiments by different teams. We can then compare sampling accuracy across global facilities and identify possible sources of errors.

In addition, we consider certifications as a tool for product quality and safety assurance, also in our trade flow. In total, we hold 92 product safety, quality and sustainability certifications at 47 of our global locations. See our complete list of certifications on page 35.

100%

EMPLOYEES ENGAGED ON OUR ANTI-CORRUPTION POLICIES AND PROCEDURES



Global grievance mechanism



We offer independent mechanisms for both employees and external stakeholders to report any concerns or grievances confidentially and anonymously via a toll-free number, a dedicated website or email address. This year, we have been working on merging the two separate grievance mechanisms from Nidera and COFCO Agri. Our fully integrated grievance mechanism will be launched in 2018 alongside a global communication campaign to inform employees and external stakeholders on when and how to use it effectively.

Taking care of our people

361,275

HOURS OF TRAINING IN ENVIRONMENT, HEALTH AND SAFETY FOR EMPLOYEES AND CONTRACTORS



We recognise people as the driving force behind our business by respecting their human and labour rights, providing a safe and healthy work environment and offering opportunities to grow and excel.

A committed workforce and appeal to future generation of talent will be critical to our continued growth.



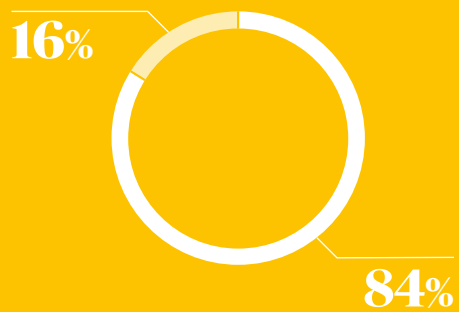
Our global workforce in numbers

Employees by region



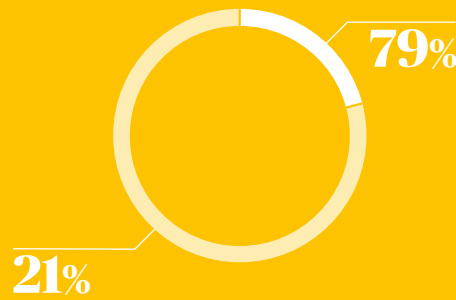
- Latin America
- Europe, Middle-East, Africa
- Asia-Pacific
- Northern America

Employees by gender



- Male
- Female

Work function



- Commercial and administrative
- Agricultural and industrial

-7%

EMPLOYEE TURNOVER RATE

45%

EMPLOYEES RECEIVING FORMAL PERFORMANCE APPRAISAL AND REVIEW

16%

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS



Our ambition to grow and invest significantly in origination countries makes attracting the right talent a key priority. Given the shortage of qualified manpower in the agricultural sector, we are aware of the challenges in staffing new operations as we grow our business. We seek to attract the right people for the right positions and support them along their development within the company. Going forward, we will further invest in employee development via our newly-established Leadership and Development Academy.

We have a diverse and inclusive global workforce that reflects the communities in which we live and work. The different backgrounds, perspectives and experiences of employees are a huge asset and make us a stronger and more innovative company.



Human rights

We are committed to the International Bill of Human Rights and the eight International Labour Organization Core Conventions. Extending to our contractors, our Human Rights and Labour Policy outlines how we practice freedom of association, no forced or child labour, diversity and equal opportunities, no harassment and fair employment practices. These principles are strictly adhered to across our global operations through country-level policies and procedures, while our global grievance mechanism (see page 14) is available for any concern related to human and labour rights abuse.



Enhancing seasonal workers management

One high risk area in our sector is managing seasonal and temporary workers, particularly given the remote locations that many work in. In March 2017, we became aware of inadequate accommodation conditions for 31 independent seasonal workers in Mato Grosso, Brazil, hired through a local labour union. We immediately undertook an internal audit and implemented corrective actions. This incident amplified the need to further enhance seasonal and temporary labour management.



Image: COFCO International undertakes regular environmental, health, safety and labour internal audits at its facilities in Mato Grosso.

We have since undertaken environmental, health, safety and labour audits at all our facilities in Mato Grosso, and updated our procedure for third-party hiring and management.

We are now implementing a Human Rights Due Diligence procedure for our seasonal and temporary workers, based on a risk-impact approach, which will set minimum requirements for all our operations. We will actively promote the grievance mechanism to all our seasonal and temporary workers as a way of raising concerns so that we can help to provide solutions.

Occupational health and safety

Effective health and safety management helps to protect the physical wellbeing of our employees and contractors. It also supports operational efficiency. In addition to compliance with all applicable laws and regulations, our Occupational Health and Safety (OHS) Policy sets out the guiding principles for OHS management of our global operations, for our employees as well as onsite contractors and service providers. We ensure this Policy is adhered to at all our owned and operated facilities at all times through a sound OHS Management System and nurturing a safety culture.



A robust management system



Image: COFCO International promotes a culture of safety-awareness, via safety principles and careful risk management.

In 2017, we integrated the environmental, health, safety and social (EHSS) policies, procedures and processes of Nidera and COFCO Agri. The new EHSS management system promotes consistent practices across all regions, business lines and operation types via 45 procedures and implementation tools. It also includes a dedicated Contractor EHS, Community and Labour Policy and is benchmarked against internationally recognised standards, including OHSAS18001, ISO14001, IFC Environmental and Social Performance Standards, as well as the World Bank EHS Guidelines.

We are in now in the process of ensuring the system is fully embedded through employee training and communication. We will also be continually reviewing and refining it.

A safety culture

We take a preventative approach to safety by nurturing a safety-aware culture, where every employee takes responsibility for the safety of themselves and others. In 2017, we focused on OHS training for employees and contractors, covering a range of topics including personal protective equipment, hazard work permit systems and handling of hazardous substances. We also organised various safety-themed activities. For example, Our Kandla oil refinery in India celebrated National Safety Week with a firefighting drill and expert-led sessions on hearing and respiratory protection and hot/elevated work training for contractors. We also piloted the ‘Eyes on Risk’ programme in Brazil to encourage proactive identification and reporting on risky behaviours or unsafe work conditions. A mobile app has been launched to facilitate employee reporting of possible work hazards.

1.2%

OF TOTAL WORK HOURS DEDICATED TO ENVIRONMENTAL, HEALTH AND SAFETY TRAINING



Image: “Eyes on Risk” mobile app.



“The ‘Eyes on Risk’ programme is a great tool to support staff. I identified a risk condition in the automotive sector, which, besides posing risk to employees’ health, also posed a risk to the environment. I reported the deviation and my proposed corrective action was taken very quickly – the entire site was cleaned, and environmental and health risks eliminated.”

Fabio Henrique Favaro

Automotive Team 1 Leader,
Meridiano Sugar Operation, Brazil



Image: All COFCO International employees and contractors receive systematic occupational health and safety training.

Safety performance

We track the Lost-Time Frequency Rate (LTFR) for employees and contractors. We also apply a Safety Index, which indicates frequency of medical aid injury and the severity of these injuries.

Lost-time frequency rate

(per 200,000 work hours)



Safety index¹

(per 200,000 work hours)



Despite our efforts to keep our people safe, we are deeply saddened to report four fatalities. In December, two employees lost their lives in an explosion at the Puerto General San Martin terminal in Rosario, Argentina following a dust explosion in the facility’s loading area. Two contractors also lost their lives in two incidents in Brazil and Colombia. Thorough investigations were conducted in wake of these tragic incidents, with appropriate follow-up actions taken to prevent possible recurrence.

¹ Safety Index (SI) = (medical aid frequency rate/7.5) + lost time medical aid frequency rate + (severity rate/5)

In Argentina, a global dust explosion risk survey has led to corrective actions, a full safety audit has been carried out for the Puerto General San Martin terminal and two other facilities in Argentina and an industrial safety review was commissioned to a specialist company for other industrial facilities and terminals.

Overall, our oilseeds crushing facilities have had a higher safety risk profile compared to other operations, reflecting the high hazardous risk nature of the crushing business. With our OHS management system and procedures, combined with our safety culture programmes, we expect the safety performance at these facilities to greatly improve in 2018.

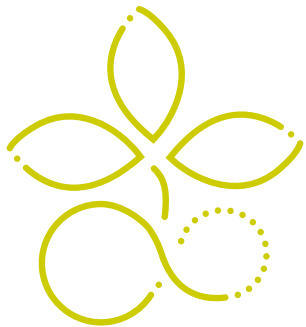
2 million

EMPLOYEE SAFETY WORK HOURS AT OUR NANTONG CRUSHING PLANT IN CHINA



Image: Employees celebrating the milestone in Nantong

Managing our environmental impact



We mitigate the environmental impact of our operations by monitoring and optimising our resource efficiency, applying responsible agricultural practices and minimising waste generation.

Our Environmental Policy provides a framework for our efforts to reduce operational impact and seek continuous improvement. This section explores our efforts and achievements in four of our material issues that focus on managing our environmental footprint: responsible agricultural production, water, waste, and energy and Greenhouse gas emissions.



Responsible agricultural production

In Brazil, we lease and operate over 170,000 hectares of sugarcane plantations. Wherever possible, we use organic matter as natural soil improvers, including organic waste from sugar mills which helps to conserve the soil and environment and avoids using mineral fertiliser. What’s more, treated nutrient-rich effluent from the mills is applied to sugarcane fields as irrigation water and fertiliser. We use precision application of effluent and fertilisers with GPS guidance, to minimise the amount of fertiliser going into the soil.

Biodiversity and deforestation

To ensure a healthy ecosystem where we source sugarcane, we have planted more than 1.6 million seedlings of native plants near our Brazilian operations since 2001. We monitor the flora and fauna at 68 monitoring points around our plantations and we test water quality at 40 different sites.

Our ongoing efforts to preserve the banks of waterways and forests surrounding our sugar operations are a key part of our mill and plantation environmental and social management systems.

This incorporates the IFC Performance Standard 6 regarding Biodiversity Management and the Conservation of Natural Resources, as well as the Bonsucro Production Standard regarding responsible sugarcane production.

Water

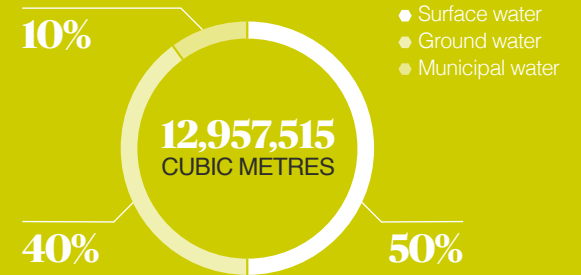
Our approach is to minimise freshwater withdrawal by increasing water efficiency and reuse and to improve our wastewater management. We primarily use freshwater in our industrial facilities (oilseeds crushing plants, refineries and sugar mills) for cooling and heating and we set site-specific water efficiency targets, often more stringent than local regulatory requirements, to ensure optimal water use. Similarly, wastewater generation and discharge primarily take place at our industrial sites and we have onsite treatment facilities to ensure the discharged wastewater meets national and local legislative requirements.



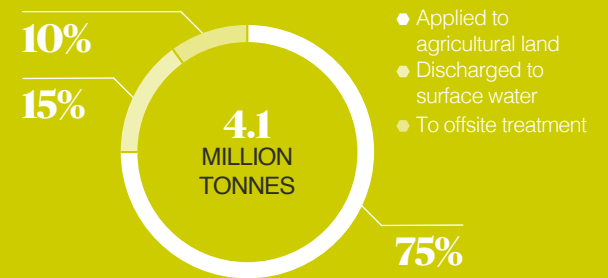
68

MONITORING POINTS FOR THE FLORA AND FAUNA AROUND OUR SUGARCANE PLANTATIONS

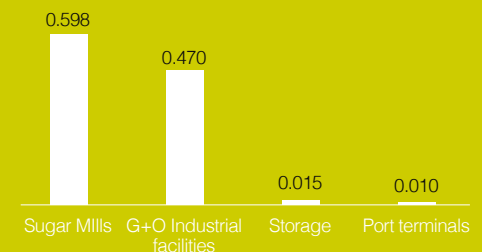
Freshwater withdrawal



After-treatment wastewater



Water efficiency by facility type (m³/tonne of production)





Closed-loop water use, Brazil

At our Potirendaba sugar mill in Brazil, we have invested in a system to extract water from the aqueous effluent (vinasse) and feed it back to sugarcane plantations as organic fertiliser. We were the first company in São Paulo State to register this as an organic fertiliser with Ministry of Agriculture.

600,000m³

REDUCED VINASSE VOLUME

266,264m³

ORGANIC FERTILISER PRODUCED

0.3m³

WATER USE PER TONNE OF PROCESSED SUGARCANE, 70% LOWER THAN THE LEGAL REQUIREMENT

750,000

LITRES DIESEL SAVED



Image: Vinasse concentrator at Potirendaba sugar mill in São Paulo, Brazil.

Waste

Our approach is to produce less, recycle more and dispose responsibly. Our corporate environmental management system, in line with the ISO14001 standard, ensures sound waste management practices. In 2017, we further enhanced waste categorisation, recycling and reuse at our facilities, and trained employees on our approach.

Climate change: our opportunity

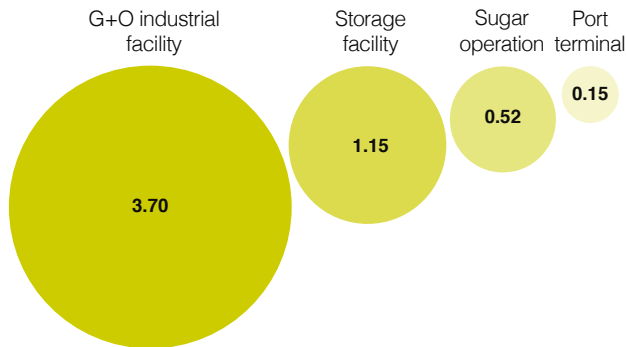
Improving energy efficiency and reducing carbon intensity are increasingly fundamental to meeting tomorrow's demand.

With agriculture being a key contributor to global greenhouse gas emissions, we are dedicated to monitoring and reducing our global carbon footprint.

82% renewable energy

Wherever possible, we opt for renewable resources (wood, bagasse, sunflower husks) to generate energy for operations. Currently, 82% of our energy needs are met by renewables, largely thanks to the biomass energy from bagasse combustion at the Brazilian sugar mills. At our coffee warehouse in Alfenas and Transshipment terminal in Brazil, we purchase 100% renewable electricity. Our four sugar mills in Brazil and our Saforcada crushing plant in Argentina sell surplus renewable energy to local grids, supplying homes and businesses with clean energy.

Hazardous and non-hazardous waste generation
(kg/tonne of production)



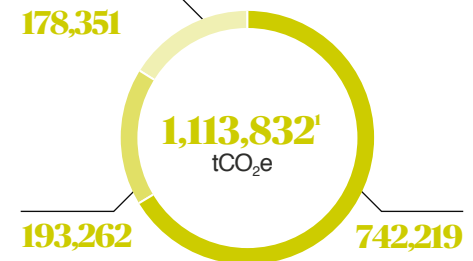
60%

OF ALL WASTE RECYCLED, REUSED OR COMPOSTED

48.2

MILLION GJ TOTAL ENERGY CONSUMPTION IN 2017

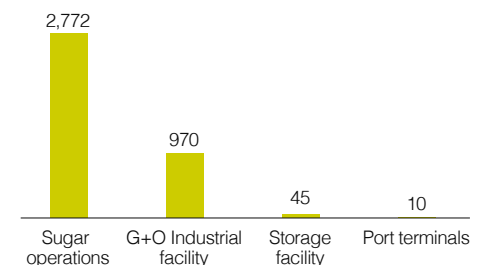
Our carbon footprint



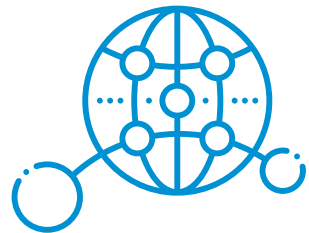
- tCO₂e (Scope 1)¹
- tCO₂e (Scope 2)¹
- tCO₂e (Scope 3)¹

¹ The scope of our greenhouse gas monitoring covers our global industrial operations, storage facilities, port terminals as well as Brazil farming operations. The data has been audited and certified by third-party agency TÜV NORD in accordance with the ISO 14064 standard.

Energy efficiency by facility type
(MJ/tonne of production)



Connecting supply and demand responsibly



We manage our supply chains in an efficient, responsible and sustainable way by mitigating possible environmental and social risks – including biodiversity and deforestation, working in partnership, while innovating for agricultural productivity.

With diverse supply chains and a global footprint, we are committed to working with our suppliers and other stakeholders to build sustainable and responsible supply chains that ensure the quality and availability of supplies for now and in the future.



In 2017, we created our Supplier Code of Conduct with principles that we expect all our suppliers to adhere to. These include compliance with applicable laws and regulations, respect for labour rights and sound environmental, health and safety practices. We are now developing commodity-specific policies, applying IFC’s Global Map of Environmental & Social Risk in Agro-commodity Production.

Sustainable soy

The transformation needed to achieve sustainable soybean production requires collaboration along the value chain. We are a signatory to the Soy Moratorium, an agreement that requires companies not to trade or finance soybeans cultivated on land in the Amazon biome deforested after July 2008. We are also an active member of the Soy Working Group, a taskforce of civil society and industry associations for implementation of the Soy Moratorium.

With the Cerrado biome recognised as an environmental hotspot, we are active in several initiatives such as the Cerrado Working Group, promoting cross-sector dialogue and action for halting deforestation.

1,002

**PRE-FINANCED SUPPLIERS
SCREENED IN THE AMAZON AND
CERRADO BIOMES, COVERING
955,000 HECTARES OF SOY FARMS**

We are also an active member of the Green Grain Protocol of Pará State in Brazil which aims to reduce deforestation while strengthening economic and social development throughout the grains and oilseeds production chain.

Soybean sourcing in Brazil

We have identified soybean sourcing in Brazil as a high-risk supply chain with deforestation and biodiversity challenges. We have therefore set the following environmental and social criteria for all soy sourcing in Brazil:

- Suppliers must not be listed in the Ministry of Labour forced labour list, or IBAMA’s embargoed areas list
- Suppliers in the Amazon biome must respect Soy Moratorium cut-off date (July 2008)

We also created a Sustainable Soy Sourcing Policy for pre-financed suppliers operating in environmentally sensitive regions of Brazil, namely the Amazon and Cerrado biomes. Under this Policy, there are additional requirements for suppliers with whom we have a direct pre-financing contract, including CAR registration, respect for indigenous peoples land and High Conservation Values mapping. We use geo-mapping to track supplier compliance.



**Agricultura
Consciente**

For our soy suppliers in Argentina, Brazil and Paraguay, We have implemented the Agricultura Consciente (Conscious Agriculture) programme www.agriculturaconsciente.com to offer free online training on good agricultural practices and safe handling of plant protection products.

59,144

VIDEO VIEWS

118,536

FACEBOOK FOLLOWERS



“The MejourAgro project supports producers in the adoption of good agricultural practices to achieve efficient and responsible soy production through a continuous improvement program.

In the long term, participant farmers will be able to reconcile the need to produce protein without compromising the resources of future generations. Solidaridad welcomes this partnership with COFCO International as it allows both parties to contribute our knowledge and financial resources to jointly work towards a common objective: responsible soy.”

Lorena Ramirez

Programme Manager, Solidaridad



Zero

SUPPLYING PLANTATIONS ARE LOCATED NEAR INDIGENOUS LAND OR ENVIRONMENTALLY SENSITIVE AREAS.

Image: COFCO International sugar plantation in São Paulo State, Brazil.

Sugar

We source sugarcane from areas in the São Paulo State of Brazil to supply to our four mills. To promote greater supply chain responsibility, we inserted the IBAMA Embargoed Areas List and Forced Labour List into our supplier screening system. We also conducted geo-mapping of our supplying sugarcane plantations as well as those leased and operated by ourselves and reviewed these against indigenous land and conservation areas in the region.

In 2017, we promoted good agricultural practices, environmental compliance and CAR registration through educational booklets and workshops. Our sustainability workshop in São Jose de Rio Preto was attended by over 200 representatives, ranging from environmental authorities, sugarcane suppliers, government agencies and universities.



Coffee

As one of the leading coffee merchants globally by volume, our business success depends on long-term supply security and the wellbeing of our coffee producers. We are committed to investing in coffee producers to create shared value, and bring social, economic and environmental benefits to local communities. Within our three key sourcing countries – Colombia, Brazil and Vietnam – farmers voluntarily participate in our sustainability verification programmes, with the aim of adopting best agricultural practices, improving social welfare conditions for children, women and farm workers, while also preserving soil health, water resources and biodiversity.



10,560

TONNES OF CERTIFIED SUSTAINABLE COFFEE SOURCED

3,000

COFFEE FARMERS ENROLLED IN OUR SUSTAINABILITY VERIFICATION PROGRAMMES IN COLOMBIA, BRAZIL AND VIETNAM

Global partnerships for sustainable coffee

1. Brazil and Colombia

Working with the Responsible Footprint Initiative to measure the carbon footprint of coffee sourced from 500 farmers, verified by TÜV NORD, an independent verification agency.

2. Colombia

Part of Alianzas Productivas Para La Paz, a partnership between the Colombian Ministry of Agriculture and civil society, to promote economic and social development in regions most affected by conflict.

3. Vietnam

Involved in the Global Coffee Platform, a public verification programme that provides technical assistance to over 1,500 smallholder coffee producers

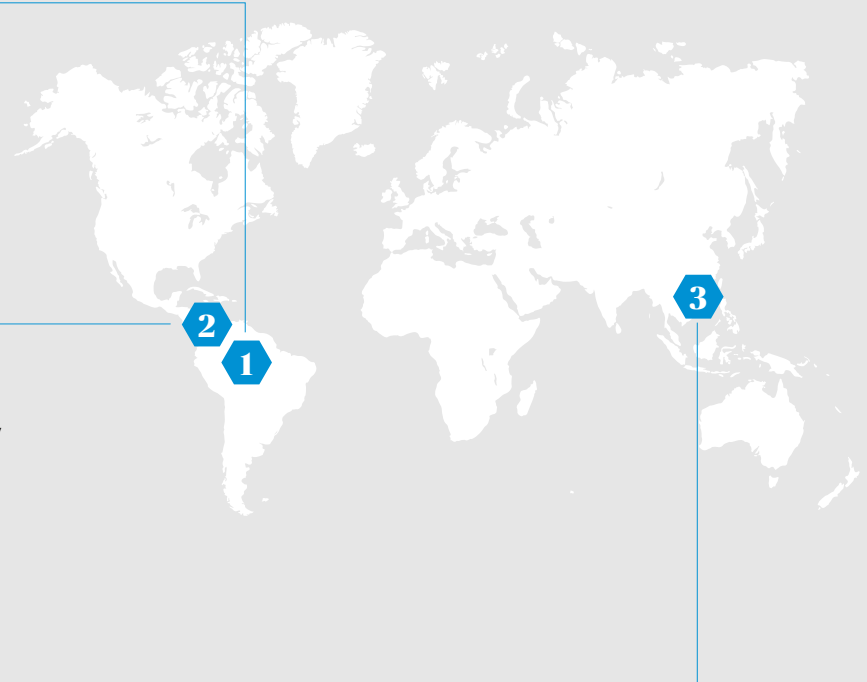


Image: Sustainable coffee in Colombia.



Image: We have direct involvement in the origination of all our cotton.

Cotton

We are a member of the Better Cotton Initiative (BCI), a multi-stakeholder organisation supporting a more sustainable way of growing cotton. Although the sourcing and trading of BCI cotton is a small proportion of our total volume originated from Australia, Africa and Brazil, we're committed to sharing information and knowledge to enable industry-wide improvement.

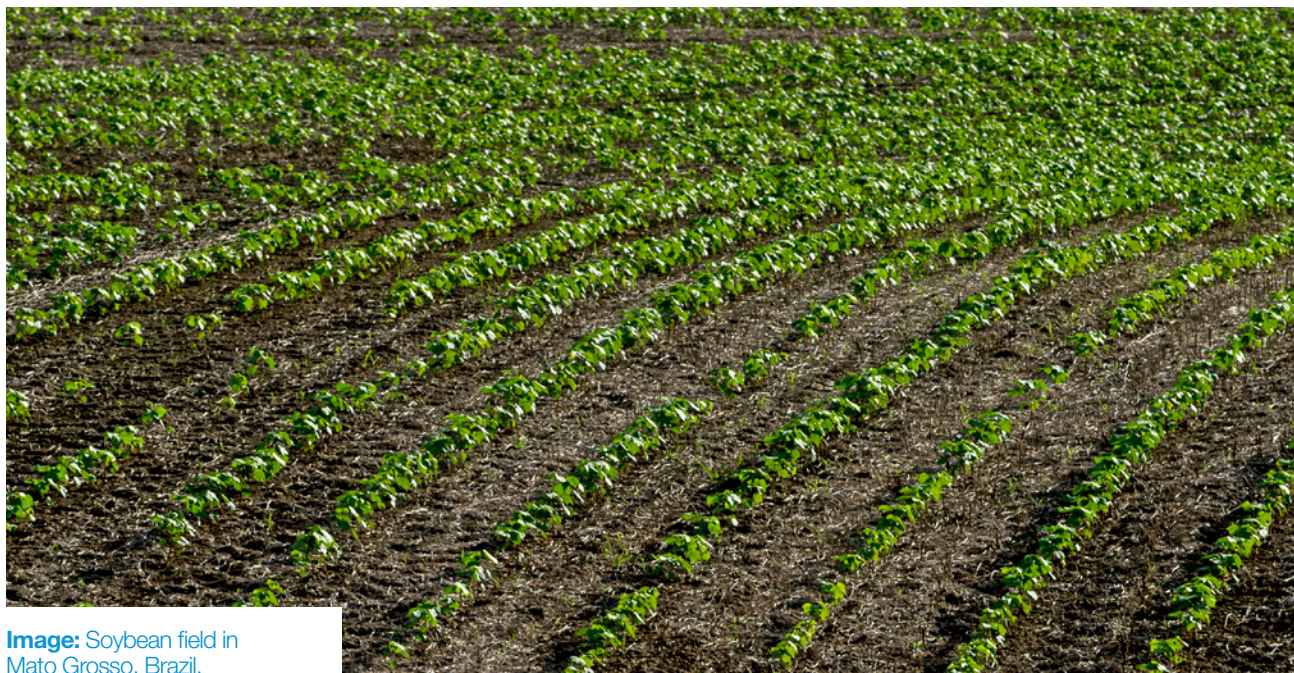


Image: Soybean field in Mato Grosso, Brazil.

Agricultural innovation

Our low-toxicity crop protection products and nutrients are designed to deliver high yields with the lowest possible environmental impact. When used wisely with integral pest management strategies alongside other environmentally friendly practices such as crop rotation and direct seeding, they can significantly boost yields. Integral pest management strategies include using low-toxicity phytosanitary products such as glyphosate, the herbicide most widely used today.

Although less toxic than many other alternatives, this product must nevertheless be used under controlled conditions to ensure the safety of those handling it.

Building strong communities



We seek to have a positive impact on the communities where we work and live; empower underprivileged people to improve their future within the context of international agri-business, through stakeholder engagement, partnerships and programmes.

The majority of our operations and sourcing partners are located in rural regions. While our business generates employment, boosts economic growth and affects local livelihoods, community issues such as education, literacy, sanitation and rural depopulation also directly affect our business.





Image: COFCO International Brazil hosting students with Down's syndrome from Santos.

To ensure we have a positive impact, we are in continual dialogue with communities, government agencies, trade unions and civil society organisations. In 2017, we organised several social dialogues around our operations in Brazil to understand where greatest environmental and social impact lies. We have also implemented Stakeholder Engagement Plans for five industrial facilities in Argentina, Brazil and China.

Going forward, we will evaluate and redefine our global community investment approach to support our business strategy and create shared value for our communities. It will guide our future community investments and include criteria which will help us track the environmental and social return of our community programmes.

14,419

PEOPLE DIRECTLY BENEFITTED FROM OUR COMMUNITY PROGRAMMES IN ARGENTINA, BRAZIL AND ROMANIA

“Today, thanks to the partnership and support of COFCO International, we have examples of young people who participated in the project and built skills that allowed them easier entry into the labour market. They are now working as teachers and musicians. Also, many young people have learned to express themselves better, become more dynamic, improved school grades and increased their self-esteem. We just have to thank you.”

Marcos Vilela

Founder of the Institute of Personal and Social Development “Os sonhadores”



Community voices

“Energy consumption represents a very significant cost for us. Jales and Fernandópolis hospitals used to spend more than 100,000 reals per month on energy. That is why COFCO International’s donation is so important to us. The donation has the aim to save lives. We have too much to thank COFCO International for by their donation. For sure this donation was the most significant one ever received by our hospital.”

Henrique Prata

President of the Barretos Cancer Hospital

“Our community has very positive interaction with COFCO International through their social dialogues. The Greener Future programme was born out of such dialogues, helping raise children’s awareness about the environment. It emphasises the importance of environmental preservation and diversity of the flora, and encourages children to take care of the plant from the moment they receive it till planting.”

Jackeline Salvioni de Melo Savazzi and MarluCIA Pereira dos Anjos Venture

Director and Educational Coordinator, School EMEF

Professor Paula Zangrando, Meridiano City

“The community of Sebastianópolis was given the opportunity to discuss the environmental and social impacts of COFCO International’s sugar mill and demonstrate community’s needs. The meeting was extremely important for the development of a community sports project as a means of promoting social inclusion and participation. Two months later, the municipality government of Sebastianópolis do Sul received great news that COFCO International, together with the Sports Secretary, committed to develop the long-awaited project called ‘Sports for All’.”

Danilo Alexandre Carrasco

Secretary of Sports, Sebastianópolis

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Further information

**Our certifications,
memberships and
how to reach us.**



About this Report

The information in this Report focuses on the company's new sustainability strategy meeting tomorrow's demand and our top twelve material issues. As this Report covers operations and activities upon which we have a direct, manageable impact, the information it contains is limited to facilities 100% owned and or controlled by COFCO International and fully operational throughout the entire reporting period. In addition, it contains more non-financial information on material economic, social and environmental aspects of COFCO International's business and the objectives to be met under the Environmental and Social Action Plan (ESAP), as agreed on with the International Finance Corporation. This ESAP contains objectives for meeting IFC's Performance Standards.

Given that 71% of our operational facilities and 75% of our workforce are concentrated in South America, much of the information provided here pertains to that region. As a limitation, no comparative data on previous years are provided since this is the Company's first annual Report. Overall qualitative data on the seeds division, its facilities and their Environmental, Health and Safety data are excluded due to finalising the division's divestment in early 2018.

We use external assurance to provide reliable information on the company's Greenhouse Gas emissions figures. For year 2017, they were independently verified by the third-party organisation TÜV NORD, according to the ISO 14064 standard.

For questions, comments, additional information or suggestions, contact us at: sustainability@cofcointernational.com

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Certifications

Theme	Certification	Explanation	Certified Locations	Total
Quality assurance	GMP+	Food safety assurance certification	Brazil: São Paulo office; Santos port; Porto Alegre office; Rondonopolis plant Argentina: Timbues plant; Saforcada plant British Vergin Islands: office Ukraine: Mariupol plant Multisite: Geneva; Rotterdam; Singapore; Buenos Aires; Madrid; Rome	9
	TASCC	Trade assurance scheme combinable crops	Multisite UK: Havens, Barmby Moor, Rosehill and Malthouse Multisite UK: Suffolk and Harwich	2
	ISO 9001	Quality management system	Netherlands: Rotterdam office Brazil: Santos port; Cereal Sul port China: Fuling plant; Nantong plant Argentina: Valentin Alsina plant; Buenos Aires office Uruguay: Montevideo office; Mercedes storage	6
	ISO 22000:2005	Food safety assurance certification	Argentina: Valentin Alsina plant Ukraine: Mariupol plant	2
	HACCP	Food safety management system	Argentina: Valentin Alsina plant China: Fuling plant; Longkou plant; Taixing plant; Qinzhou plant; Nantong plant Ukraine: Mariupol plant India: Bhimasar plant	8
	FSC 22000	Food safety system certification	Argentina: Valentin Alsina plant	1
	Gluten free	Gluten free vegetable oils certification	Argentina: Valentin Alsina plant	1
	Kosher certification	Kosher food certification	Argentina: Valentin Alsina plant; PGSM plant; Saforcada plant; Timbues plant	4
	FIAS	Fertilizer assurance scheme	UK: Ipswich Grain Terminal	1
	OFF	Organic products certification	UK: Ipswich Grain Terminal	1
US FDA Registration	Public Health Security and Bioterrorism Preparedness and Response Act of 2016 registration	Brazil: Santos port	1	
Responsible/Sustainable supply chain	ISCC	Sustainable biomass certification	Switzerland: Geneva office Netherlands: Rotterdam office Spain: Madrid office Hungary: Budapest office Romania: Bucharest office; USA storage Ukraine: Kiev office	7
	TASCC	Trade assurance scheme for combinable crops	Multisite UK: Havens, Barmby Moor, Rosehill, Malthouse, Suffolk and Harwich	2

Certifications

continued

Theme	Certification	Explanation	Certified Locations	Total
	2BSvs	Biomass Biofuels and Sustainability Voluntary Scheme	Multisite Argentina: Timbues plant; Buenos Aires office Multisite Uruguay: Montevideo office; Corpus Christi, Katuete, La Paloma, Maganini and Troncal 3 storages Switzerland: Geneva office Paraguay: Asuncion office	4
	RTRS	Sustainable soy production, processing and trading scheme	Argentina: RTRS soybean production; Buenos Aires office Netherlands: Rotterdam office	3
	Rainforest Alliance	Sustainable (coffee) production scheme	Brazil: coffee mill Colombia: Huila mill	2
	UNILEVER SAC Code	Sustainable agriculture criteria	Argentina: sunflower production	1
	Fair Trade	Sustainable (coffee) production and trading scheme	Colombia: coffee mill	1
	Organic	Environmentally friendly coffee production scheme	Colombia: coffee mill	1
	UTZ	Sustainable farming of coffee, cocoa and tea	Brazil: coffee mill Colombia: coffee mill	2
	C.A.F.E.	Starbucks Coffee and Farmer Equity (C.A.F.E.) Practices	Colombia: coffee mill	1
Environment	ISO 14001:2004	Environmental management standard	Argentina: Saforcada, Valentin Alsina, PGSM and Timbues plants Brazil: Santos and Cereal Sul ports Uruguay: Montevideo office and Mercedes plant UK: Ipswich Grain Terminal; Barmby Moor elevator China: Fuling plant	10
	Green Energy Seal	Clean electricity production certificate	Brazil: 6 generation units at Catanduva, Meridiano, Potirendaba and Sebastianopolis sugar mills	6
	Etanol Verde	Technical Directives in Sugar and Ethanol Agro-environmental Protocol	Brazil: Catanduva, Meridiano, Potirendaba and Sebastianopolis sugar mills	4
	TN-CC 020	Carbon Neutral – TÜV NORD Climate Change Standard	Brazil: coffee mill	1
	ISO14064	Greenhouse Gas emissions inventory	Global: all fully owned or operated facilities	1
Trading practices	GTP	Good trading practices code	UK: office; France: office; Netherlands: Rotterdam office; Italy: Ravenna office	4
Health & Safety	OHSAS 18001:2007	Health and safety management system	Argentina: Timbues plant; Valentin Alsina plant; PGSM plant Brazil: Santos port; Cereal Sul port Uruguay: Montevideo office, Mercedes storage	6
Total certifications				92

Memberships

List of selected organisations of which COFCO International is a member.

Abiove	Brazil
ABRINQ Foundation	Brazil
Alliance for Coffee Excellence (ACE)	Global
Argentina National Biofuel Chamber (CARBIO)	Argentina
Argentine Fats and Oils Association (ASAGA)	Argentina
Better Cotton Initiative	Global
Brazil National Association for Promotion of Fertilizers (ANDA)	Brazil
Brazilian Association of Agribusiness (ABAG)	Brazil
Brazilian Sugarcane Industry Association (ÚNICA)	Brazil
Cerrado Working Group (GTC)	Brazil
Chamber of Private Ports	Argentina
CIARA (Argentina Vegetable Oils Industry Association)	Argentina

Forestry Institute of São Jose do Rio Preto	Brazil
Global Coffee Platform (GCP)	USA
Green Coffee Association USA (GCA)	USA
National Association of Cereal Exporters (ANEC)	Brazil
Pará Protocol	Brazil
Roundtable on Responsible Soy (RTRS)	Global
Save the Children Romania	Romania
Soy Moratorium	Brazil
Soy Working Group (GTS)	Brazil
Specialty Coffee Association (SCAA)	Colombia and USA

We'd love to hear your thoughts:



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