



# Feeding the future

**Our vision for tomorrow's agriculture**



## Sustainability Report 2018

COFCO International Ltd

Feeding the future

# In the year 2050, there will be close to 10 billion people on Earth

This means higher demands for food than ever before and unprecedented pressure on natural resources and food producers. According to the International Finance Corporation, agriculture will need to grow by 70% during this time in order to meet demand.

**How can we achieve this while at the same time protecting natural resources, maintaining climate stability and creating value for those along the supply chain?**

These are challenging questions. And we want to be part of the answer.

**“Agricultural development has tremendous potential to enhance food security while creating opportunities and raising income for the world’s poor, three-quarters of whom live in rural areas. In low-income countries, the agricultural sector often accounts for half or more of GDP and 60 to 80% of total employment.”**

International Finance Corporation

#### **Our mission:**

to create a positive and sustainable impact on our people and shareholders, on farmers and communities and on our customers and partners.

#### **Our values:**

Integrity, Inclusiveness, Innovation and Sustainability.



# What's inside?

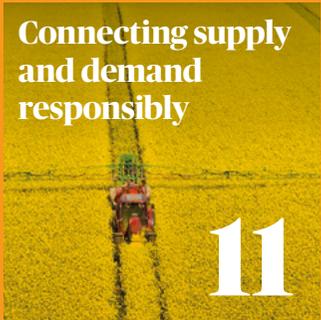
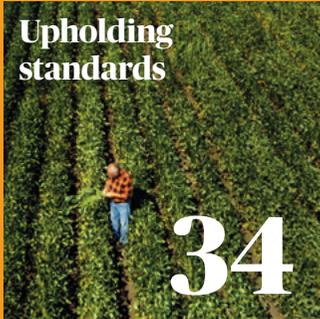
Welcome to our 2018 sustainability report. Inside is our progress update against five strategic priorities that support our sustainable growth as a business, while ensuring value creation for all our stakeholders.

#### Reporting boundaries

Covering the 2018 calendar year, this report is aligned to Global Reporting Initiative (GRI) standards, Core option. It also contains non-financial information on material aspects from our Environmental and Social Action Plan, as agreed on with International Finance Corporation, our shareholder. The reporting scope includes all facilities and operations 100% owned and/or operated by COFCO International throughout 2018.

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#### Our five strategic priorities

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# Progress in partnership



**“We worked side-by-side with governments, civil society organisations and industry peers, together forging a path towards more resilient and sustainable food systems.”**

**Johnny Chi**  
Chairman COFCO International

**“Looking ahead, we will maintain our focus on executing a business strategy with sustainability at its heart.”**

**David Dong**  
CEO COFCO International

**As a rapidly-growing international agri-business, meeting rising demand for food in a sustainable way is key to our purpose. Sustainability is defined as a core value for COFCO International. Together with Integrity, Inclusiveness and Innovation, it is part of our culture that guides day-to-day business and behaviours.**

Last year, we published our first sustainability report. In this second report, we are happy to report steady progress against our own priorities and to share our collaborative efforts to address systemic challenges. These challenges span pressures on natural resources and climate change; labour exploitation and human rights – all against a backdrop of rising food demand, volatile commodity markets and societal expectations for traceable, sustainable produce.

In 2018, we worked side-by-side with governments, civil society organisations and industry peers, together forging a path towards more resilient and sustainable food systems. We confronted land conversion challenges in agriculture production under the World Business Council for Sustainable Development and its Soft Commodities Forum, the Cerrado Working Group in Brazil and the Tropical Rainforest Alliance, among others.

Globally, we partnered with other agri-businesses to digitise post-trade transactions using blockchain technology for more transparent, efficient operations.

We took further steps towards sustainable supply chains. We mapped key environmental and social risks in our soy footprint in Brazil, while risk-assessing over 1.1 million hectares of farmland with satellite mapping (an increase of 15% from 2017). In palm oil, we started to develop an environmental and social profile of our supply chain. Launching a consolidated Integrity Hotline has further reinforced our core value both inside and outside COFCO International, while cooperation between colleagues helped us achieve an unprecedented safety performance in 2018. Our people came together in inclusion and cultural diversity training across 12 countries during the last year, while our community partnerships continued to improve prospects for approximately 16,000 people.

We may be in the early stages of our sustainability journey but there is great potential and opportunity for rapid progress when working as a team – with one another and with trusted partners. Looking ahead, we will maintain our focus on executing a business strategy with sustainability at its heart. We thank our partners for their support throughout 2018, including our customers and shareholders, notably COFCO Corporation and the International Finance Corporation, who continue to trust us to grow sustainably.

**Johnny Chi and David Dong**

# We are COFCO International

As a global agriculture trading house, COFCO International sources, stores, processes, transports and trades grains, oilseeds, sugar, coffee and cotton. In doing so, we connect farmers with more than 50 consumer markets around the world.

We also play our part in the planetary goal of universal food security – in 2018 alone, we traded 106 million tonnes of agri-commodities, helping to bring vital foods from field to family.



Warehouses Processing Ports

	Warehouses	Processing	Ports
APAC	2	1	1
EMEA	10	2	4
Latin America	36	8	10
North America	2		4

COFCO International shareholders



TEMASEK



**\$31bn**

Revenue

**106m**

Tonnes turnover

**30m**

Tonnes port capacity

**10,839**

Employees

**35**

Countries

**2.2m**

Tonnes inland storage

**24m**

Tonnes processing capacity

# Commodities that touch our daily life

A growing demand for products as diverse as coffee and cosmetics, bread and biofuel means that the commodities we handle touch the lives of virtually every one of us on the planet.



## Grains

Wheat, corn, barley, sorghum

**Origin:** South America, Black Sea, North America, Europe, Australia, Southern Africa

**Our role:** sourcing, storing, trading, distribution

40+

million tonnes traded in 2018



## Oilseeds

Soybean, sunflower seed, rapeseed, palm oil

**Origin:** South America, North America, Black Sea, Southeast Asia, Southern Africa

**Our role:** sourcing, storing, processing, trading, distribution

3rd

largest soybean exporter from Brazil



## Coffee

**Origin:** South America, Central America, Southeast Asia

**Our role:** sourcing, storing, processing, trading, distribution

7

sustainability certification and verification schemes



## Cotton

**Origin:** South America, North America, South Asia, Middle East, West Africa, Southeast Asia

**Our role:** sourcing, storing, trading, distribution

300+

thousand tonnes traded annually



## Sugar

**Origin:** South America, South Asia, Southeast Asia

**Our role:** farming, sourcing, storing, processing, trading, distribution

16

million tonnes sugarcane crushing capacity



# Our role in the global food system

By efficiently connecting the supply of agri-commodities with a growing demand from people and industry, we contribute to global food security and local livelihoods. Meanwhile, we work proactively, in partnership with producers and other stakeholders, to protect natural resources and people within the food system. This is how we do it.



**Agricultural inputs**



### Production

We are a primary producer of sugarcane. For other commodities that we don't produce, we strive to support sustainable agricultural production wherever possible.



### Sourcing

We source grains, oilseeds, sugar, coffee and cotton from small and large-scale farmers directly or via cooperatives and third parties.



### Storage

We store agri-commodities in warehouses and silos operated by ourselves or third parties before onward trade and delivery.



### Processing

Our dedicated plants process agri-commodities into products for local and global markets.



### Trading

As an international trading house, we trade commodities at scale via numerous trading platforms.



### Transportation and Distribution

Our freight and distribution services ensure safe and timely delivery of products to customers in import markets.



**Retail and marketing**



**Consumption**

## Optimising our impact

We ensure sustainable sugarcane production within our leased plantations. More widely, we work with farmers and communities to maximise their produce and incomes, while minimising environmental and social impacts.

We apply sustainable sourcing standards to promote responsible farming practices that enable long-term productivity and conservation of natural resources.

Our storage sites uphold the highest product quality and safety standards, as laid out in our Food and Feed Safety Policy.

Our processing facilities operate under a corporate environmental, health and safety management system, benchmarked against international standards, including ISO 14001, OHSAS 18001, IFC Performance Standard 1 and 2, as well as the World Bank Group EHS Guidelines.

We monitor global supply and demand trends to ensure timely responses to market shortages where demand exists, facilitating commodity flows within and across borders.

Shipping is the most efficient way to move products across continents at scale. Our freight team strives to improve operational efficiency and reduce its environmental footprint. We are starting to track the carbon footprint of all time-chartered ships to identify emissions reduction opportunities.

# Our sustainability strategy

In order to prioritise where we can make the greatest contribution to a more sustainable global food system, we are guided by our sustainability strategy that is aligned to the United Nations 2030 Agenda for Sustainable Development and to the expectations of our stakeholders.

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# Meeting tomorrow's demand

## Our strategic objectives



### Connecting supply and demand responsibly

Efficient, responsible and sustainable supply chain management and innovating for agricultural productivity.



### Taking care of our people

Respecting human and labour rights, providing a safe and healthy work environment and supporting personal growth.



### Managing our environmental impact

Pursuing resource efficiency and minimising waste and emissions.



### Building strong communities

Generating a positive impact and supporting livelihoods in the communities where we work and live.



### Upholding standards

Ensuring the quality and safety of our products, maintaining good corporate governance and compliance.

**Our sustainability strategy, Meeting Tomorrow's Demand, helps us to deliver social, economic and environmental value across the business model. It is based on 12 material issues identified by stakeholders and addressed under five strategic priorities – also the chapters of this report.**

## The bigger picture

As we expand into new communities, countries and regions, we have an opportunity to make a deeper impact on global issues such as hunger, responsible production and consumption, health, decent work, innovation and economic growth.

Our strategy reflects the [United Nations \(UN\) 2030 Agenda for Sustainable Development](#). Its 17 Sustainable Development Goals span the most pressing economic, social and environmental challenges of our time. By aligning with these goals, we aim to measure and report our sustainability progress with the 'bigger picture' in mind.

For more detail on our sustainability governance, engagement and material issues, see page 37 and for our sustainability policies, please visit our [website](#).

## Our material issues

Sustainable agricultural sourcing  
Agricultural innovation  
Responsible agricultural production

Respect for human and labour rights  
Occupational health and safety  
Talent attraction and staff retention

Water management  
Waste management  
Energy efficiency and reduction of emissions

Community engagement

Good governance and compliance  
Product quality and safety

## Our policies

Supplier Code of Conduct  
Sustainable soy sourcing policy

Human rights and labour policy  
Occupational health and safety policy

Environmental Policy

Stakeholder engagement policy  
Community investment policy

Code of Conduct  
Responsible land acquisition and leasing policy  
Food and feed safety policy



# 2018 progress

## 1,581

farmers received sustainable production training in Colombia and Paraguay

See page 14 and 17

Integrity hotline launched for anonymously reporting concerns and grievances

See page 18



## 16,000+

people benefited from our community programmes

See page 32

# 392,000+

hours of EHS training to employees and contractors See page 22

# 329,000+

cubic metres of water saved See page 29

## 50+

beekeepers in Brazil supported by our Pollinate Project

See page 16

## 51%

of waste recycled, reused or composted

See page 29



# 1.1

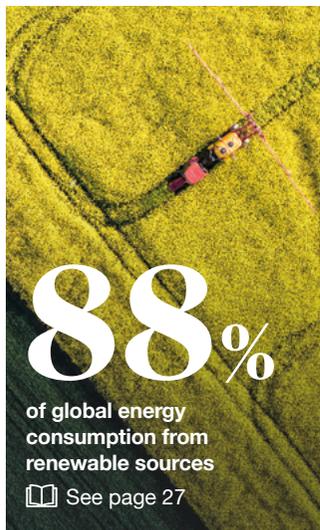
million hectares of soy farms geo-mapped for environmental and social risk screening

See page 13

# 330,000

homes equivalent powered by our bioenergy surpluses in Brazil

See page 27



## 88%

of global energy consumption from renewable sources

See page 27

## 66%

of treated wastewater reapplied back to agricultural land

See page 29

## ZERO fatalities among employees and contractors

See page 21

## 4,002

coffee growers in our sustainable production programmes

See page 17

## 67%

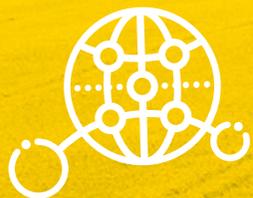
of employees covered by collective bargaining agreements

See page 24

# 18%

reduction in employee lost-time injuries

See page 21



# Connecting supply and demand responsibly

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

## Our wider contribution

UN Sustainable Development Goals



IFC Performance Standards



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# Sustainability in a dynamic marketplace

**Following a trajectory of sustainable growth, while maintaining the uninterrupted flow of commodities in an increasingly unpredictable global market, is our daily challenge. As well as being highly efficient and agile, we must also be proactive in the face of evolving consumer preferences, volatile commodity prices, geopolitical instability and environmental change.**

In this section, we introduce how we are addressing our first strategic priority – connecting supply and demand responsibly. Whether it is soybeans or sugar, coffee, palm oil or cotton, the commodities are very different but the environmental and social challenges associated with their production are often similar. These include traceability to origin, human and labour rights exploitation, land use, extraction of natural resources, biodiversity, soil health, climate change adaptation and mitigation and livelihood security. The centrality of partnerships to address these challenges is also evident across all commodities and is discussed throughout this report.

How we collectively prepare for – and respond to – challenges is fundamental to how we meet tomorrow’s demand for food sustainably and grow our market position. Structured, ongoing dialogue remains key to executing our sustainability strategy (see our materiality approach on page 37).

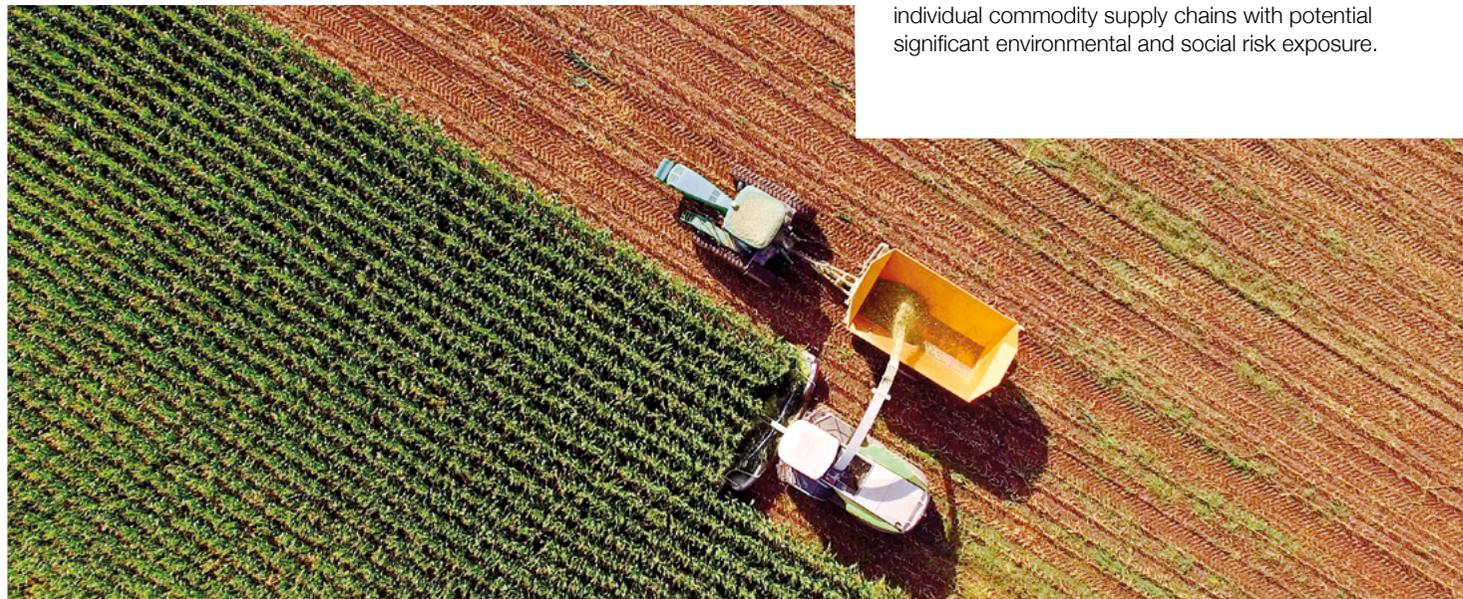
**“The apparent ‘new normal’ of unpredictable markets is only reinforcing our commercial imperative for sustainable commodity supply chains. It is only by working together that we can innovate and feed the world at the scale needed to meet tomorrow’s demand. At COFCO International, it is our philosophy that cooperation outweighs competition.”**

**Johnny Chi**

Chairman, COFCO International

### **Consistent standards, wherever we are**

As a diverse, international business, it is vital that we enforce consistent principles in our operations and through our supply chains. Our Supplier Code of Conduct helps ensure that all suppliers uphold minimum standards of social and environmental responsibility, regardless of jurisdiction or geography. The Code is complemented by more specific guidance for individual commodity supply chains with potential significant environmental and social risk exposure.





# Soy

## Balancing security with sustainability

Containing 12 times more protein than milk, the soybean is not only the most nutritious growth feed, but also the most efficient to produce<sup>1</sup>. However, growing demand combined with ease of production have put pressure on both natural systems and people.

### Targeting 'hotspots' in our soy chain

As the second largest producer of soybeans in the world after the USA, Brazil meets 30% of global demand. In recent decades, its production has expanded into fragile ecosystems in Latin America, making sustainable soy cultivation a key issue for governments, civil society and all actors along the value chain.

In 2018, we continued to deploy satellite mapping to screen for environmental and social risks in pre-financed farms in the Amazon and all other farms throughout Brazil. In 2018, more than a million hectares were mapped and assessed for compliance with our [Sustainable Soy Sourcing Policy](#) – an 18% increase on the previous year.

For all soy sourcing in Brazil, we have set four mandates that production is:

- free from the Ministry of Labour forced labour list;
- free from IBAMA's embargoed areas list;
- for suppliers in the Amazon biome, compliant with Soy Moratorium cut-off date;
- for suppliers in the Para state, compliant with the Para Green Grains Protocol.

Furthermore, with advice from WWF and The Nature Conservancy (TNC), we are mapping environmental and social risk 'hotspots' across our soy supply chain. We are finalising this exercise for Brazil while starting the same for Argentina, Paraguay and Uruguay. This work enables us to better prioritise and focus our supply chain risk monitoring and mitigation efforts on the ground. On the basis of this mapping, we are working with WWF and TNC to review our Sustainable Soy Sourcing Policy.

**“COFCO International’s enthusiasm to work with The Nature Conservancy and WWF to design a revised and enlarged Soy Sourcing Policy that includes native vegetation conversion risk in the Cerrado Biome represents a vital private sector practice to increase food security and foster a more sustainable production. In a collaborative approach, we hope to steer soy production over already cleared and suitable land and therefore protecting nature while accommodating soy expansion to meet global demand, since there is enough cleared and suitable land available to do so.”**

**Rodrigo Spuri**

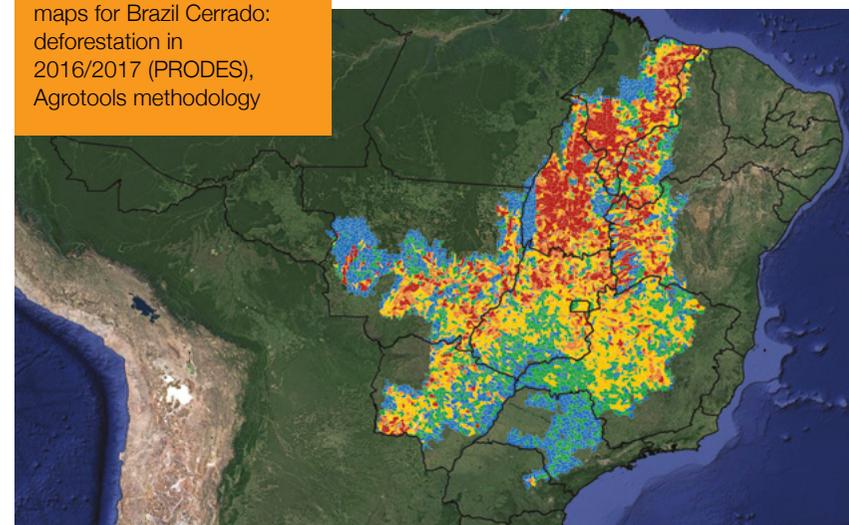
Soy Sector Coordinator, The Nature Conservancy Brazil

**Edegar de Oliveira Rosa**

Head of Food and Agriculture Programme, WWF Brazil

### Illustration

One of 11 geo-rating maps for Brazil Cerrado: deforestation in 2016/2017 (PRODES), Agrottools methodology



<sup>1</sup> According to the [UN Food and Agriculture Organization](#)

## Soy continued

The Policy will cover our entire soy footprint with clear supplier expectations on issues ranging from habitat conservation, to protecting indigenous peoples and labour rights. We will develop a policy implementation plan to ensure compliance and we will report progress.

## Collective action for sustainable soy

As a signatory to the Soy Moratorium, which prohibits financing or sourcing of soy produced on deforested land in Amazon biome after 2008, we uphold its principles in our sourcing practices. Our compliance is audited by third parties and shared with our stakeholders. We are now focusing our collective efforts in eco-sensitive regions beyond the Amazon, most notably Brazil's Cerrado.

We are a member of the Soft Commodities Forum, a coalition of the world's six largest agri-traders, to establish common standards to report and monitor soy sourcing in high conversion risk areas of the Cerrado. Another key partnership is with the Cerrado Working Group, which is bringing together consumer brands, financial institutions, non-governmental groups and agri-industry to design a 'compensation for conservation' scheme. The proposal would incentivise farmers to protect forests and native vegetation and recognise their longer-term economic value and we look forward to reporting on how this is progressing during the year.

In Mato Grosso state, Brazil, we are working with public and private stakeholders under the state's Produce, Conserve and Include (PCI) strategy, with the objective to support and incentivise sustainable agricultural production. As a member of the PCI Corporate Action Group, we look for opportunities to participate in programmes that contribute to the PCI strategy.

 Find out more about our work on sustainable soy

 For more on our approach to climate change, see page 26.

## Building capacity of soy farmers in Paraguay

In Paraguay, we support MejorAgro, a continuous improvement programme for 100 smallholder farmers. The programme brings us together with Solidaridad and Cooperativa Colonias Unidas.

Currently focused on the Itapúa and Alto Paraná regions, the two-year initiative started with a baseline evaluation of each participating farm and a subsequent improvement plan for each, with technical experts supporting progress and a digital tool to track improvements. It also covers farmer training on challenges such as chemical management, disease prevention, soil protection, sustainable forestry and wider environmental management. In 2018, 787 farmers attended eight training sessions.

Now halfway through the programme, feedback suggested that MejorAgro is helping farmers improve soy yields, while improving their land and forestry management.

## Certified soy

In Argentina and Paraguay, we source 2BSvs certified soy for the production of sustainable biodiesel. Under this scheme, soy production must meet a range of sustainability criteria, including GHG emission savings, conservation of land with high biodiversity value and biodiverse grassland, high carbon stocks and peat land. We also source soy under the International Sustainability and Carbon Certification, which ensures environmentally sustainable production and traceable supply chains.



## Why all eyes are on the Cerrado

Covering a fifth of Brazil's land mass, the Cerrado biome is highly biodiverse, with many species found nowhere else on Earth and the source of half of Brazil's river systems. It is also the largest agricultural region in the country. Collaborative action is urgently needed to find ways of protecting the natural landscape and biodiversity, while supporting local livelihoods.





# Sugar

## Responsible sugarcane cultivation

**Sugarcane is the one commodity that we produce and mill ourselves. Across Brazil's São Paulo state, we are promoting cultivation methods that are in harmony with ecosystems, while maximising economic development for farmers and communities.**

COFCO International is one of the largest sugar and ethanol producers in Brazil and in 2018, we produced over one million tonnes.

Thanks to satellite mapping, we now have a clear picture of how land is being used around the fields we lease and cultivate, as well as those supplying our four sugar mills. This helps us to ensure that we avoid indigenous land with high conservation value, as defined by the Brazilian Institute of Environment and Renewable Natural Resources.

### Innovating for more sustainable cultivation

We work with technology partners to increase yields and protect land for long-term cropping. Solutions include avoiding tilling and increasing natural mulching during the rainy season. These small adjustments to farming regimes have reduced soil erosion and improved climate resilience.

More complex innovations include biological pest controls and intercropping. For instance, we have successfully introduced natural predators on certain farms – insects that feed on sugarcane pests to substitute pesticide use, as well as nitrogen-fixing legumes such as soybeans and crotalaria. Benefits include field stability, reduced fertiliser requirement and weed suppression. We are also applying nutrient-rich vinasse and 'filter cake' residues from sugarcane filtration at our processing mills nearby. In doing so, we are feeding new sugarcane plants with harvested waste. In 2018, new fertiliser mixing plants were established at our mills for optimal mixing of vinasse and liquid fertilisers, further avoiding the need for fertiliser. Alongside generating bioenergy (see page 27), we are 'closing the loop' on sugar processing and production.



### Drone-tracking land use

In 2018, we introduced drones to aerially map areas of permanent preservation or reforestation. Footage helps farmers better monitor native vegetation land cover and comply with conservation standards.

## Sugar continued

“After receiving support from COFCO International’s Pollinate Project, the mortality of our beehive practically zeroed.”

**Altair Baiocchi**

Beekeeper, São Paulo state, Brazil



### Project Pollinate, Brazil

Around the sugarcane fields in Catanduva and Potirendaba of São Paulo state, millions of hard workers are creating something even sweeter than sugar. Thanks to the harmonious coexistence of bees and sugarcane production, beekeepers are enjoying more secure livelihoods.

It all started in 2016 when we set out to consult communities around the impact of our crop protection methods. While the product we apply is laboratory-tested as safe, we wanted to offer further assurance to beekeepers that their colonies would remain safe and healthy. We also wanted to use the opportunity to build closer relationships and constructive dialogue around our presence in the region.

Our technical teams identified neighbouring beekeepers and mapped the management zones for each of them. They established a good relationship with the beekeepers to open up dialogue on how to work closely for mutual benefit, for example, agreeing optimal coordination of pesticide application with bee habitats.

After all, both sides wanted the same outcome: healthy bees mean higher honey productivity and greater sugarcane production. It was the start of *Polinizar*, or Project Pollinate, which is becoming a beacon for good community impact management in the region.

#### Supporting beekeepers

Project Pollinate now extends technical consultancy to help beekeepers maximise the health and productivity of their hives. It also offers legal support to register businesses and access new markets.

#### What’s next?

Based on the successes to date, we are now rolling out Project Pollinate to two further sugarcane production units in Meridiano and Sebastianópolis. Brazil’s Sugarcane Industry Union (UNICA) has welcomed the project, with a view to replicating it beyond São Paulo state, to other sugarcane producing regions.



**50+**  
beekeepers in Catanduva and Potirendaba are registered with our Pollinate Project



## Partnerships for sustainable coffee

We are working to support sustainable coffee production in Vietnam, Colombia and Brazil.

**4,002**  
coffee growers in our sustainable production programmes

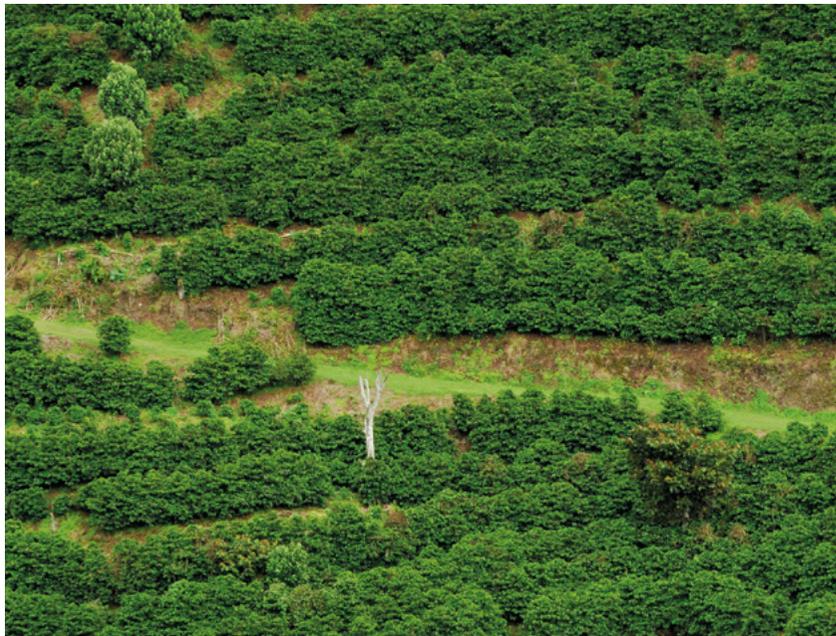
### Waking up to more sustainable coffee

We are one of the largest coffee merchants in the world. In 2018, several million bags of Arabica and Robusta coffee changed hands along the COFCO International chain, with most originating from Colombia, Brazil, Vietnam and Indonesia. Together with farming cooperatives, we operate voluntary sustainability verification and certification programmes, supporting sustainable farming practices and safeguarding workers and vulnerable groups in the wider community. Through these partnerships, we are helping farmers gradually increase their yields and improve quality, meaning higher incomes and longer-term livelihood security. In 2018, two new programmes were launched in Vietnam to support farmers improve practices towards 4C standards. Since 2016, we have partnered with S&D Coffee & Tea and verified 1,558 hectares under its Raíz Sustainability® program in Brazil.

### Growing together with Colombian coffee farmers

In Colombia, we have been helping smallholder coffee growers capture new value by accessing sustainable markets. In Tolima, a region impacted by the country's civil conflicts, we are working together with 20 associations to bring technical support to farmers.

Training includes the use of technologies to monitor water, weather and soil, including detailed assessments by our agronomists. Diverse sustainability challenges are also included, from environmental protection, pest/disease control and wildlife conservation, to climate change and health, safety and fair labour practices on farms. In 2018, 794 farmers took part in 29 technical training sessions, empowering them to further understand and implement sustainable crop management.



Our sustainable coffee certification and verification programmes:





# Palm oil and cotton

## Mitigating risk

**We are initiating work to better understand and mitigate sustainability risks in our palm oil supply chain. We support sustainable cotton production under the Better Cotton Initiative.**

### Palm oil: understanding our supply chain

Found in a wide range of foods and consumer products, palm oil is one of the most versatile and affordable oils. Yet its rapid development brings sustainability concerns. We do not operate any oil palm plantations or mills. With only one refinery in India, our main role in the palm oil value chain is as a trader and refiner, servicing markets in China and India.

Despite our limited presence, we recognise our role in supporting a sustainable system. We are preparing to launch our Sustainable Palm Oil Sourcing Policy in 2019, which will outline our supplier expectations around deforestation, peat, labour exploitation and traceability. Working with our partner, Proforest, we are also building a sustainability profile for all of our direct suppliers and we are tracing palm oil to mill level. Based on this information, we will conduct environmental and social analysis of our supply base and identify potential hot spots for further supplier engagement and corrective action. Our newly launched global Integrity Hotline is also made available for stakeholders to lodge grievances related to palm oil supply chain sustainability. We will report on progress in our next report.

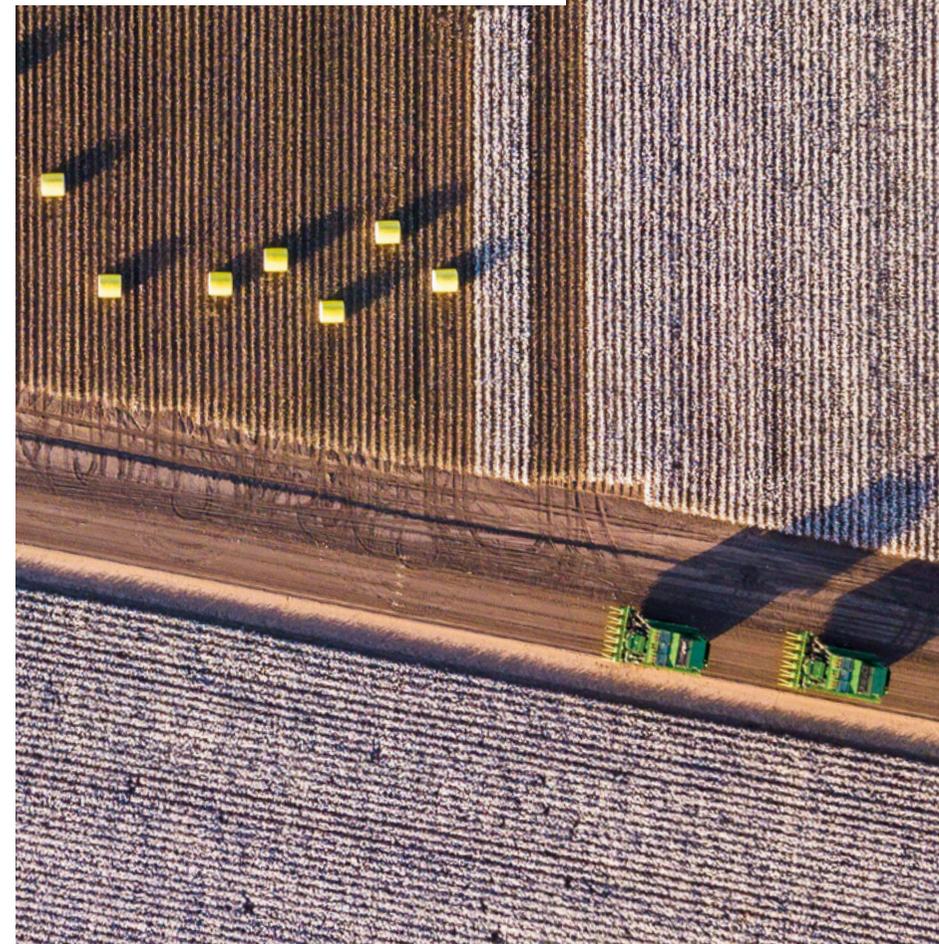
### Better cotton

The Better Cotton Initiative (BCI) is a multi-stakeholder initiative to make sustainable cotton the norm. We support BCI and look for cotton suppliers that comply with its standards on production, livelihoods and supply chain management. In 2018, we sourced 12,768 tonnes of BCI cotton, up from 4,037 tonnes in 2017. We will continue to promote the BCI principles with our customers and partners.

### Looking ahead



We will continue our collaborative efforts for sustainable soy, both sectorally and in our own supply chains. We will expand Project Pollinate to other sugarcane regions of Brazil and improve palm oil traceability, while monitoring supplying mills and engaging suppliers on our policy. On coffee and cotton, we will work to further increase sustainably certified volumes.





# Taking care of our people

Taking care of our people is above all about ensuring safe, healthy workplaces, enabling people to grow with us and standing up for their rights and equal opportunities.

## Our wider contribution

UN Sustainable Development Goals

IFC Performance Standards



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# Investing in our most valuable resource

Every person who works for, or with, COFCO International should be able to do so with the peace of mind that they will be respected and cared for, regardless of who they are. We are continually working towards a culture where this is engrained. At the same time, we are investing in the growth and development of our people as our most valuable resource.

In this section, you will see how we are addressing our second strategic priority – taking care of our people. We show how safety initiatives are making a positive impact (page 21) and how diversity is being upheld across our global business in innovative ways (page 24). You will also gain an insight into how we nurture the development of our employees while attracting talent of the future – from graduates and apprentices, to potential leaders (page 23).

## Consistent standards, whoever you are

To ensure we uphold the same universal standards of fairness and respect, regardless of jurisdiction or geography, our [Code of Conduct](#) is informed by UN Global Compact principles of human and labour rights. We are proud of our culture of inclusiveness and collaboration that enables us to achieve our mission and engage positively with each other and with those we work with.



### Integrity

We need to be open, honest and act with integrity at all times. We also need to hold ourselves and each other to account if this value isn't demonstrated.



### Inclusiveness

Embracing difference and diversity is vital to our Sunshine Culture. We don't just celebrate difference, we recognise the value it adds to business.



### Innovation

We strive to create new opportunities, exchange knowledge and information, and work entrepreneurially to enhance our performance through innovation.



### Sustainability

Sustainability is a core value and our robust corporate governance keeps our people and products safe, helping us to balance our shareholders' needs.



Our ambition to grow makes attracting the right talent a key priority. We are aware of the challenges in staffing new operations as we grow our business, specifically in light of global agricultural skills shortages. This is why we take a proactive approach to talent and inclusion.

**“Our culture and values help us navigate the big picture and make the right decisions, at all times – providing structure and a strong foundation for our businesses and organisation.”**

**Marcus Seelbach**

Chief Human Resource Officer, COFCO International

# A safer workplace in 2018

Creating a working environment in which safe practices are the norm relies on a combination of robust management systems and context-appropriate awareness campaigns. In both, we made steady progress during 2018.

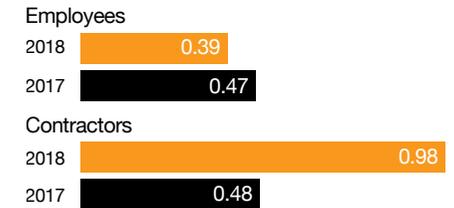


We reduced employee lost-time injuries by 18% and significantly improved our Safety Index performance<sup>1</sup>, finishing the year with zero employee or contractor fatalities. This is testament to ongoing efforts to build a culture of safety and apply the highest standards at every working site. Completing the rollout of our corporate Environmental, Health and Safety (EHS) Management System to all global facilities was a significant milestone and further strengthens how we apply consistent standards. Despite solid progress, there was an increase in safety incidents among contractors. This was mainly due to our construction work in Argentina. We have completed root cause analysis of every incident to further reinforce contractor safety at these sites, with further training and supervision as required.

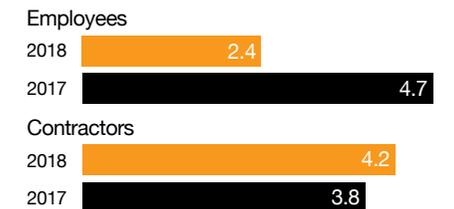
We commissioned Royal Haskoning DHV, a global safety specialist, to perform a full-scope safety assessment at our main crushing facilities in Brazil and Argentina. The findings were incorporated to enhance onsite safety management and ensure the rigour of our system as a whole.



## Lost-time injury frequency rate (per 200,000<sup>2</sup> work hours)



## Safety Index (per 200,000<sup>2</sup> work hours)

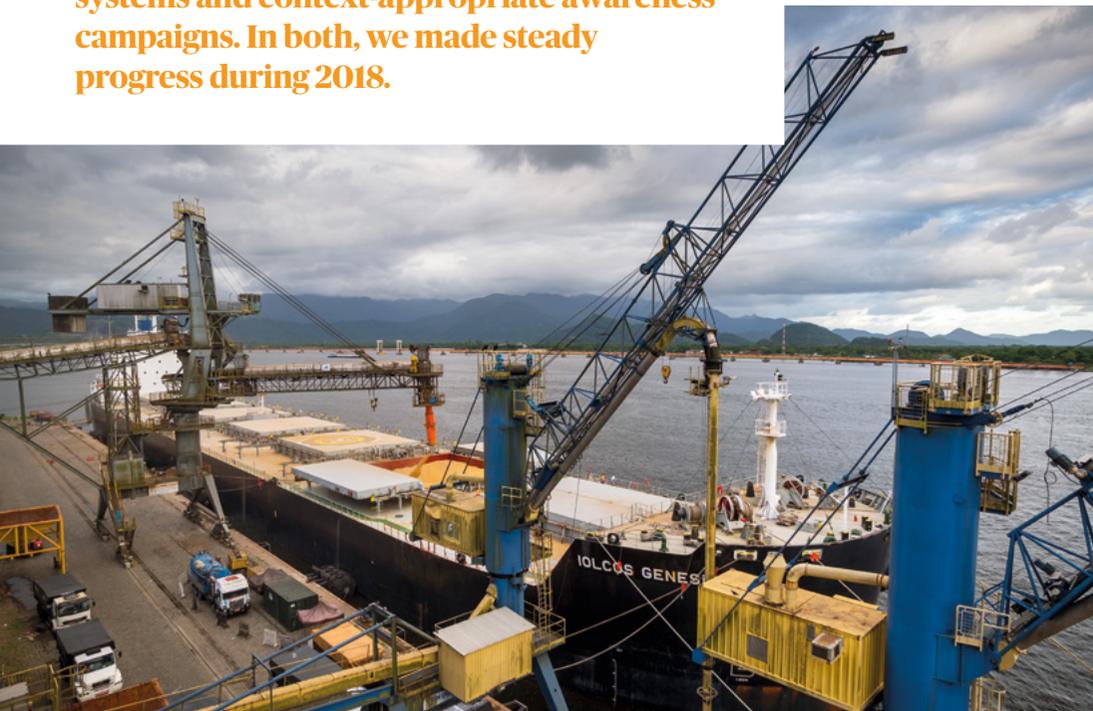


## A culture of safety

Local safety teams are empowered to apply global standards in ways that work for their context and culture. In 2018, we successfully rolled out Brazil's 'Eyes on Risk' safety programme to all countries. We also implemented the '5S' workplace methodology (seiri (整理), seiton (整顿), seisō (清掃), seiketsu (清潔), and shitsuke (躰)) at our global sites, leading to enhanced safety and operational efficiency.

<sup>1</sup> Safety Index = (Medical Aid frequency rate/7.5) + (Total Lost Time frequency rate) + (Severity Rate/5)

<sup>2</sup> 200,000 represents the number of hours of 100 employees working 40 hours per week, 50 weeks per year and provides the standard base for calculating incidence rates. (100\*40\*50=200,000)



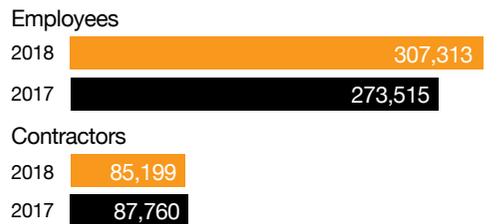
## A safer workplace in 2018 continued

### Zero safety incidents over 1,700 working days in Ukraine

Our port in Nikolaev, Ukraine is an export terminal that handles three million tonnes of grain a year. Here, teams have achieved an outstanding record of zero safety incidents for more than 1.4 million work hours – since COFCO International took over operations in May 2016. As well as keeping people safe and well, they have reduced unplanned outages and operational efficiency improved. In 2018, the port won three categories in the Ukraine National Maritime Rating Award: Absolute Growth, Rate of Growth and Golden Ton categories.



### Total hours of safety training



### Sharing best practices

In 2018, a cross-audit programme was piloted in Ukraine. All EHS teams came together for joint quarterly assessments of each facility in the country, based on a checklist developed by the whole group. This allows our teams to apply ‘fresh eyes’ to identify safety improvement opportunities and create a benchmark to compare performance at each facility. Given the success of this pilot, we plan to expand it to other countries including Kazakhstan.

In the UK, we have introduced an interactive Health and Safety e-learning programme for employees and contractors. Expected to run until 2023, it includes periodic tests and a final exam to monitor learning.



### Health initiatives

We run various programmes to raise employee health awareness. In 2018, we launched a campaign in partnership with Hospital do Amor, a leading cancer treatment hospital in Brazil, including 140 mammograms and 249 cervical and prostate scans.



### Worker and farmer wellbeing

We are doing more at a local level to support the health and wellness of our people and our partners. For instance, in Brazil we ran a campaign for more than 850 truck drivers and soy farmers supplying our grain silos. It included free blood pressure and glucose tests, as well as the educational materials on use of personal protective equipment, speed awareness and healthcare for long-distance drivers.



# Talent and growth

**Our rapid growth to date and future expansion plans are dependent on the availability of skilled people. Strategically investing in our current workforce, while also attracting the best of tomorrow's talent, is business-critical.**

In 2018, we delivered extensive training to employees and contractors. This spanned technical and role-related skills training, as well as wider transferable skills courses. We also conducted a strategic review of our employee development programmes in every country and we will use this insight to offer better learning and development programmes for our teams going forward.

Around 40% of our employees are registered in our digital system for performance appraisal, while the rest, mostly colleagues working on sugarcane plantations without regular digital access, conduct performance reviews off-line. In 2018, our overall employee turnover rate stood at 21%<sup>1</sup>, while overall hiring was 19%, (28% for females and 15% for males).

## Top employer recognition, Brazil

In 2018, our sugar business was recognised among Brazil's top employers. The Mercer and Valor Economico surveyed more than 800 COFCO International employees about their satisfaction. We came third within our size category (3,000-7,000 employees); 98% of the interviewed employees said they were proud to work at our company and 94% felt that the company has a genuine interest in the wellbeing of the community.

## Nurturing tomorrow's talent and leaders

As a global agri-business with a mission to feed a growing population sustainably, we need to have the most talented people that share our vision. Our new Commercial Graduate Programme aims to bring a new generation of talent into and up through the organisation. Starting by attracting a gender-balanced, diverse cohort of university students, graduates gain valuable insights into how we operate as an integrated global agricultural supply chain company. They also have the opportunity to become part of a global community of like-minded graduates, building their career in the origination markets as they learn from role rotations, working side-by-side with industry leaders.

<sup>1</sup> Excludes the divestment of industrial facilities in China and seeds business in 2018.

<sup>2</sup> Gender hire rate = new male or female hires throughout the year / total male or female employees at end of year.



# Diversity and human rights

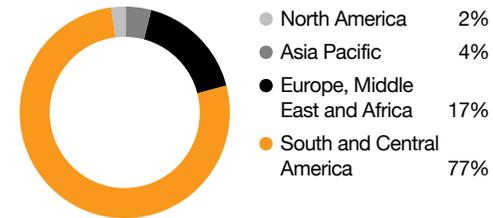
We are proud of our diverse global workforce – people from different countries, backgrounds and beliefs not only mirror the many communities in which we operate, but they make us a more innovative, resilient company.

With 49 nationalities represented across 35 countries, we are a truly global workforce. Each person brings a unique contribution and background to the challenge of feeding a growing global population. Inclusiveness is one of four corporate values (see page 20) and an important component of our culture. In 2018, we ran in-person training in 12 countries on our values and the importance of inclusion and cultural diversity. These sessions helped colleagues recognise cultural similarities and differences between our various locations.

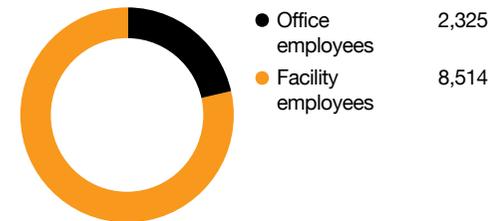
On gender diversity, we still have a significant imbalance, with only 17% women. This is largely due to our farming operations in Brazil and

industrial operations globally where we are proactively challenging historic stereotypes. Our global freight operations team has set a good example, with 11 females, up from just two in 2015.

## Where do our people work?



## What type of work?



**67%**  
of employees are covered by collective bargaining agreements

### Supporting Women's Employment Award

“As a female captain, I am very proud to receive this award on behalf of COFCO International. I'm equally proud to work with a company that always supports women's employment, from trainees to top management level.”



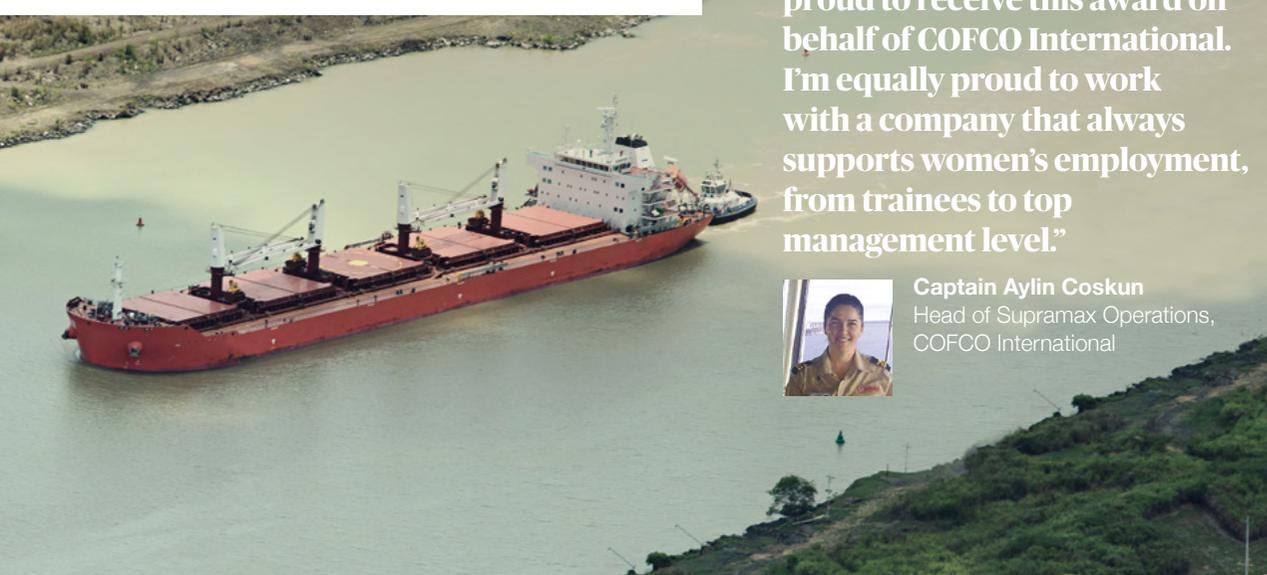
**Captain Aylin Coskun**  
Head of Supramax Operations,  
COFCO International

## Protecting our people

Equal opportunities for all begin with our [Human Rights and Labour Policy](#), which sets out our commitment to treating everyone fairly and respectfully. In 2018, we launched the Integrity Hotline, a grievance mechanism which enables any employee, contractor or member of the public to anonymously report a concern (see page 35). To ensure people know about it, we will use creative communications to reach all of our stakeholders.

### Looking ahead

In the year ahead, we will continue to focus on employee safety and development. We will scale up our efforts to address gender equality and work alongside local partners to adopt culturally-effective diversity strategies.





# Managing our environmental impact

The long-term success of the agri-business sector relies on a replenishable supply of natural resources and a stable climate. Just as we engage farmers and partners along the value chain to protect ecosystems, we also focus on conserving resources and mitigating against climate change in our own operations.

## Our wider contribution

UN Sustainable Development Goals



IFC Performance Standards



## In this section

Global standards of environmental stewardship	26
Towards a low-carbon operation	27
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# Global standards of environmental stewardship

**With an extensive network of processing and logistics facilities but limited owned farming operations, our main environmental priorities are water, waste, energy and greenhouse gas emissions (GHG). We strive to reduce our direct impact through a COFCO International-wide policy framework and management system.**

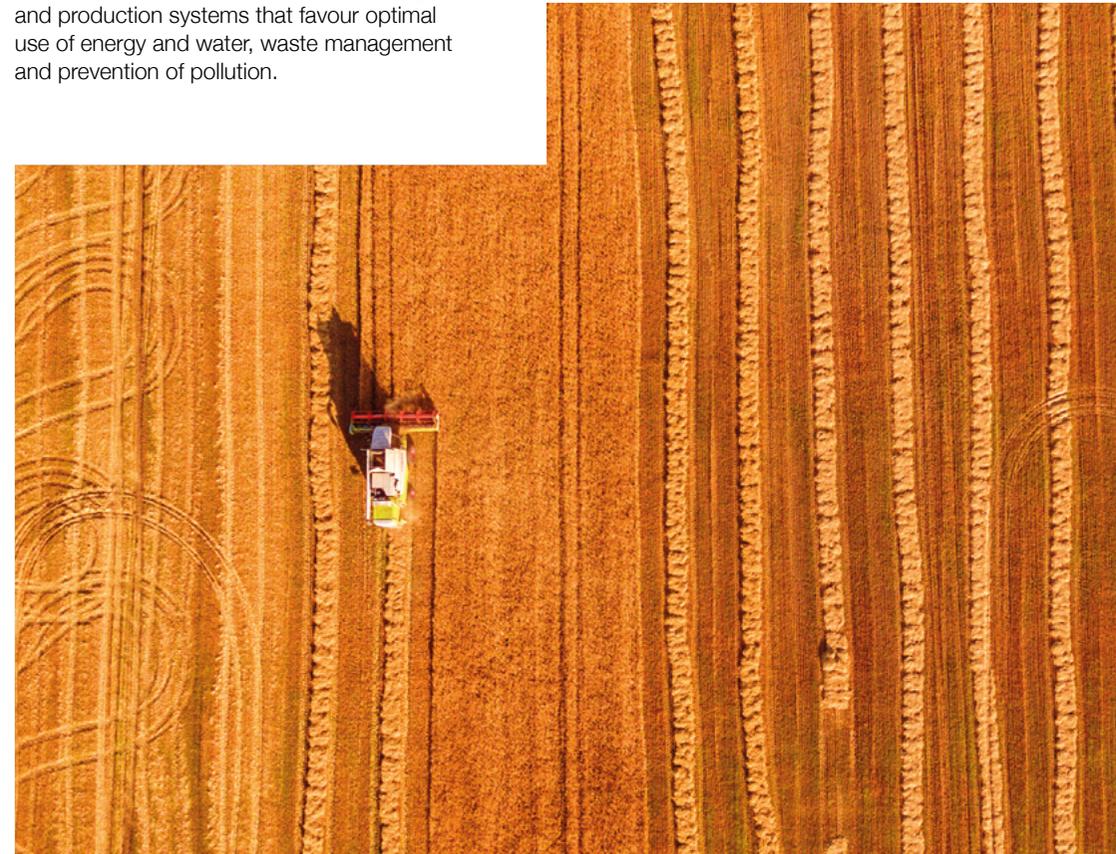
Our direct environmental footprint lies mainly with our crushing plants, refineries, port terminals, warehouses and sugarcane plantations. Across our operations, we embrace the opportunity to apply consistently high environmental standards, and pioneer innovations that conserve resources.

## Consistent standards

Our [Environmental Policy](#) outlines a commitment to align operational management with international principles of best practice such as IFC Performance Standards and World Bank EHS Guidelines. We work to continuously analyse risks and identify opportunities in decision-making processes. Accordingly, we encourage the use of innovative technologies and production systems that favour optimal use of energy and water, waste management and prevention of pollution.

Our Environmental Management System is aligned to ISO 14001. It is at the heart of how we systematically identify, assess and manage risks and includes key performance indicators. The system is overseen by our EHS Director and is implemented by teams in each region. Regular internal and external audits hold us to account.

**Note:** Our 2018 carbon, energy and water data have been audited by Bureau Veritas Brazil. In early 2018, we divested five oilseeds crushing and refinery facilities in China, which were significant contributors of our global environmental footprint. To ensure year-on-year comparability, we updated the 2017 environmental data to ensure a consistent scope.



# Towards a low-carbon operation

Reducing emissions, even as we grow, is challenging but vital if we are to maintain efficient operations and, in turn, our competitive edge. Our focus is on further increasing renewables in our energy mix and identifying innovative efficiency projects across our operations.

In 2018, an increasing number of our facilities, notably our sugar mills in Brazil, deployed crop waste and wood to produce sustainable energy for operational needs. Alongside divestment of fossil fuel powered crushing plants in China, this has significantly reduced our reliance on non-renewable fuel and electricity. In 2018, our total operational energy consumption was 51.2 million GJ, 88% of which was from renewable sources.

Our sugar mills supply surplus bioenergy into local power grids. In 2018, this amounted to over 630,000 MWh, enough to power approximately 330,000 homes, while adding a revenue stream to the business.

## Our global carbon footprint

In 2018, the carbon intensity of our grains and oilseeds plants increased. This was due to expansion works at the Puerto General San Martin complex, Argentina, which consumed energy while stalling operational output.

The carbon emissions intensity of our sugar operations is also inflated, due to increased reporting scope – in 2018, we added organic fertiliser in addition to synthetic fertiliser.

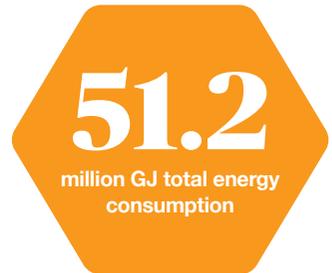
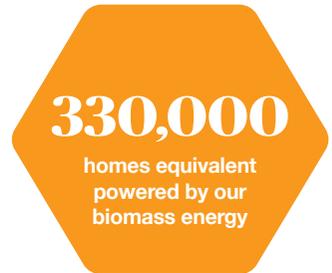
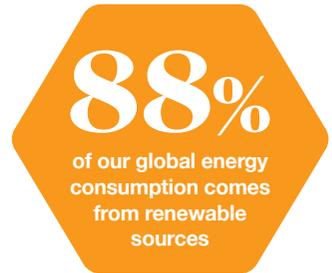
This ensures a more complete and accurate reflection of our sugar carbon footprint going forward.

We saw a reduction of carbon intensity for our storage facilities due to increased use of biomass to power onsite dryers and equipment.

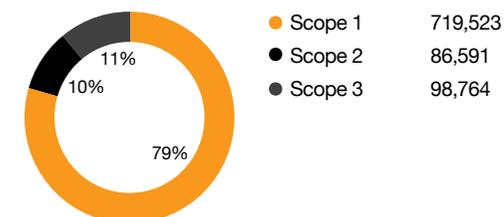
### Carbon Intensity per Facility Type (kg CO<sub>2</sub>e/tonne of Production)



<sup>1</sup> Production of G+O Industrial Facilities: crushed oilseeds  
<sup>2</sup> Production of Sugar Operation: crushed sugarcane  
<sup>3</sup> Production of Storage Facility: stored commodity  
<sup>4</sup> Production of Port Terminal: terminal throughput



### 2018 greenhouse gas emissions (tCO<sub>2</sub>e)



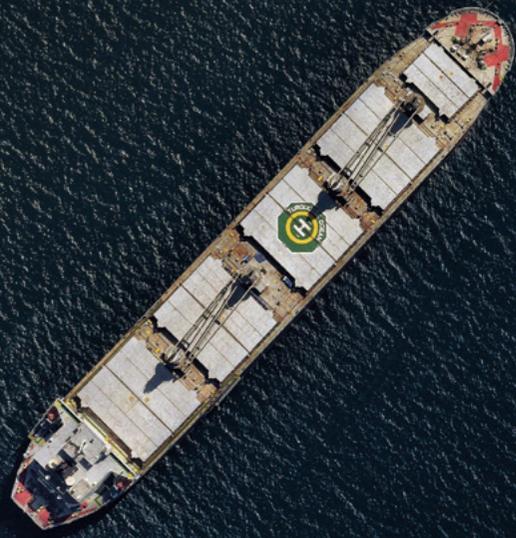
All our 2018 carbon, energy and water data are audited by Bureau Veritas Brazil.



## Towards a low-carbon operation continued

**“Our shared vision for the Blockchain collaboration is to develop a new standard available to everyone, bringing industry-wide benefits.”**

**Johnny Chi**  
Chairman, COFCO International



### Sustainable shipping

In 2018, we transported over 50 million tonnes of agri-commodities by sea and we delivered freight services to other industrial customers. Shipping is significantly more carbon efficient than road, rail and air. Yet due to the sheer volume of freight movements, it is a key priority for us to address.

We support the International Maritime Organization’s (IMO) mission to halve global carbon emissions from ships by 2050. For our own operations, in late 2018 we began work on a system to track carbon emissions from our time-chartered ships, with the aim of broadening our carbon footprint reporting to scope 3 emissions. This data will help us benchmark the energy and carbon efficiency of our fleet and make more informed chartering decisions. We will be reporting this data in our 2019 report. Meanwhile, we are deploying a number of approaches to further increase efficiency, ranging from optimising speed to artificial intelligence to predict the position of vessels. This allows us to better plan and optimise fleet operations and improve our overall operational and energy efficiency.

### Supporting IMO sulphur reduction goals

From 2020, IMO sulphur limits for ships operating outside designated emission control areas will be reduced to 0.5% (mass by mass). This is estimated to significantly reduce sulphur oxide emissions and, in turn, improve air quality for people living close to major ports and shipping lanes. To support this goal, we are investing in exhaust cleaning systems on our existing vessels and trial testing ultra-low sulphur marine fuel solutions. For chartered ships, we are using more ECO-classified bulk carriers that use the latest low-sulphur technologies.

### Going paperless with Blockchain technology

In 2018, we joined other agri-businesses in an initiative to digitise post-transaction trade. This represented the first step to digitalise post-trade operations. This initiative also has the potential to create a more transparent and efficient platform for post-trade operation and reduce overall environmental impact.

**50**  
million tonnes  
of agri-commodities  
shipped to over  
50 countries

# Resource efficiency

The agricultural value chain is highly resource intensive, using more water than any other industry and wasting over 40% of biomass from farm to fork. While our role as primary producer is limited to a small number of sugar plantations, we recognise an opportunity to support lean practices along the supply chain and at our own sites.



In 2018, freshwater withdrawal decreased by 435,512 cubic metres, 4% from the previous year and water intensity held constant at 0.255 m<sup>3</sup> per tonne of production. We are continually looking for opportunities to further reduce this. For example, our sugar mills are analysing the whole water life cycle, from water input and circulation, to reuse and wastewater discharge. This will allow us to pinpoint where we can make the greatest impact in reuse and efficiency.

### Freshwater withdrawal (million cubic metres)



In 2018, wastewater discharge per tonne of production decreased by 1% to 0.096 m<sup>3</sup>/tonne. Onsite treatment facilities ensure that discharged wastewater always meets national and local legislative requirements and 66% of our treated wastewater is reused as irrigation and natural fertiliser.



### Reducing waste

As part of our Environmental Management System aligned to ISO 14001, we monitor non-hazardous waste (including construction waste, biomass waste, scrap metal, boiler ashes, bleaching clay, used PPE and packaging) and hazardous waste (including chemicals, oil, sludge, and mercury lamps). During the year, we expanded group-wide waste categorisation and recycling. For instance, we repurposed boiler ash as natural fertiliser at our crushing plants in Ukraine and Brazil, significantly contributing to waste reuse. At our sugar mills, a new waste management procedure was implemented to optimise waste storage and management.

Due to the construction work in Argentina, our overall waste generation increased slightly compared to the previous year.

Waste generation per production (kg/tonne of production)	Hazardous waste	Non-hazardous waste
<b>2018</b>	<b>0.028</b>	<b>0.666</b>
2017	0.023	0.620

### Looking ahead

In 2019, we will include scope 3 shipping emissions into our wider carbon footprint and we will also report back on sulphur goals. We expect to see further water efficiency improvements from our sugar mills life cycle analysis project, which we will report back on.





# Building strong communities

We strive to create secure, sustainable livelihoods for those along the agricultural supply chain. At the same time, we invest in our neighbourhoods more directly, focusing our community investment on education, wellbeing and environmental stewardship.

## Our wider contribution

UN Sustainable Development Goals



IFC Performance Standards



## In this section

Sustainable livelihoods

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Community investment

32

# Sustainable livelihoods

**The majority of our operations and sourcing partners are located in rural areas, often in developing or emerging markets. Our local teams are active on the ground, partnering with government agencies, trade unions and civil society organisations to enable more people to benefit from sustainable agriculture.**

Helping to create more sustainable livelihoods starts with safeguarding community land rights. Our [Responsible Land Acquisition and Leasing Policy](#) makes clear our position to support secure and equitable rights to land and natural resources. We expect all suppliers to uphold this and we monitor compliance through screening (page 12).

## Investing in smallholder farmers

In southern Brazil, many rely on soy for a subsistence livelihood. Here, we are working under Brazil's Social Fuel Stamp programme to expand opportunities for smallholder soy farmers for our biofuel production. The programme means we must ensure that 40% of our investment in soy for biodiesel supports smallholder farmer livelihoods.

Meanwhile, we are offering technical assistance in partnership with 15 local cooperatives and agencies including the Special Secretary of Family Agriculture and Agri Development and Embrapa, the country's public agricultural research institute. With expert input on productivity and responsible growing, farmers are given the chance to increase yields and have a guaranteed buyer.

## Livelihood security

As part of our wider social investment in smallholder farmers, we are active in north-east Brazil to help create stable year-round incomes for smallholders. For instance, we are helping peanut farmers from the Quilombolas communities to build economic resilience. Having mapped the costs of production, infrastructure and human resources, farmers are now deploying a best practice model of peanut cultivation. Learnings are being shared with other farmers in the community and we are now assessing possibility of expanding the programme to coconut farmers in the region.

Overall, our investment in Brazil's smallholder farmers is building constructive dialogue in our communities, particularly by focusing on empowering women and young people as critical to the future of agriculture. It also helps us retail our Social Fuel Stamp and contribute to the government's rural agricultural development strategy.

## Building livelihood in post-conflict Colombia

In the mountains of Tolima, west-central Colombia, coffee is an important means of rebuilding livelihoods after years of conflict. We are working with smallholder farmers to build drying silos and improve sanitation standards, as well as training growers in productive, sustainable agricultural methods and facilitating access to international markets.



**15**  
farming cooperatives partner with us in Brazil



# Community investment

**In 2018, our community programmes benefited over 16,000 people globally. Our approach is to apply our skills and resources strategically to projects that create a positive lasting impact. In 2018, we launched a Community Investment Policy to formalise this commitment.**

Contributing to our neighbourhoods is vital to our future workforce and strong, sustainable supply chains.

Through community dialogue over two years, we have decided to focus on three focus areas:

**Education and capacity building:** as key drivers of sustainable development, we seek to facilitate access to education for children and young people, while also supporting skills and local human capital in the agri-business sector.

**Community wellbeing:** we seek to improve the quality of life of our neighbours, particularly those facing economic or social disadvantage. This includes promoting inclusion, health and safety, healthy lifestyles, and development of arts and culture.

**Environmental stewardship:** we seek to raise community awareness and build capacity in environmental stewardship and nature conservation.

## Reaching out to Brazil's future farmers

Today's school children in rural Brazil may be tomorrow's farmers and agricultural leaders. To help inspire them and unlock their potential, we run a number of youth programmes in the country. These include Guardians of Tomorrow and Young Farmer of the Future.

### Guardians of Tomorrow

In 2018, we launched Guardians of Tomorrow to engage children, teachers and wider communities in the importance of sustainable farming. Using fun, interactive methods such as cartoons, comics and tree planting, COFCO International volunteers are helping schools convey sustainable agriculture messages to 9-11-year-olds. We are also inspiring a sense of competition with a contest for the best essays on sustainable agriculture. Two winners in each participating school received a bicycle and their schools won a projector.

Based on overwhelmingly positive feedback, we will replicate this programme in more regions during 2019.

### Young Farmer of the Future

In partnership with SENAR, Brazil's leading rural vocational training institute, we help deliver Young Farmer of the Future, a programme to deliver skill training in agri-business among young people. In 2018, the programme reached 432 youngsters from Meridiano, Nhandeara, Potirendaba and Catiguá regions. Sessions covered topics such as health and sanitation, tractor and harvester operations and electrician training.

**33**  
schools participated in Guardians of Tomorrow, Brazil

**“The Guardians of Tomorrow project was very cool. The comic book narrates the story of the guardians who defended the land from destruction, and I found it very cool because we all need to take care of plants and nature. I thought it was a great opportunity to learn about producing with sustainability.”**

**Gabrielly Barbosa Rodrigues Barros**  
10-year-old student, programme participant

**16,000+**  
beneficiaries of our community programmes globally



## Community investment continued

### Recognised as a child-friendly company

In 2018, the Abrinq Foundation and Save the Children officially recognised our Brazil operations as supportive to the rights of children and young people. It is based on our ongoing commitment to defend children's rights, eradicate child labour in our supply chains, as well as the educational and health-related activities we offer for employee families and throughout our communities.



### A second chance at school: working with Save the Children in Romania

With our support, Save the Children is running an integrative project on education and social care in Bucharest, Romania. Second Chance involves after-school support in reading, writing, maths and computing for those at risk of dropping out. It also sensitively addresses any barriers preventing attendance, with expert counselling for students and their families. Where needed, school materials, nutritional and medical support are also provided.

Second Chance also offers children a break from the pressures of school and a chance to bond with their peers. Activities included sports competitions, guided tours in Bucharest, workshops with children from other schools, art competitions and a trip to swim in the Black Sea.

The holistic support for families has improved exam results and the number continuing into the new school year.

**12**  
parents supported under the Second Chance programme in Romania

**“My mother had to pull me out of school as she couldn't afford it anymore. Thanks to this project, I can continue my education. I am so grateful for the opportunity.”**

**Alis, 15**  
Second Chance participant

### Bringing music to marginalised families, Ukraine

In Nikolaev, Ukraine, we sponsor the award-winning Youth Folk Orchestra. As well as funding musical instruments and offering volunteer support, we are also helping reach out to those in the community who may otherwise be unable to participate. Together with the House of Children and Youth Creativity initiative in the Zavodskiyi district, we are making it possible for children from underprivileged families to learn an instrument by subsidising free music lessons by professional teachers.

This work is an example of our ongoing commitment to Nikolaev communities, as one of the largest employers in the region.

### Looking ahead

Going forward, we will continue our community dialogue and expand existing programmes across our three priorities. We will also work with more partners to identify new opportunities where we can have a positive, lasting impact.





# Upholding standards

We create value and balance stakeholder interests through compliance with applicable laws and regulations and ensure the quality and safety of our products. Upholding standards is also about living our values, transparent governance and astute risk management.

## Our wider contribution

UN Sustainable Development Goals

IFC Performance Standards



## In this section

Driven by our values

# Driven by our values

**Our corporate values of integrity, inclusiveness, innovation and sustainability steer the direction of our company and guide the behaviour of our employees.**



Drawing on the UN Global Compact principles of human and labour rights, environmental protection and anti-corruption, our [Code of Conduct](#) reflects the COFCO International values and applies to all employees and contractors. It is translated into a dedicated [Supplier Code](#), which all suppliers and business partners are expected to uphold. We are currently developing systems to monitor compliance with the Supplier Code, focusing initially on suppliers that have higher exposure to potential social, environmental and ethical risks.

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, as well as stringent supplier qualification control and third-party inspections or supplier onsite audits.

## Good governance and compliance

Our commercial success is rooted in consistent, decisive structures of governance and accountability. The [COFCO International Board of Directors](#) is composed of 12 members, including two independent non-executive directors. The Board appoints an Executive Committee, led by the CEO, to set, deliver and report progress on corporate strategy. This clarity of governance helps us to endorse a zero-tolerance stance on fraud, bribery or corruption, while championing open, honest communications across our culture.

### Integrity hotline

We launched our global grievance mechanism in November 2018. Named after our core value, the Integrity Hotline enables anyone inside or outside COFCO International to report a concern, misconduct or incompliance with our corporate policies or laws via telephone or secure digital channels hosted by an external grievance specialist agency.

The hotline is part of a rigorous internal structure that enables the timely and proper investigation, settlement and feedback of grievances. The structure systematically involves internal audit, human resources, legal and compliance functions, with transparent lines of escalation to Board-level committees, the Corporate Code Committee and the Risk and Compliance Committee. In 2018, 69 concerns were raised through the Integrity Hotline.

 [integrityhotline@cofcointernational.com](mailto:integrityhotline@cofcointernational.com)  
[cofcointernational.com/integrity-hotline](https://cofcointernational.com/integrity-hotline)



# Managing sustainability

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In this section

- ➔ **Our materiality** **37**
  - ➔ **Our partnerships** **38**
-

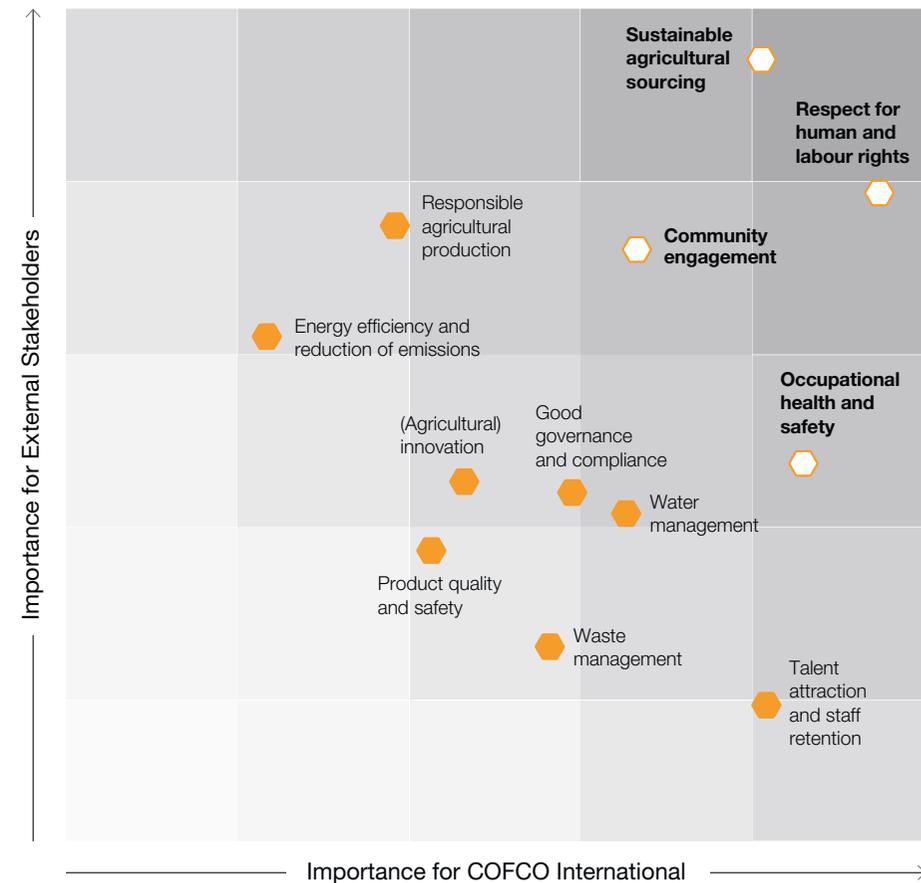
# Our materiality

Accountable to the CEO, the sustainability team at COFCO International serves to execute our Meeting Tomorrow's Demand strategy, with the ultimate goal of balancing stakeholder interests for the long-term viability and success of our business.



We continue to work on 12 priority issues shown in the matrix below. These have been identified by internal and external stakeholders as important to society, the environment and COFCO International. The top four are sustainable agricultural sourcing, respect for human and labour rights, occupational health and safety, as well as community engagement.

COFCO International Materiality Matrix



# Our partnerships

**Collaboration is key to better understand and sensitively address the many diverse and complex sustainability challenges we face as a company and as an industry. We work with stakeholders from across the public, private and NGO spheres for a longer-term positive impact.**

Opposite are examples of key partnerships that have helped us to accelerate understanding and action on issues discussed in this report.



We contribute to the development of Agroideal, an innovative tool used to map and facilitate sustainable soy production expansion in South America.



We are a member of Better Cotton Initiative, a key multi-stakeholder initiative to make sustainable cotton the norm.



We are a member of the Cerrado Working Group (GTC), whose mission is to eradicate, in the shortest time frame possible, deforestation in Brazil's Cerrado Biome, reconciling the production of soy with environmental, economic and social interests (see page 14).



We are a member of the Green Grains Protocol of Pará, which bans financing or sourcing of soy associated with illegal deforestation or forced labour in the state of Pará, Brazil. We receive annual external audits to ensure our compliance with this commitment.



Our sustainability strategy is guided by the Environmental and Social Performance Standards of International Finance Corporation, one of our shareholders.



We joined the PCI Corporate Action Group with the objective to support concrete sustainable agriculture projects in Brazil's Mato Grosso State (see page 14).



With support from Proforest, we are building a clearer understanding of the environmental and social profile of our palm oil supply chain and defining actions to mitigate supply chain risks (see page 18).



We are a member of the Round Table on Responsible Soy (RTRS), a civil organisation that promotes responsible production, processing and trading of soy on a global level, to ensure socially equitable, economically feasible and environmentally sound soy production.



We are a member of the Roundtable on Sustainable Palm Oil, a not-for-profit that unites oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and NGOs, to develop and implement global standards for sustainable palm oil.



We are a member of the Soy Working Group (GTS), a multi-sector group made up of producers, traders, civil society, government and retailers which works to ensure the permanence of environmental protection achievements related to the Amazon Soy Moratorium.



We are a Tropical Forest Alliance Steering Committee member. Here, we join other members in supporting multi-stakeholder efforts towards ending deforestation in agricultural supply chains.



As a member of WBCSD and its Soft Commodities Forum, we partner with our sector peers to collectively monitor progress on transparent and traceable soy sourcing in Brazil's Cerrado (see page 14).

# Join the conversation

[cofcointernational.com/sustainability](https://cofcointernational.com/sustainability)



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