



中糧国际  
COFCO INTL

# Feeding the future

Our vision for tomorrow's agriculture



Sustainability Report  
2018 – summary

COFCO International Ltd

# We are COFCO International

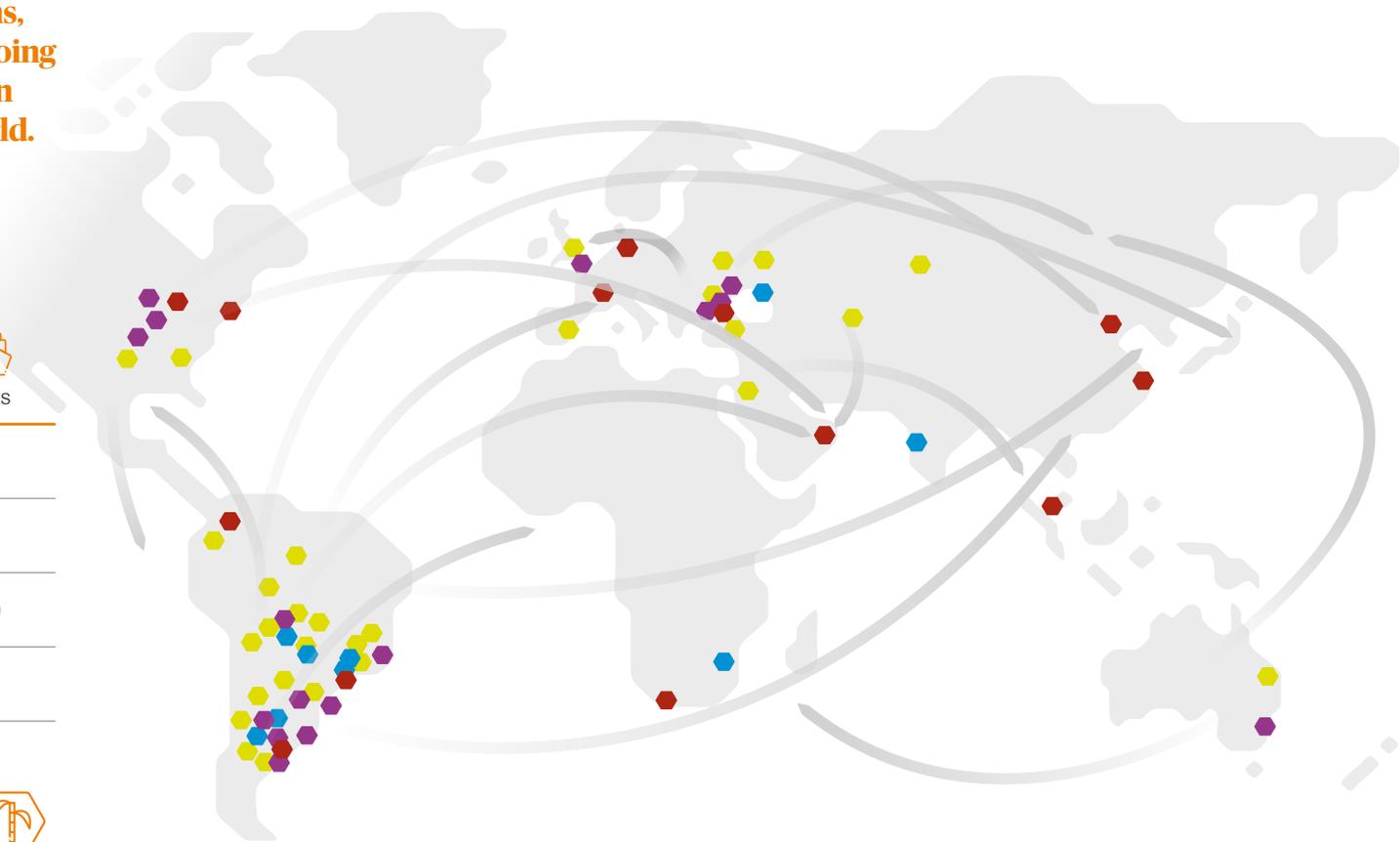
- Storage
- Processing
- Port
- Trading hub
- Trade route

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
 APAC	2	1	1
 EMEA	10	2	4
 Latin America	36	8	10
 North America	2		4

-  Grains
-  Oilseeds
-  Coffee
-  Cotton
-  Sugar



COFCO International  
shareholders



中国投资有限责任公司  
CHINA INVESTMENT CORPORATION



TEMASEK



**\$31bn**

Revenue

**106m**

Tonnes turnover

**30m**

Tonnes port capacity

**10,839**

Employees

**35**

Countries

**2.2m**

Tonnes inland storage

**24m**

Tonnes processing capacity

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.**

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

## **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.



Find out more in the full report:  
[www.cofcointernational.com/  
sustainability](http://www.cofcointernational.com/sustainability)



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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**

# The global value chain

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.

Connecting supply...

...with demand

## Our value chain footprint



**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.

# Meeting tomorrow's demand

**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 our sustainability strategy with these goals, we aim to measure and report our sustainability progress with the 'bigger picture' in mind.

For more details on our sustainability governance, engagement and material issues, see the full report; for our sustainability policies, please visit our website.

## 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 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

Integrity hotline launched for anonymously reporting concerns and grievances

# 329,000+

cubic metres of water saved



# 16,000+

people benefited from our community programmes

# 392,000+

hours of EHS training to employees and contractors

# 50+

beekeepers in Brazil supported by our Pollinate Project

# 51%

of waste recycled, reused or composted



# 1.1

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

# 330,000

homes equivalent powered by our bioenergy surpluses in Brazil

# 18%

reduction in employee lost-time injuries

# 66%

of treated wastewater reapplied back to agricultural land

ZERO fatalities among employees and contractors

# 4,002

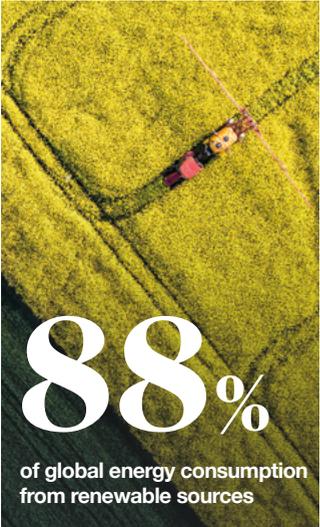
coffee growers in our sustainable production programmes

# 67%

of employees covered by collective bargaining agreements

# 88%

of global energy consumption from renewable sources





# 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



Find out more in the full report:  
[www.cofcointernational.com/sustainability](http://www.cofcointernational.com/sustainability)



## Soy

**“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

## 1.1

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

## Identifying supply chain ‘hotspots’

In order to ensure supplier compliance with our Sustainable Soy Sourcing Policy, in 2018 we used satellite mapping to screen for environmental and social risks across 1.1 million hectares of farmland in Brazil<sup>1</sup>. With advice from WWF and The Nature Conservancy, we initiated work to identify sustainability ‘hotspots’ in our Brazil soy footprint and we will do the same for Argentina, Paraguay and Uruguay. Based on the outcomes, we will review and update our Policy to specify supplier expectations for all soy sourcing in Latin America.

## Collective action beyond the Amazon

As a signatory to the Soy Moratorium, we do not purchase soy from Amazon land deforested after 2008. We actively participate in collective initiatives addressing other eco-sensitive regions, such as the Cerrado Working Group, which is exploring ‘compensation for conservation’ to incentivise Cerrado farmers in forest conservation. Similarly, with the World Business Council for Sustainable Development’s Soft Commodities Forum, we commit to a common framework to monitor soy sourcing in high deforestation risk regions within the Cerrado.

In Latin America and Europe, we source soybeans certified to 2BSvs standards for greenhouse gas emissions and land conservation, as well as International Sustainability and Carbon Certification standards. Through our local partners, we are also supporting soy farmers directly. In Paraguay for instance, we work with Solidaridad and Cooperativa Colonias Unidas to deliver MejorAgro, a capacity building programme to help soy farmers improve yields while protecting land and forests. During the year, 787 farmers learned from professional agronomists in targeted training sessions.

<sup>1</sup> For pre-financed farms and representing an 18% increase on the previous year



## Sugar

### Innovating for more sustainable cultivation

As one of the largest sugar and bioethanol producers in Brazil, we also turn by-product into energy to power our own sugar mills and local energy grids, as well as turning residual waste into fertilizer that is applied to sugarcane fields – in 2018 we installed fertilizer mixing plants to make this process even more efficient.

Innovative solutions such as biological pest control have been introduced on our farms to reduce pesticide use, maximise yield and protect land for long-term cultivation. In São Paulo State, our Project Pollinate is working with neighbouring beekeepers to minimise the impact of sugarcane production and provide technical support to beekeepers to enhance honey productivity and quality. The programme has become a beacon for good community impact management in the region and the Sugarcane Industry Union (UNICA) is now looking to replicate it beyond São Paulo State.



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

**Altair Baiocchi**  
Beekeeper, São Paulo State, Brazil

### 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.



## Coffee, palm oil and cotton

### In partnership for sustainable coffee

Over 4,000 growers are now part of our sustainable coffee certification and verification programmes and we continue to engage our suppliers in the importance of sustainable production. In 2018, we launched two more programmes in Vietnam to provide technical support to farmers towards 4C certification, while in Colombia 794 farmers in the civil conflict-affected Tolima region attended training sessions delivered by our agronomists on topics ranging from sustainable crop management to safe and fair labour practices on farms. Since 2016, we have partnered with S&D Coffee & Tea and verified 1,558 hectares of coffee farms under its Raíz Sustainability® program in Brazil.

Over 4,000 coffee growers are supported towards one or more of the following certifications or verification standards:

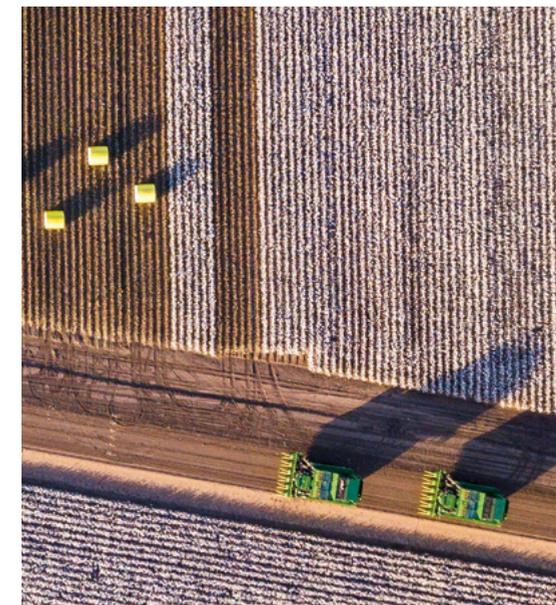


### Palm oil: understanding our supply chain

Although we do not operate any oil palm plantations or mills, we recognise our responsibility to promote sustainable palm oil production through the value chain. We are preparing to launch our Palm Oil Sourcing Policy, 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 our direct suppliers and 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 hotspots to prioritise policy implementation.

### Better cotton

We support the Better Cotton Initiative (BCI) standards for sustainable production, livelihoods and supply chain management. In 2018, we sourced 12,768 tonnes of BCI cotton, up from 4,037 tonnes in 2017.





# 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

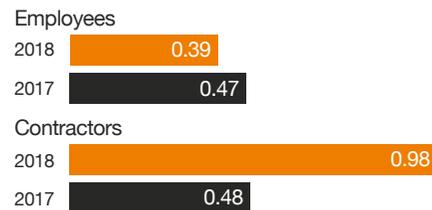


Find out more in our full report: [www.cofcointernational.com/sustainability](http://www.cofcointernational.com/sustainability)

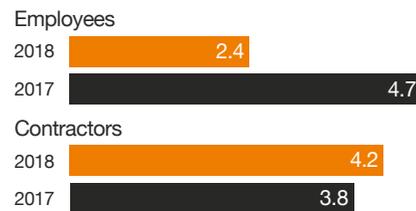
## A safer workplace in 2018

In 2018, we reduced employee lost-time injuries by 18%, with zero employee or contractor fatalities. This is testament to our comprehensive Environment, Health and Safety Management System, supported by almost 400,000 hours of safety training delivered and safe culture programmes such as 'Eyes on risk' and '5S'. Our continual improvement approach in 2018 also included external safety assessment at our main crushing plants in Argentina and Brazil. Despite these efforts, contractor safety incidents increased due to major construction work in Argentina. We have conducted root cause analysis of every contractor incident and will continue to improve contractor management and supervision.

### Lost-time injury frequency rate (per 200,000 work hours)



### Safety Index<sup>1</sup> (per 200,000 work hours)



## Talent and growth

In 2018, we conducted a strategic review of our employee development programmes in every country, while also launching a global commercial graduate programme to bring a new generation of talent into and up through the organisation.

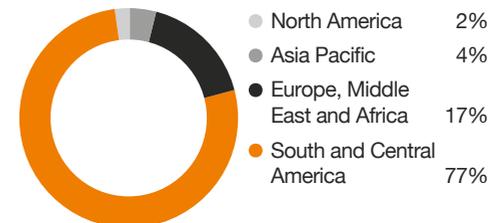
## Diversity and human rights

With employees spanning 49 nationalities, we are proud of the cultural diversity that our people bring to COFCO International. With 17% women employees, we recognise the need to further address gender imbalance, a legacy we encounter in agricultural and industrial processing roles in many origination countries.

To enable our employees and those outside of our organisation to voice concerns, in 2018 we launched an independently-run Integrity Hotline to sensitively address concerns, misconduct or non-compliance via telephone or secure digital channels.



### Where do our people work?



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



# 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

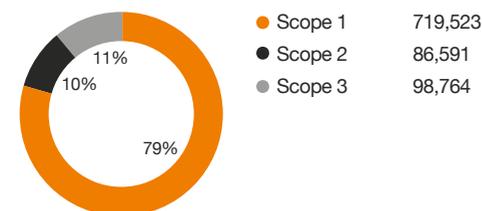


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## Lower-carbon operations

In 2018, our total operational energy consumption was 51.2 million GJ, 88% of which was from biomass waste at our crushing plants as well as sugar mills, where we generate sufficient renewable energy to not only power the sites but also the equivalent of 330,000 local homes via energy grids. In 2018, our carbon intensity of production increased due to due to construction works in Argentina and a wider GHG reporting scope to include organic fertilizer use. We will further expand this scope over the next year to include emissions from our freight operations. We are also deploying a number of approaches to further increase shipping efficiency, ranging from simple solutions such as optimising speed of voyage, to sophisticated artificial intelligence to predict the position of vessels based on historical data. This allows us to better plan and optimise fleet operation, improve overall operational and energy efficiency.

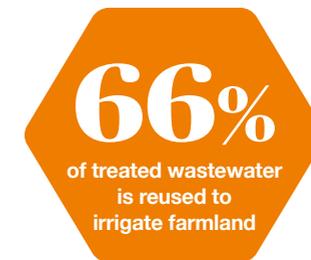
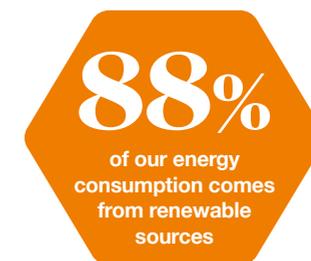
## 2018 greenhouse gas emissions (tCO<sub>2</sub>e)



## Resource efficiency

In 2018, we reduced absolute freshwater withdrawal and wastewater discharge per tonne of production. Solid waste generation has slightly increased due to increase of non-hazardous waste generated from construction work. We will further enhance waste management systems going forward. Overall, 51% of all waste is reused, recycled or composted.

## Freshwater withdrawal (million cubic metres)



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





# Building strong communities

We strive to create secure, sustainable livelihoods for those along the agricultural supply chain, including farmers. 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



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## Sustainable livelihoods

As well as upholding equitable community rights to land and natural resources, we work with partner organisations on livelihood security initiatives, with a focus on smallholder farmers. In 2018, this included leveraging our role under Brazil's Social Fuel Stamp programme to provide technical assistance via 15 farming cooperatives and working side-by-side with Quilombolas communities to build economic resilience with peanut cultivation.

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



In the mountains of Tolima region in Colombia, we are supporting coffee farmers to build livelihoods after years of civil conflicts and improve their access to international markets.

**“The Guardians of Tomorrow project was very cool. I thought it was a great opportunity to learn about producing food with sustainability.”**

## Community investment

Our Community Investment Policy focuses on three priorities: education and capacity building, community wellbeing and environmental stewardship. During 2018, approximately 16,000 people benefited from our community programmes. These included 2,232 school children and 432 youngsters in Brazil who took part sessions on the importance of sustainable food systems and how to become future leaders in agriculture. We also worked closely with Save the Children in Romania, helping disadvantaged children and their families with educational inclusion and social mobility.

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





# 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



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## Driven by our values

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 of Integrity, Inclusiveness, Innovation and Sustainability. The Code applies to all employees and contractors and the same expectations extend to our supply chain via a dedicated Supplier Code of Conduct.

## Good governance

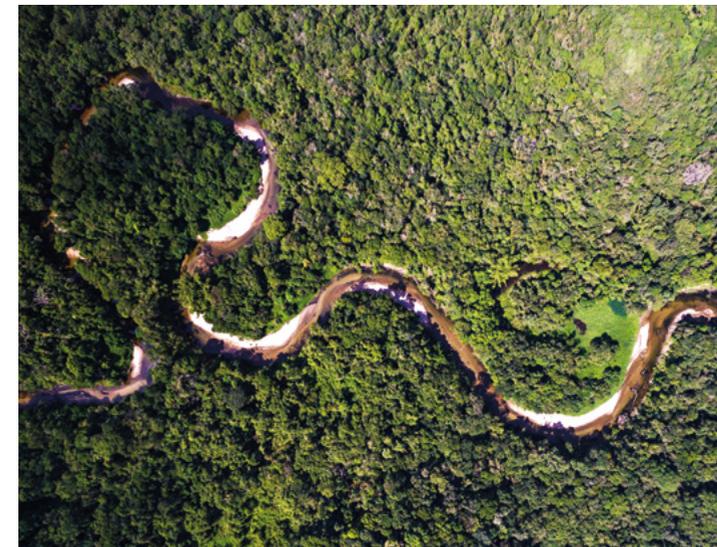
Our business is rooted in consistent, decisive structures of governance and accountability. These help us to endorse a zero-tolerance stance on fraud, bribery and corruption, while promoting open, honest communications – as evidenced in our Integrity Hotline launched in 2018, which provides a channel for stakeholders inside and outside of COFCO International to raise their concerns.

## Partnerships

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



Find out more in the full report: [www.cofcointernational.com/sustainability](http://www.cofcointernational.com/sustainability)



# Join the conversation

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Got a concern? Report it:

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