Transforming agriculture in a changing world

Sustainability Report 2021
COFCO International Ltd
Towards a more resilient future for agriculture

The world has faced unprecedented change and uncertainty in recent years. As we emerge from the disruption of the Covid-19 pandemic and amid geo-political conflict and climate and biodiversity challenges, we at COFCO International remain steadfast in our aim to help feed the world responsibly. During these volatile times, we have taken definitive action to protect our people and maintain our supply chains, while continuing to promote product quality and innovate to exceed customer expectations.

Above all, we remain committed to supporting the transformation of the global food system and nourishing the growing population by acting on the social and environmental issues where we can make the greatest impact. This includes our efforts to source more sustainably, protect human rights, uphold safety in the workplace and engage with communities. We are expanding the scope of our ambitions to reduce our carbon footprint and conserve nature. Every step we take will improve our own resilience and ability to thrive in the future.

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

Our values
Integrity, inclusiveness, innovation and sustainability.
Welcome to our 2021 Sustainability Report. Here, we share our progress on the five strategic priorities guiding our journey to becoming a sustainable business, while creating value for all our stakeholders.
Building resilience in uncertain times

As we emerge from the pandemic and navigate its impact on global health and economics, we remain steadfast in our commitment to feed the world responsibly and help transform the global food system. We have leveraged our flexibility and innovative capacity to build resilience and overcome disruption amid uncertain times. And in everything we do, we prioritise the safety of our people and the continuity of our supply chains.

Now, more than ever, we recognise the importance of a healthy climate and ecosystems for a thriving agricultural sector. To achieve our mission and comply with ever more rigorous regulations, we will continue to deepen our understanding and expand the scope of our ambitions to address and report on climate and biodiversity challenges, including through an increasing focus on protecting nature. In 2021, we committed ourselves, along with our sector, to taking collective action on a roadmap for enhanced supply chain action consistent with a 1.5 degrees pathway, with a major focus on eliminating deforestation. This was further underlined by our commitment to achieve deforestation and conversion-free soy supply chains across the Amazon, Cerrado and Gran Chaco, Latin America's most sensitive regions, by 2030.

Our sustainability strategy, Meeting Tomorrow’s Demand, remains the guiding light behind all our efforts to integrate action on social and environmental issues at the heart of our business growth and efforts to create value for stakeholders. This also supports broader globally agreed principles and ambitions, including the UN Global Compact and the UN’s 2030 Sustainable Development Goals.

Within our sourcing activities, I am proud that we have met all the targets under our original $2.3 billion sustainability-linked loan, advancing our journey on sustainable soy and palm oil sourcing. Building on this, our new $700 million loan will take us further towards addressing social and environmental risks in our supply chain. Throughout, we are taking a strategic, risk-based approach, prioritising the areas most vulnerable to deforestation and conversion. For example, through the Soft Commodities Forum, we have traced all our direct soy suppliers within 61 municipalities in the Cerrado. We have also assessed 100% of our direct soy suppliers in the sensitive Matopiba region for social and environmental risks and generated over 670,000 decarbonisation credits through the RenovaBio programme in Brazil while starting a project to reduce the emissions of coffee farming.

Our people remain our first priority and most valuable asset. We established strong foundations for a more inclusive culture, one of our key values, launching our Brazil Diversity Committee, and empowering our leaders to create diverse teams. Meanwhile, we began plans to further promote human and labour rights within our operations and across our supply chains.

We advanced our journey to reduce our environmental impact, lowering our greenhouse gas emissions and continuing to promote the use of clean energy. In 2021, 85% of our energy needs were met by renewable energy. The energy intensity of our operations is improving, and I am pleased that we are making progress against our water intensity target. As global trade increases, we remain committed to acting with the maritime shipping industry to achieve a low-carbon future for shipping.

Importantly, we retained our focus on expanding access to the agricultural industry for remote rural communities, and improving smallholders’ livelihoods. Some 36,000 people benefited from our community programmes. Upholding strong standards underpins and strengthens all our efforts. We further engaged our employees and stakeholders with our Integrity Hotline in 2021, firmly establishing this as a robust, centralised grievance mechanism. I am pleased to report no instances of corruption or product safety, and to confirm that we continue to invest in maintaining our performance.

I would like to thank all our employees and partners for your continued support in a challenging year. I am optimistic for the future, and will continue to ensure that we take decisive action to lay the foundations for change. As we look ahead to 2022, we and our industry have an unprecedented opportunity to come together, build momentum and accelerate the transformation of our food and agricultural system.

— David Dong
CEO of COFCO International

Now, more than ever, we recognise the importance of a healthy climate and ecosystems for a thriving agricultural sector.
We are COFCO International

With a mission to feed the world responsibly, COFCO International is a global agri-business committed to promoting food security through sustainable agriculture.

We have 11,511 employees in 37 countries, and focus on harnessing the diversity of people for success. Our growing business covers the sourcing, storing, processing, trading and transporting of major commodities including grains, oilseeds, sugar, coffee and cotton. In 2021, we traded 133 million tonnes of commodities, generating revenues of $48 billion.

We collaborate with partners and suppliers throughout our value chain to help meet the rising demand for food, while upholding high standards, continuously innovating and pursuing operational excellence. We invest in relevant technologies and infrastructure to remain at the forefront of highly efficient, mechanised agriculture. The majority of our assets are based in South America, the world’s largest agricultural commodity-exporting region, with further facilities located across strategic producing countries in North America, Europe, Africa and Asia-Pacific.

We are COFCO International

COFCO International investors

$48B
Revenue

133M
Tonnes turnover

33M
Tonnes port capacity

11,511
Employees

37
Countries

2M
Tonnes inland storage capacity

27M
Tonnes processing capacity
Commodities that touch our daily life

Every day, billions of people consume agricultural commodities through the products they purchase. With demand for commodities rising, COFCO International is committed to nourishing the growing global population responsibly.

Grains
Wheat, corn, barley, sorghum

Origin: South America, Black Sea, North America, Europe, Australia, Southern Africa
Our role: sourcing, storing, trading, distribution

How are grains used?
Also called cereals and providing an average of 48% of people’s calorie intake, grains are an important staple food. They are also used widely for livestock feed and to manufacture some cooking oils, fuels, cosmetics and alcohol.

71M tonnes traded in 2021

Oilseeds
Soybean, sunflower seed, rapeseed, palm oil

Origin: South America, Black Sea, North America, Southern Africa
Our role: sourcing, storing, processing, trading, distribution

How are oilseeds used?
Oilseeds are an important basis for cooking oils (e.g. sunflower oil, rapeseed oil), and can also be used more broadly for many other everyday products. Palm oil, for example, is found in food, beauty and cleaning products, among others, and can also be used as a biofuel.

41M tonnes traded in 2021

Sugar

Origin: South America, South Asia, Southeast Asia
Our role: farming, sourcing, storing, processing, trading, distribution

How is sugarcane used?
Sugar is a popular and widely used ingredient for many food and drink products. Beyond this, ethanol (a by-product of sugar production) is used in industry and as a fuel, and for bioenergy.

18M sugarcane crushing capacity

Coffee
Origin: South America, Central America, Southeast Asia
Our role: sourcing, storing, processing, trading, distribution

How are coffee beans used?
Coffee is the world’s most popular drink, with over 2 billion cups of coffee consumed daily. Coffee beans are also used in various food products.

7 sustainability certification and verification schemes

Cotton
Origin: South America, North America, South Asia, Middle East, West Africa, Southeast Asia, Europe
Our role: sourcing, storing, trading, distribution

How is cotton used?
Cotton is the world’s most widely used fibre. It’s part of our daily life, found in everything from clothing to bedding and bank notes.

21% of volumes certified under sustainability schemes
Our role in the global agricultural value chain

To help promote global food security as demand for agricultural commodities rises, we continuously strive to improve our performance and maintain continuity, in the face of economic uncertainty, geo-political conflict, climate change, yield unpredictability and volatile prices. We collaborate with all our stakeholders to help strengthen and transform the food system.

Connecting supply... Our value chain footprint...with demand

Agricultural inputs
We work with agricultural input providers to help create a growing market for more sustainable products to raise productivity and increase yields while protecting the environment and local communities.

Production
We operate some 180,000 hectares of sugarcane plantations in the major sugar-producing state of São Paulo, producing sugar, ethanol and bioenergy.

Sourcing
To reduce risk in our supply chains and build strong relationships with producers, we prioritise sourcing directly from farmers and co-operatives, where possible, in all major production countries.

Storage
We store agricultural commodities in warehouses and silos at strategic locations globally, ahead of processing or delivery. These are operated by COFCO International or third parties.

Processing
We process agricultural commodities into products for local and global markets at our refineries and crushing facilities in South America, Europe, Asia and Africa. The growing Asian market is a major focus.

Trading
We leverage multiple platforms to trade agricultural commodities at scale internationally.

Transport and distribution
We leverage our sophisticated global maritime logistics network and large modern fleet of vessels to transport the majority of our commodities. We also provide freight services to industrial customers.

Retail and marketing
Together with retail customers, we strive to meet consumer demand for sustainable products and provide greater transparency while also building resilience and supply continuity.

Consumption
We collaborate with our supply chain partners to help promote sustainable consumption and responsible purchasing choices, including through sustainability certifications and greater supply chain transparency.

Our teams are continuously improving farm practices by harnessing organic pest control methods and fertilisers – for instance, through the application of concentrated vinasse – while also reducing farm-level carbon emissions with crop rotation and other practices. We strive to monitor flora and fauna, conserve natural habitats and engage in reforesting initiatives.

All our suppliers are required to uphold our rigorous ethical and environmental standards. We are increasingly evaluating supplier risk and investing in technologies to monitor their compliance with our criteria. We focus on our most strategic suppliers and those posing the greatest risk. We also support efforts to build farmer capacity.

Importantly, we maintain high standards of product quality and health and safety, in line with consistent corporate policies and relevant legislation.

We innovate and invest in technologies to optimise energy and water consumption, increase our use of renewable energy and create value from by-products and waste. All our facilities adhere to a consistent environmental, health and safety management system based on international standards.

To trade effectively and meet customer demands, we monitor global supply and demand trends, and strive to remain agile and responsive to ensure timely deliveries and address the challenges of any market shortages, promoting a streamlined flow of commodities within and across borders.

We are acting to monitor greenhouse gas emissions from our time-chartered and voyage-chartered vessels and make fuel, energy and efficiency savings, in line with the shipping industry’s ambitions to halve its carbon footprint by 2050.

Optimising our impact
Why now is the time for collective climate action in the agri-commodities sector

Q&A with Gim Huay Neo, Managing Director for the Centre for Nature & Climate, World Economic Forum (WEF)

The link between deforestation and climate change is more visible than ever, with protecting the world’s forests a major focus at COP26, the UN’s Climate Change Conference. As global demand for food rises, the World Economic Forum’s Gim Huay Neo explores the need for the world’s agricultural commodities companies to work together to achieve sector transformation and definitive climate action towards the goals of the Paris Agreement to limit global warming.

In this scenario, 12 of the world’s biggest global agricultural trading and processing companies have issued a joint statement committing to a sectoral roadmap by COP27, in November 2022 for enhanced supply chain action consistent with a 1.5°C pathway.

Why is it important that agri-commodities companies have taken this shared commitment, and why now?

This commitment could not have come at a better time. We know that food systems are responsible for a third of global human-caused greenhouse gas (GHG) emissions, and the latest research shows a stark reality: that without halting commodity-driven deforestation by 2025, we won’t achieve the goals of the Paris Agreement. At the same time, there is unprecedented interest in supporting climate initiatives, and this will raise the bar for the food industry. So the time for action really is now.

Could you describe the overall ambition of the commitment, and some of the key goals?

The intention is to raise climate ambitions in the agri-commodity sector by developing a roadmap by COP27 that will significantly accelerate action on deforestation and conversion in supply chains, driving the transformation we need to keep global warming limited to 1.5°C. This will signal to the financial sector and the broader global community that commodities companies are serious about making rapid, meaningful progress. The signatories have already forged a better understanding of what needs to be done in their supply chains. We now need collective action supported by service providers, experts and relevant and innovative technologies to achieve the goals efficiently. We’ll be supporting the companies throughout and promoting the collaborations needed to deliver sector-wide change at scale.

What do you expect from companies signing this agreement?

The COP27 roadmap is an unparalleled opportunity for the sector as a whole – and for individual companies – to demonstrate leadership. The global community expects unprecedented ambition. Stakeholders will want to see the signatories being specific about their implementation plans and targets, and radical transparency in reporting progress. Aligning with existing reporting frameworks and target setting methodologies will be essential to achieve the actions proposed by signatories.
What are some of the main challenges to achieving the goals by COP27, and how could they be overcome?

There is huge diversity across the group, and of course there is no ‘one size fits all’ solution. The signatories deal with multiple commodities produced in a wide range of geographies, each with their unique challenges and opportunities. We need everyone to bring a collective and positive mindset to the table, so we can leverage this diversity to develop a successful roadmap in a short space of time.

How important will cross-sector, collaborative action be in making progress? Could you describe any collaborations already in place?

Achieving sustainable food production means working together at the local level to balance the competing demands being placed on land. Fortunately, there are some great examples of collaborative progress. One is the Soft Commodities Forum, which brings together six major agri-businesses to advance collective action on conversion-free soy supply chains. Members have been doing some great work on developing standardised approaches to monitoring and reporting, as well as supporting investments in landscape initiatives.

How optimistic are you for the outcomes of this commitment?

I am cautiously optimistic. There is huge potential and a high level of engagement among the signatories. However, I’m also aware of how challenging it will be to raise the bar within these huge and complex structures in such a short space of time.

Why is WEF well placed to be leading this initiative?

The Forum brings decades of experience in leveraging diverse public-private stakeholder collaborations to tackle complex challenges and build more regenerative food systems. It is unquestionable that the signatories must raise ambition and accelerate action – but they can’t do it alone. We will support them every step of the way, helping to find solutions that are positive for business, people, climate and nature.
Our sustainability strategy, *Meeting Tomorrow’s Demand*, is the vehicle through which we seek to create a positive and long-lasting difference for our people, shareholders, farmers, customers, and communities in the regions where we operate. It is focused on the issues that are most important to our stakeholders and business and enables us to positively contribute to present and future global food security, while doing business in a responsible and sustainable way.

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Meeting Tomorrow’s Demand

Our sustainability strategy prioritises the 12 issues that matter most to our business and stakeholders, and where we can achieve the greatest impact. As we continue to advance towards our goals, we will build resilience, fulfil our mission to feed the world responsibly and deliver sustainable business growth, while supporting the UN’s 2030 Sustainable Development Goals (SDGs) (see page 61).

We are developing a consistent, holistic approach to protect the climate, conserve nature, respect human rights, and positively impact societal development across our activities, prioritising four areas where we believe we have the most potential to make a positive difference. These are: promoting sustainable agriculture, upholding human rights, ensuring the safety of those who contribute to our business and improving the lives in the communities where we operate.

In 2021, we expanded our sustainable sourcing requirements, including the way in which we manage human rights risks, maintained rigorous health and safety standards at all our assets, strengthened our community investment projects and empowered our Sustainability Ambassadors to further champion and lead local projects worldwide. We also improved our corporate policies and governance systems. We will continue to review and evaluate our strategy, sharing our progress transparently.

Information regarding our sustainability governance model can be found on page 57. For our material issues, see page 60. Our sustainability policies can be found here.

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### Our areas
- **Connecting supply and demand responsibly**
  - Towards efficient, low-carbon and sustainable supply chain management, innovating to raise agricultural productivity, build climate resilience and promote biodiversity.

### Our strategic objectives
- Priority: Sustainable agricultural sourcing
- Agricultural innovation
- Responsible agricultural production

### Our material issues
- Supplier Code of Conduct
- Sustainable Soy Sourcing Policy
- Sustainable Palm Oil Sourcing Policy
- Conversion-free Soy Standard (2021)

### Our policies
- Full traceability to farm for directly sourced Brazil soybean by 2023
- 85% direct supplying farms in Brazil’s Matopiba region with environmental and social assessment by 2021
- All indirect suppliers mapped to the first point of aggregation in the SCF 61 focus municipalities by Dec 21
- Monitor and disclose deforestation and conversion-free footprint of direct sourced soy in the SCF 61 focus municipalities
- Achieve a Deforestation and Conversion-free soy supply chain by 2030 in sensitive regions of Latin America
- Achieve and maintain full traceability to mill level for global palm oil sourcing
- Evaluate the sustainability performance of all direct palm oil suppliers with regular business relationship
- Ensure the completion of targets under the palm oil Implementation Plan 2022-23

### Our targets
- Full traceability to farm for directly sourced Brazil soybean by 2023
- 85% direct supplying farms in Brazil’s Matopiba region with environmental and social assessment by 2021
- All indirect suppliers mapped to the first point of aggregation in the SCF 61 focus municipalities by Dec 21
- Monitor and disclose deforestation and conversion-free footprint of direct sourced soy in the SCF 61 focus municipalities
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### Our progress
- Full traceability to farm for directly sourced Brazil soybean by 2023
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- All indirect suppliers mapped to the first point of aggregation in the SCF 61 focus municipalities by Dec 21
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- Ensure the completion of targets under the palm oil Implementation Plan 2022-23

- Postponed
- In progress
- Target was met
# Meeting Tomorrow’s Demand (continued)

## Our areas

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<th>Our strategic objectives</th>
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<th>Our policies</th>
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<td><strong>Taking care of our people</strong></td>
<td>Respecting human and labour rights, providing a safe, healthy and inclusive work environment, helping our employees to fulfil their potential.</td>
<td>– Priority: Respect for human and labour rights &lt;br&gt; – Priority: Occupational health and safety &lt;br&gt; – Talent attraction and retention</td>
<td>– Occupational Health and Safety Policy &lt;br&gt; – Human Rights and Labour Policy &lt;br&gt; – Equal Opportunities Policy &lt;br&gt; – Training and Development Policy</td>
<td>– Zero employee and contractor fatality &lt;br&gt; – Safety Index for employees and contractors ≤1.5 &lt;br&gt; – 2% employee work time dedicated to EHS training &lt;br&gt; – 1.5% contractor work time dedicated to EHS training</td>
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<td><strong>Managing our environmental impact</strong></td>
<td>Advancing resource efficiency, lowering carbon emissions and creating value from waste.</td>
<td>– Water management &lt;br&gt; – Waste management &lt;br&gt; – Energy efficiency and emissions reduction</td>
<td>– Environmental Policy</td>
<td>– Reduce water intensity index by 10% by 2025 from 2019 baseline</td>
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<td><strong>Building strong communities</strong></td>
<td>Improving farmer livelihoods and creating a positive impact on people and the environment in the communities where we work and live.</td>
<td>– Priority: Community engagement</td>
<td>– Stakeholder Engagement Policy &lt;br&gt; – Responsible Land Acquisition and Leasing Policy &lt;br&gt; – Community Investment Policy</td>
<td>– Implement Stakeholder Engagement Plan and social dialogue at all high community impact operations by 2021 &lt;br&gt; – Conduct environmental and social impact assessment prior to all new site construction and acquisition</td>
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<td><strong>Upholding standards</strong></td>
<td>Ensuring the quality and safety of our products, maintaining good corporate governance and compliance.</td>
<td>– Good governance and compliance &lt;br&gt; – Product quality and safety</td>
<td>– Code of Conduct &lt;br&gt; – Food and Feed Safety Policy &lt;br&gt; – Anti-Bribery and Corruption Policy &lt;br&gt; – Anti-Money Laundering Policy &lt;br&gt; – Gifts and Entertainment Policy &lt;br&gt; – Global Procurement Policy</td>
<td>– Zero food/feed safety incident &lt;br&gt; – 100% resolution of grievances received through our Integrity Hotline</td>
</tr>
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*Postponed* <br>*In progress* <br>*Target was met*
2021 highlights

Connecting supply and demand responsibly

Met all targets under the $2.3B sustainability-linked loan

$700M
Secured a new sustainability-linked loan

New goal
Deforestation and conversion-free soy supply chain by 2030 in Latin America's sensitive regions

$3.9M
Revenue generated from 670,000+ RenovaBio decarbonisation credits

Pilot with coffee farms
in Brazil to measure GHG emissions at farm level

Taking care of our people

Safety
Met safety index targets for employees and contractors

Launched
Diversity Committee in Brazil, offering training to 70%+ leaders

78%
Increase in EHS training for contractors

25,170
Hours of training for non-asset employees

97%
of palm oil volumes covered by re-evaluation of supplier sustainability performance

100%
of current direct soy suppliers in Matopiba assessed against social & environmental risk screening

73%
of assets had zero lost-time accidents

Action plan
to address human rights risks in our operations and supply chain
Managing our environmental impact

- **5.4%** decrease in water intensity of our industrial operations
- **3.4%** decrease in the energy intensity of our industrial operations
- **85%** of energy needs met by renewable energy
- **53%** of waste was either recycled, reused, composted or recovered
- **5.4%** decrease in water intensity of our industrial operations

Water risks
Acted on the findings of our global water risk assessment

Low-carbon
Supported low-carbon shipping through Getting to Zero Coalition and the Sea Cargo Charter

Building strong communities

- **223** members of our Sustainability Ambassador network
- **36,000+** people reached through community programmes
- **777** people trained in rural Brazil, in partnership with FAESP and SENAR

Upholding standards

- **9,069** trainings delivered to our employees on business ethics
- **53,000+** smallholder soy farmers benefited from Social Fuel Stamp programme
- **Zero** food and feed safety incidents resulting in fines, penalties, or warnings
- **61** days average closure rate for Integrity Hotline cases

2021 highlights (continued)
Connecting supply and demand responsibly

We work closely with our suppliers to raise production while improving social and environmental standards in our supply chain to address the increasing demand for sustainable commodities.

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In 2021, we continued to build resilience to meet the growing demand for food responsibly and ensure our future success, while navigating ongoing economic uncertainty.

In particular, we faced challenges related to the Covid-19 pandemic, geo-political conflict and increased yield unpredictability linked to climate change and water scarcity.

During this period, we have adhered to our sustainability strategy by acting on sustainable agricultural sourcing, agricultural innovation and production. Promoting biodiversity and protecting nature remains an important focus. We moved to respond to increasing regulations and market pressure for deforestation-free commodities and sustainability certifications, including by further investing in traceability efforts to inform targeted action to address key supply chain risks.

We also reinforced our commitment to climate action by signing a COP 26-led industry agreement for enhanced supply chain action consistent with a 1.5 degrees Celsius pathway (see pages 9 and 41).

As part of our climate journey, we are exploring opportunities to reduce Scope 3 emissions while generating additional value at farm level, such as through regenerative agriculture practices and carbon offsetting. We became members of the Brazilian Coalition on Climate, Forests and Agriculture, a collaborative movement that promotes improved management of forests and natural resources in the agriculture, livestock and forestry sector through solutions that help Brazil to implement the commitments undertaken in the Paris Agreement.

We supported our suppliers in adhering to our Supplier Code of Conduct, strengthened our sourcing policies, deepened our understanding of social and environmental risks, and invested in a new due diligence platform to better monitor how well our non-trade suppliers meet our criteria. We continued to support efforts to build farmers’ capacity to raise productivity and improve their livelihoods through more sustainable practices.

Finally, we are continuously seeking to build momentum and accelerate progress by participating in industry initiatives to address shared challenges and consolidating good practices across our diverse sectors and supply chains.

In 2021, COFCO International announced a new $700 million sustainability-linked three-year term loan with seven banks, signalling a growing ambition to deepen our understanding of supply chain risks in order to deliver focused action at production level. We also achieved all the key performance indicators (KPIs) related to our first $2.3 billion sustainability linked loan (agreed in 2019). These relate to overall management of ESG risks, palm oil traceability to mill level and traceability for directly sourced soy in Brazil.

Traceability is the first step in understanding our supply chain. By knowing the location of our supplying farms, we are able to understand how much we are exposed to social and environmental risks and take action to prevent and mitigate any potential negative impacts.

Besides our risk approach, traceability followed by social and environmental assessments also helps us to seize new market opportunities. An example is the RenovaBio programme in Brazil – we were able to be one of the first traders to certify due to our supply chain management efforts for biodiesel and ethanol production (see pages 18 and 21). In 2021, COFCO International more than doubled the number of carbon credits issued under Brazil’s RenovaBio programme to over 670,000. These carbon credits, known as CBios, are designed to promote sustainable farming and incentivise lower carbon emissions.
As part of the global climate action commitments at COP 26 and in line with the Paris Agreement, the agricultural commodity industry and the soy sector, in particular, has an important role to play in taking collective action to prevent further deforestation linked to soy production, helping to protect biodiversity and fight climate change. With extreme and irregular weather already impacting agriculture in the region, identifying solutions at scale is vital to making progress and protecting the future of the soy industry.

COFCO International has made a formal commitment to sourcing soy responsibly and responding to stakeholder concerns, as our soy operations expand to meet demand. To progress further, we have partnered with stakeholders, engaged in sector-wide initiatives, and linked our company’s key source of funding to sustainability performance. We therefore have a set of targets to fulfil annually. In 2021, we achieved all targets related to our soy supply chain (see page 11).

We have recently committed to achieve a deforestation and conversion-free soy supply chain by 2030 in sensitive regions of South America, through farm-level traceability and monitoring of direct and indirect purchases. This was built on earlier studies of our supply chains. With this commitment, COFCO International will publicly disclose our action plan and inform annually on progress.

**Strengthening and implementing our Soy Policy**

Our Sustainable Soy Sourcing Policy defines the requirements for soy suppliers on issues from conserving natural habitats to protecting indigenous peoples and labour rights, and helps to manage risk in our supply chain. With this commitment, COFCO International will publicly disclose our action plan and inform annually on progress.

As part of implementing the policy, COFCO International mapped and analysed over 1.4 million hectares of soy farms. We also remained compliant with the sectoral agreements and criteria for soy supply. In 2021, independent auditors verified our compliance with two major soy industry commitments, the Soy Moratorium and Green Grain Protocol in Pará state.

Brazil and other Southern Cone countries. This enabled us to capture key updates and sector best practice, implement the recommendations of our Human Rights Impact Assessment and other findings, address stakeholder needs, and formalise practices and procedures. In particular, the new policy encourages all suppliers to provide farm-level information to COFCO International as appropriate and describes how we take a risk-based approach to ensuring our requirements are met, including through a focus on traceability and social and environmental topics in the highest risk areas. These areas were defined in line with our substantial risk analysis within our soy supply chain in the Amazon and Cerrado, which began in 2019 as part of our work with The Nature Conservancy and WWF through the Collaboration for Forests and Agriculture (CFA) initiative.

To ensure all key employees were familiar with the new policy and understood their role in implementing it, we developed a dedicated e-learning course, with more than 1,000 employees participating in 2021.

Soybeans are a major commodity worldwide, as they provide an efficient form of protein for animal feed and are the raw material for soy-derived biodiesel.

Production continues to rise, due to increasing demand from the world’s growing population for these products. However, this places Latin America’s sensitive ecosystems at risk from deforestation and native vegetation conversion, issues which are directly linked to climate change. In response to this scenario, stakeholders are increasingly requesting that trading companies provide more accountable and sustainable supply chains.
Understanding our footprint in the Cerrado
To keep up with sector best practices on deforestation and conversion-free soy commitments, COFCO International conducted an in-depth analysis of its direct supply chain. We began this effort in 2020, collecting at least one farm area related to each soy batch received during the year from direct suppliers, enabling our technical partner Agrosatélite to conduct a precise farm-level land conversion analysis. The result of the study shows that 98% of our volume is deforestation and conversion-free (DCF) after 2019 and will further inform our strategy for a DCF soy supply chain.

Meeting market demand on certified products
As customer requests on sustainably sourced soy rises, companies are increasingly asking for soy free from deforestation and native vegetation conversion. To meet this demand, we developed the COFCO International Conversion-Free Soy Standard, a verified certification scheme that allows us to source soybean and products in line with customers’ specific cut-off dates. In 2021, we finalised the standard, confirmed the processes and sold the first vessel of soy under this certification.

COFCO International also made further progress by securing the Round Table of Responsible Soy Association (RTRS) Chain of Custody certification for its units in Brazil, including the Rondonópolis crushing plant, ports and warehouses. RTRS-certified soy is deforestation and conversion-free and meets high environmental and labour standards. The certification enables COFCO International Brazil to sell RTRS-certified soybean and meal in line with growing demand for sustainable products, alongside COFCO International in Argentina, Paraguay and Uruguay. In 2021, COFCO International sold a total of 6,000 tonnes of soybeans and 7,600 tonnes of soymeal under RTRS, compared with no sales in the previous year.

Towards sustainable biodiesel
We are strengthening our focus on sourcing soy for diesel in line with rigorous sustainability certification schemes, in order to protect natural ecosystems, as soy production for biodiesel rises to meet market demand for cleaner fuels. These include the 2BSvs scheme of Biomass and Biofuels sustainability in Argentina, Paraguay and Uruguay, and the Brazilian National Biofuel Programme (RenovaBio). We produce 2BSvs biodiesel with soy grown using low-carbon techniques and conserving land of high importance for biodiversity and carbon storage. In 2021, we mapped over 837,283 hectares of soy farms to confirm their compliance with 2BSvs requirements, including those located in the Gran Chaco forest, enabling the production of nearly 109,700 tonnes of biodiesel under this scheme.

In Brazil, RenovaBio-certified biofuel is produced in line with strict environmental requirements, including zero deforestation and conversion. In 2021, we produced 814,499 m³ of biodiesel from soy farms in line with certification requirements, generating 150,000+ CBios.
Engaging with stakeholders

Partnering with the International Finance Corporation (IFC) in Matopiba
We partnered in 2020 with the IFC, a member of the World Bank Group, to achieve a more traceable and sustainable soy supply chain in the Matopiba region, located within the Cerrado, Brazil’s biodiversity hotspot. The aims are to increase traceability and environmental and social assessments through a dedicated system, and engage with suppliers on sustainable best practices.

The assessments are performed through satellite imagery in partnership with Agrosatélite, including land use changes linked to conversion and other human rights and environmental risks. Overall, we exceeded our goal to cover 85% of the company’s directly sourced soy in Matopiba by the end of 2021, achieving all our direct supplies from current suppliers in the region. Additionally, together with Embrapa, we offered capacity building to more than 1,000 farmers using distance learning methodologies.

In 2022, depending on Covid-19 restrictions, we plan to conduct in-person training with COFCO International suppliers, expanding ABIOVE’s Agro Plus to Tocantins – a strategic location as it hosts our only warehouse in Matopiba. We will continue to advance our sustainability efforts in the area, becoming increasingly better prepared to identify and address risks in our soy supply chain and seize market opportunities.

"With full visibility of our direct soy supply chain in the region, we are able to support local farmers on their journey towards sustainable and economically viable soy production."

Julia Moretti
Global Head of Sustainability,
COFCO International

Soft Commodities Forum
We continued to participate in the Soft Commodities Forum (SCF). Hosted by the World Business Council for Sustainable Development (WBCSD), the SCF is a coalition of the world’s six largest agri-businesses seeking to reduce and eventually eliminate native vegetation conversion in their Cerrado soy supply chains. In 2021, COFCO International reported 100% traceability to farm for the soy it purchases directly from farmers in 61 focus municipalities (an expanded scope from the original 25) in Brazil’s Cerrado, achieving its targets. Each municipality is selected for the extent of native vegetation converted to soy and availability of remaining surplus native vegetation suitable for growing soybeans. We also completed social and environmental risk screening in supplying farms. Looking ahead, we will continue to ensure farm-level traceability of direct suppliers in the 61 municipalities, advance our monitoring efforts and engage with indirect suppliers on traceability and monitoring in their supply chains. Read more about this in our SCF progress reports.

Engaging farmers and communities with sustainable soy
To help build lasting relationships with our Brazilian grains and oilseeds suppliers, we continued to leverage ‘Meu Portal COFCO’ (My COFCO Portal), launched in 2020-21 by COFCO International Brazil to provide streamlined access to business, product quality and sustainability information. As an additional feature, suppliers are able to submit farms for social and environmental assessments. We reached over 560 farmers in 2021, an increase of 120% compared to the previous year.

In Argentina, Paraguay and Uruguay, we continue to reach soy producers through the Agricultura Consciente programme, a free online platform offering information on sustainable agricultural practices for rural communities to help raise standards. Social networks keep farmers connected with new ideas and concepts, and practical farming advice. In 2021, the platform achieved an increase of over 50% in social media engagement, with over 4,000 followers on Instagram and 120,000 on Facebook.

Looking ahead
In 2022, COFCO International will continue to implement our new Sustainable Soy Sourcing Policy, focusing in particular on Latin American countries, building suppliers’ capacity to farm responsibly and strengthening our collaboration with the SCF and other sector-wide partnerships for change. We will also evolve our activities to comply with new regulations, and strive to meet market demand for certified soy through major schemes including RTRS, the COFCO International Conversion-Free Soy Standard and 2BSvs.
By seeking efficiency improvements, we contribute systematically to optimising the use of natural resources while lowering our climate and environmental impacts.

**Reducing emissions**

Our efforts to decrease greenhouse gas emissions are focused on both reducing our farming emissions and capturing more carbon in the soil for the long term. This includes crop rotation, which improves soil health by increasing its biological diversity and promoting organic matter and nutrients, while also boosting resistance and control against nematodes, pathogens and weeds. We have steadily increased the area with rotated crops. For example, the area with soybean as a rotated crop during the 2021-22 harvest was more than double the previous year.

We enrich the compost ahead of sowing crops, which also helps to increase the concentration of organic matter, promotes greater humidity, biological activity and phosphorous application in the deeper layers. We are also researching and developing new technologies and agricultural practices, for example, enhancing soil biodiversity and carbon cycling through organic matter, including through the application of concentrated vinasse.

At the farming level, we are also reducing GHG emissions through the consolidation of operations in a smaller number of machines and using technology to optimise the process. One example is the automation and optimisation of our sugarcane harvesters, which now feature a GPS system to improve efficiency by avoiding any harvesting errors. We are also operating our equipment with effective routes and spacing between planting beds to avoid overburdening the soil and help ensure the most productive yield and reduced fuel consumption.

**Efficient application of vinasse**

In 2021, we installed concentration systems for the by-product vinasse in two industrial plants producing sugar and ethanol, Catanduva and Sebastianópolis. These systems increase the concentration of vinasse, thereby reducing the volume that needs to be transported to reach the fields. Water is removed from the fluid and treated to enable reuse in industrial processes, thereby reducing the need for water withdrawal. Thanks to this project, freshwater withdrawal was reduced by 10% in 2021 at our Sebastianópolis and Catanduva operations, representing significant water-savings.

The use of vinasse provides several other environmental benefits, including a decreased reliance on mineral fertilisers. It also helps to increase agricultural efficiency, resulting in productivity gains, and reduces the need for potassium chloride. The latter is particularly relevant given a likely future shortage cause by the geo-political conflict in Ukraine. Importantly, it also helps to increase soil biological activity, making the soil richer in organic matter and increasing microbiological diversity. All these benefits combined will ultimately enable a significant reduction in GHG emissions from our agricultural activities.

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Sugar is an essential component of the human diet and its by-product ethanol can be used for biofuels and bioenergy. COFCO International focuses on improving the sustainability and resilience of sugarcane production to conserve water resources and secure continued supply amid climate and biodiversity challenges.

Sugarcane is the only commodity that COFCO International both produces and mills. We operate farms for production and therefore have direct control over the process, allowing us to continuously improve our agricultural practices towards sustainable supply chains.
Energy efficiency and certification
In 2021, we issued 523,315 CBio carbon credits under the RenovaBio programme for ethanol. We will renew the certification of our Sebastianópolis and Potirendaba operations in 2022, which is expected to significantly improve our energy and environmental efficiency score and eligible volume. We also plan to further engage with producers to improve the precision of data collection from supplying farms. In 2021, as a result of these efficiency improvements, we successfully renewed our Greener Ethanol and Green Energy certificates, which are Brazilian initiatives between government agencies and the sugar-energy sector.

Managing climate and biodiversity
COFCO International installed 114 weather stations on the farms we operate in 2021 to monitor and understand the changing weather with greater precision and leverage the findings to better manage our crops. Through this initiative, known as Project Climate, the stations function as a communication hub, collecting and transmitting data directly to our systems every 15 minutes. This helps to guide all our work, increasing efficiency in a wide variety of areas such as irrigation and the application of wastewater.

We monitor flora and fauna around all four of our sugar mills, covering 2,975 hectares, in line with our internal Fauna and Flora Monitoring Programme, as well as the requirements of CETESB, the Environmental Company of the State of São Paulo. We use data from this extensive monitoring to implement concrete actions to protect wildlife and natural habitats, such as installing road signs and raising awareness in local communities. We are also continuously expanding our reforestation work, planting 153,717 seedlings in our forest restoration area in 2021.

Enhancing fire controls
A central fire control station at the São José do Rio Preto office monitors all our farms and surrounding areas, 24 hours a day, through geographical information systems and satellite imagery. Since forest fires can start in areas surrounding our farms and extend towards them, or vice-versa, we continue to engage in preventative action with local stakeholders. For example, we participate in the Mutual Assistance Plan, a partnership between local sugar mills, associations and suppliers, with support from the fire department and environmental police.

In 2021, we continued to promote the importance of fire prevention with employees and communities through the creation of a dedicated fire fighting and prevention manual, a fire awareness campaign and webinars, open to external audiences, to help raise awareness regarding fire risks, reduce arson and incentivise reporting of fires.

Engaging with suppliers, partners, employees and the community
Between June and September 2021, we conducted 22 inspections among our sugarcane providers and suppliers. The aim is to assess their compliance on cutting, transshipment and transport operations, including a range of health, safety, environment and sustainability topics. The inspections help to strengthen our relationship and provide us with greater clarity on where we can further strengthen our practices. We reassess and support all providers and suppliers with performance levels below 70% in line with robust action plans to help improve performance.

We have continued our efforts to raise awareness of environmental issues among partners, employees and local communities. A partner booklet, published on our website and delivered directly, provides broader access to information on Brazilian environmental legal requirements. We continued to distribute our ‘Environmental League’ educational booklet to raise awareness among the families of our employees.

Looking ahead
In 2022, COFCO International aims to increase production yield while protecting the environment and improving its climate and biodiversity impacts. We will continue to monitor fauna and flora, for a better understanding of our farms, and maintain a high level of engagement with both internal and external stakeholders.
In Indonesia and Malaysia, our major producer countries, these challenges include poor labour conditions and human rights risks, deforestation, environmental degradation and land rights issues, as production expands to new areas. In 2021, the price of palm oil rocketed, as labour shortages and extreme weather in Malaysia caused supply issues while global demand rose. Forested land remains vulnerable to appropriation and deforestation for plantation, particularly in Indonesia. However, European legislation, business-led efforts for change and greater scrutiny of supply chains may be starting to reduce the rate of deforestation. We know there is still much to do, and we are committed to supporting the sustainable and responsible production and sourcing of palm oil, both through our own no deforestation, no expansion on peat and no exploitation (NDPE) commitments and our support of the Roundtable on Sustainable Palm Oil’s (RSPO) ambitions for sustainable, transparent and traceable palm oil supply chains. These efforts are central to the sector’s competitiveness and future viability.

COFCO International does not operate any oil palm plantations or mills. We act as a trader, supplying China and India, with only one RSPO-certified refinery in Kandla, India, which meets the criteria for processing certified products through the Mass Balance supply chain model. Our efforts therefore centre around tracing the journey of palm oil through our supply chains and identifying and addressing risks along the way to drive targeted progress, in collaboration with upstream players. Ultimately, we aim to reach full traceability to mill. We support our direct suppliers in upholding the high standards required by our Supplier Code of Conduct and adhering to the specific principles highlighted through our Sustainable Palm Oil Sourcing Policy on physical palm oil, palm kernel oil and derivatives, as well as sub-tier suppliers.

Advancing our journey
In 2021, we updated both our Supplier Code of Conduct and our Sustainable Palm Oil Sourcing Policy to reflect best practice in the sector, encompass our latest procedures and include the recommendations from our 2020 corporate Human Rights Impact Assessment. The changes focused on further stipulations to prevent the exploitation of people and communities, and requirements for suppliers to look beyond their mills to consider risks at plantation level, particularly in high-risk areas. Meanwhile, we conducted refresher training with our internal teams to improve awareness around the sustainability challenges of the sector and to align on the common efforts required to continue with our responsible sourcing journey.

We have developed a new Implementation Plan to ensure that suppliers are taking action on the ground and upholding our policy requirements. Through this, we aim to achieve and maintain full traceability to mill level for our global palm oil sourcing, monitor direct suppliers’ performance using our scorecards and develop action plans, review social and environmental risks, and ensure that direct suppliers have NDPE policies and plans by 2023.

97% of palm oil volumes covered by re-evaluation of supplier sustainability performance

Palm oil is used globally in multiple everyday products and is efficient to grow compared to other vegetable oils, in terms of land required for production. Many countries are also sourcing palm oil as a feedstock for biodiesel.

As an active participant in the palm oil value chain, we recognise our responsibility to address the significant social and environmental challenges affecting the sector.
We will continue to respond to any grievances through our dedicated Palm Oil Grievance Procedure, monitoring and addressing any concerns regarding groups owning oil palm plantations, mills or refineries that directly or indirectly supply palm oil or derivatives to COFCO International and our suppliers. Grievances can be reported online, by email or phone. We manage cases systematically, engaging with relevant suppliers to develop appropriate solutions and improve their practices. In 2021, we logged 17 substantiated palm oil-related grievances. We have closed 76% and continue to monitor the remaining cases. We also proactively screened other cases involving potential non-compliance with our NDPE expectations, treating these as grievances and following the same comprehensive process of supplier engagement.

**Supply chain transparency**
To improve our suppliers’ performance, reduce risk and increase transparency in our palm oil supply chains, we request information that helps us to understand the precise journey of each shipment from the respective mill. This includes the address, geo-coordinates, names and parent company names of mills and certification status (if applicable). We then cross-reference with known social and environmental risks in these areas and focus our efforts on supporting higher risk suppliers to improve their practices.

In 2021, we traced 87% of volumes to supplying mill level, down from 91% in 2020. This was largely due to the need to rely on domestic purchases amid the supply and demand disruption caused by the Covid-19 pandemic. Traceability data was harder to acquire for these purchases, particularly given we are far removed from suppliers and mills in the chain, with volumes typically purchased from third parties. With this decrease, we were unable to reach our target of achieving full traceability to mill level by 2021. We have now integrated that target into our new Implementation Plan and will continue to strive for greater supply chain visibility.

**Making collective progress**
Collaborating with stakeholders across the palm oil sector remains an important way to drive systemic progress on sustainability. As a member of the Palm Oil Collaboration Group, we participate in technical discussions to accelerate the effective implementation of NDPE commitments, together with companies from every stage of the palm oil supply chain. In this group, we also support in-depth discussions through the NDPE Implementation Reporting Framework (IRF) working group, which is developing a sector-wide approach to measuring and reporting progress. We continue to engage our suppliers to develop our own IRF profile, in order to build a clearer view of the performance of supplying mills. Together with our scorecards, this will enable us to better identify opportunities for improvement. In 2022, these profiles will be externally verified for the first time.

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can encourage plant disease, posing risks to their crops and livelihoods. As a result, farmers often go in search of higher, more suitable altitudes, leading to potential deforestation and climate impacts. Additionally, washing coffee puts pressure on scarce water resources. Coffee farmers also face disruption to their harvests as labour shortages continue to create logistical challenges. It is paramount to ensure labour rights are upheld to foster decent work in such a challenging environment.

We are expanding the share of certified sustainable products we purchase in order to improve the sustainability of coffee, meet the growing customer demand for responsibly grown, climate-friendly products, and accommodate to evolving policy requirements (such as the proposed European Commission legislation on deforestation-free supply chains). We source coffee from Brazil, Vietnam, Colombia and Indonesia. Our involvement in recognised coffee certification programmes enables us to support farmers in building climate resilience and improving their livelihoods. In 2021, 28% of our total coffee sales volume was certified or verified as sustainable, compared to 27% in 2020.

We support certification programmes including:

Coffee is among the most popular drinks worldwide, with global demand set to rise by 25% by 2030.

However, coffee plants are highly sensitive to the changing climate, which is likely to reduce the areas suitable for cultivation. In particular, coffee is largely grown by smallholder farmers in developing countries, who are increasingly on the frontline of extreme and irregular weather. These conditions
Building farmer capacity
In Colombia, we significantly increased our share of certified coffee, sourcing from 750 farms certified under either RFA-UTZ, Organic, Fair Trade, or C.A.F.E. Practices. We conducted rigorous training and farm visits to help farmers comply with the various social and environmental certification requirements. We also continued to encourage practices that help to conserve natural waters, protected forests and native trees. In Brazil, we participated in certification schemes including RAIZ, UTZ, RFA and ‘Denominação de Origem da Região do Cerrado Mineiro’, an area covering 55 municipalities and producing 5.7 million bags annually. In total, 36% of Brazil’s coffee sales in 2021 were of responsibly sourced coffee. We also continued our support of the Cerrado Waters Consortium (CWC) in the sensitive Cerrado biome to help fight climate change and conserve freshwater systems. We provide financial support and help raise sustainable funding, act as trusted advisors and engage with stakeholders. Building on our pilot project from the previous year, we expanded the scope of the project to the Serra do Salitre region (Ribeirão Grande) from Patrocínio (Córrego Feio) in 2021. Some 73 farms are now participating, with plans to expand to almost 300. We also continued to engage with the Cerrado’s Viveiro de Atitude conservation project, which is involving local communities in planting over 100 species of native trees and 60 million seedlings annually. All the profits are directed to charity work with children and the elderly.

Understanding and reducing our coffee production carbon emissions
We are continuously building our understanding of the carbon impact of coffee in order to reduce the emissions of its production, with a particular focus on reducing the footprint at farm level, where we have the greatest opportunity to make an impact. We are increasingly collaborating with suppliers to support measures to improve farming practices and lower the use of synthetic fertiliser, for example.

In Colombia, we are encouraging more farmers to join our supply chain and participate in initiatives to conserve protected forests. As part of our support of the evolving RFA certification, which prioritises carbon reduction, we will have access to reliable information on greenhouse gas (GHG) emissions to help inform future projects. Similarly, in Brazil, we have developed two pilot projects (in the Zona da Mata Region and Cerrado) to test our new guidelines on sustainability and carbon reduction and monitor farmers’ carbon emissions, as part of our new Responsible Sourcing Programme for coffee. The aim is to help bring greater consistency to the measurement of coffee GHG emissions, including carbon capture in the soil, to inform our efforts to decrease emissions. Read more on our website.

Cotton sourcing
Cotton is the world’s most used fibre and is present in multiple products in our daily lives. COFCO International is a significant player in the cotton market with storage, distribution, and trading activities, and with presence in all significant markets. In 2021, despite the Covid-19 pandemic, we traded a larger volume of cotton in comparison with 2020, sourcing from countries representing 84% of global production across North and South America, South and Southeast Asia, Europe, West Africa, and the Middle East.

In 2021, we continued to source part of our cotton volumes through sustainability certification programmes across the globe, including Cotton made in Africa (CmiA), an initiative that seeks to strengthen environmental protection at plantation level while improving the living and working conditions of smallholder farmers in Africa. A total of 21% of the cotton we sourced in 2021 was produced under sustainability certification programmes.

Looking ahead
To continue expanding our work on carbon reduction to other coffee production areas and countries, developing a consistent and harmonised approach, and launch our responsible sourcing programme in Brazil. We will consistently invest in and support initiatives to achieve carbon neutral coffee and build climate resilience among farmers, while protecting long-term security of supply, strengthening the sector and delivering sustainable business growth. We will also continue sourcing sustainably certified cotton to ensure we contribute to reducing the environmental impacts of cotton cultivation and improving the livelihoods of farmers, especially those in lower income countries. We will also continue to explore other value-added sustainability initiatives in the coffee and cotton businesses.
Sustainable financing will be central to the food and agriculture’s journey to sustainability. COFCO International broke new ground in soy and palm oil traceability, and wider management of ESG topics, with its sector-leading $2.3 billion loan in 2019. By meeting its targets, the company has developed an in-depth view of social and environmental challenges in its supply chain and begun a robust journey towards sustainability. Now, the company will seek to harness its latest $700 million sustainability-linked loan, agreed in 2021, to deliver social and environmental risk assessments of its soy supplies in Brazil, its primary sourcing country for soy.

As the global coordinators for the loan, BBVA, a Spanish financial institution among the largest in the world, has assisted the company in reviewing its key performance indicators and worked with the six other lenders and stakeholders to oversee every aspect from structuring to full execution.

Here, BBVAA’s Jorge González Jacob (pictured right), Managing Director, Global Head of Corporate Lending, and Pablo Riquelme Turrent (pictured left), Managing Director, Head of Corporate & Investment Banking Asia, share their views on COFCO International’s progress, future ambitions, and the evolution of sustainable financing.

**Q&A with BBVA: Jorge González Jacob, Managing Director, Global Head of Corporate Lending, and Pablo Riquelme Turrent, Managing Director, Head of Corporate & Investment Banking Asia**

**Why is private sector financing vital to achieving sustainable agriculture and feeding the world responsibly?**

As demand for commodities is growing ever stronger as the world population rises, we need to be more sustainable and conserve our food sources. It’s in the interest of both the private and public sectors. The private financing sectors, such as commercial banks, have the capacity to mobilise and channel financial resources to support the sustainability transition of the agriculture industry. For instance, BBVA has committed to mobilise €200 billion by 2025 to fight climate change and drive sustainable development. Of course, this is a joint effort and we are working in partnership with companies such as COFCO International to achieve this transition, providing loans to pioneers who are able to achieve sustainability targets and benefit from a lower cost of financing.

**What is your view on how the company has performed so far? And how do you think the new loan will help the business deliver against the next stage of its sustainable sourcing journey?**

We have been impressed by the company’s journey and ability to outperform its targets in the first years of its loan, particularly on palm oil and soy traceability, and move ahead of its peers, acting at the forefront of these efforts. And we know that ESG issues are integrated in the business and overseen directly by the executive team. This gives us confidence that we are backing an industry leader, and we are now keen to see how the company will continue progressing in its ESG journey by taking a step forward towards assessing the social and environmental risks of the traced agri-commodities.

**Why did you want to continue your involvement in COFCO International’s sustainability journey?**

COFCO International is one of our most important clients. We share the same values. It’s part of our strategy to support companies taking a sector-leading position on social and environmental issues, and therefore our partnership is of real value and will help us achieve our shared ambitions for sustainability. We were honoured to be involved in the company’s first ground-breaking sustainability-linked loan, and we’re delighted to support its new ambitions by playing a key role in its second loan.
How do you think sustainable financing will evolve in the future?

In the future, we could foresee that sustainable loans would become the norm for food and agriculture companies. As such, we should witness these companies to seek to link all their corporate loans to sustainability targets.

We want to expand the range of products available to help our clients achieve their sustainability goals and address the specific environmental and social issues of their industry. In this respect, we are about to launch a new product called the water footprint-linked loan, for example. We would also like to see companies harnessing sustainable financing to achieve sustainability throughout their ecosystems and among their suppliers, and leveraging transparency to develop new innovations.

Have you observed other food and agriculture businesses taking a greater interest in this type of financing since COFCO International's first loan was announced?

We have seen a great deal of interest from other food companies and brokers. COFCO International has shown that a sustainability-linked loan with clear, measurable targets is a good way to start the journey to sustainable agriculture. Although the pandemic has caused a slight delay in the uptake of such loans, there is a strong overall trend towards companies continuing to invest in the ESG process, including through sustainability-linked loans and green loans.

Is there anything further that COFCO International could do to help lead the way?

Yes, there is still a lot the company can do. COFCO International should continue being a leader in this space and help to ensure that this type of loan, which was once exceptional, becomes the market standard. This will make it easier for others to follow, and help encourage others in the traceability process. COFCO International may also want to continue pioneering in the KPI selection of its sustainability linked loans as it progresses in its sustainability journey, to address the key concerns of the industry.
Taking care of our people

Fostering a diverse and inclusive workplace is at the heart of our efforts to attract and develop the talent we need to succeed, innovate and grow. We take every opportunity to empower our employees to thrive, continuously improving our learning offering and promoting diversity and equality, and safeguarding human rights, while protecting our people’s health and safety at work.

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    Q&A with Carolina Hernandez Tascon

Our wider contribution
UN Sustainable Development Goals

IFC Performance Standards
Investing in our most valuable resource

Our people are our greatest asset and we prioritise their health and safety in everything we do.

To maintain a safe workplace and uphold human rights across our operations and supply chains, we have established high standards, reinforced by rigorous policies and procedures. Importantly, we continuously seek to improve our performance. Health and safety are our upmost priorities and foremost in our discussions with employees and contractors, and everyone working at our assets and operations is required to undertake dedicated training.

We increasingly strive to provide inclusive and equal job and training opportunities, attracting a diverse blend of talent for our operations. To help our people fulfil their potential, we enable our managers to nurture talent, and provide a Training and Development Policy highlighting how best to benefit from our varied learning offering.

In 2021, we maintained our rigorous procedures to protect our employees amid the Covid-19 pandemic, while gradually exploring more opportunities for safe in-person training. We continued to build on efforts to raise our health and safety performance, implemented the findings of our human and labour rights impact assessment, and expanded our diversity efforts, including through our newly established Brazil Diversity Committee.

Consistent standards worldwide

Our Code of Conduct provides a clear guide to the standards of behaviour and ethics we require from all our employees, contractors and business partners. Informed by the UN Global Compact’s 10 principles of human and labour rights, it is fundamental to promoting an inclusive, diverse culture where every individual can thrive.

Our Sunshine Culture

A culture of positivity is the best way to empower our employees to achieve our ambition to feed the world responsibly and become a world-class agri-business. We call this our Sunshine Culture. Together, we can work more effectively and rapidly towards our shared vision, collaborating across the company and being transparent throughout activities, while respecting our core values.

Our core values

Integrity

We seek to be open, honest and act with integrity at all times. We also hold ourselves and each other to account in the event that integrity is not 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. Our robust corporate governance keeps our people and products safe, helping us to balance our shareholders’ needs.
The health and safety of people who support our business, including employees, contractors and suppliers, is a major priority and key focus of our sustainability strategy.

We promote a safety-aware culture in which people are motivated to adopt safe behaviours, while also managing workplace risks and continuously improving our practices to help ensure that safety principles are upheld throughout our operations.

Our Occupational Health and Safety Policy underpins our approach, guiding all our global sites on our standards. We implement high quality management systems, assess workplace risks, monitor and communicate performance against measurable targets, provide training and ensure emergency preparedness. This policy is supported by our robust management system, which is in line with ISO 45001, relevant national and local laws, IFC Performance Standards and the World Bank Group EHS Guidelines.

Globally, our most important safety targets are: zero employee and contractor fatalities and decreasing lost-time frequency rate for both employees and contractors. We aim to maintain a safety index for employees and contractors that is below 1.5, while ensuring that 2% of asset employee work time and 1.5% of contractor work time are dedicated to Environment, Health and Safety (EHS) training.

To help achieve this, we engage in regular communication, campaigns and dialogues to share best practice, in addition to an annual training calendar. We also motivate everyone to take responsibility for their own safety and contribute to maintaining a safe environment by identifying and raising awareness of any risks, including through our ‘Eyes on Risk’ programme, which encourages proactive reporting on unsafe work conditions and risky behaviours. Safety Committees are present at each site, with union and/or employee representatives meeting regularly to address any local issues.

Importantly, we monitor our performance towards our goals, undertake both regular internal and external audits, and take prompt action to address any health, safety or environmental risks identified. In 2021, as part of the annual internal EHS audit, we incorporated 814 improvement actions within a global plan to help improve the consistency of our performance. In early 2022, we conducted a global risk assessment to further inform our EHS efforts, covering multiple areas including chemical management, process safety and emergency response.

Performance overview
Overall, we achieved solid progress in 2021 as a result of our local EHS teams continuously striving to support and improve health and safety, which further builds on the firm foundations we have developed to manage risks in recent years. We have met important goals, including no employee or contractor fatalities and a below target safety index of 0.82 and 1.11, respectively. The latter represents a significant decrease of 54% for employees and 38% for contractors. Time spent on EHS training rose substantially for contractors, with a 78% increase, enabling us to meet our goal (1.73% of their working time was spent on EHS training). While employees spent 3% more time on training compared to 2020, we have yet to ensure that 2% of their total time is dedicated to this endeavour (1.38% in 2021). This shortfall can in part be attributed to the disruption brought by the Covid-19 pandemic. Looking ahead, we have a clear strategy on how to update EHS training processes to address current challenges.

Health and safety highlights
Several of our assets reached noteworthy health and safety milestones, in an indication of the overall improvement in health and safety performance and the reduction in lost-time injury frequency rate both for employees and contractors. For example, our sugar mills in Potrendaba and Meridiano (Brazil), where we have over 3,000 workers, reached 365 and 730 days with no lost-time accidents (LTA). Our Chicago and Cahokia ports in the USA have worked 1,628 and 1,285 days since their last LTA, respectively. While our Smirnovo warehouse in Kazakhstan has achieved 1,598 days without incidents.

| Lost-time injury frequency rate (per 200,0001 work hours) |
|-----------------|---|
| **Employees**   | **Contractors** |
| 2021            | 0.30   | 0.26   |
| 2020            | 0.39   | 0.26   |
| 2019            | 0.27   | 0.51   |

| Safety Index2 (per 200,0001 work hours) |
|-----------------|---|
| **Employees**   | **Contractors** |
| 2021            | 0.8    | 1.1    |
| 2020            | 1.8    | 1.8    |
| 2019            | 1.6    | 2.4    |

Note: our 2021 health and safety data has been verified by Bureau Veritas.

1. 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).
2. Safety Index = (Medical Aid frequency rate/7.5) + (Total lost-time frequency rate) + (Severity Rate/5).
Keeping people healthy and safe (continued)

**Fostering a culture of health and safety at our Kandla refinery**

At our Kandla refinery, where we have 91 employees and some 205 contractors, the team has steadily built a culture of health and safety, actively identifying and addressing risks, and raising awareness among their colleagues, contractors and visitors. In addition to regular training and safety talks, including during National Safety Week the team took measures to improve the safety of work environments, for example with the installation of horizontal roof lifelines in elevated work environments and the application of di-electric floor coating to improve safety in motor control centre rooms. Everyone at the site has the right to stop work if they feel there is a health and safety concern – and this right applies to all COFCO International employees across the globe. By evaluating progress, the team leader is continuously taking the site’s performance to the next level. In 2021, our Kandla refinery achieved 5.8 million safe work hours and 980 days without a lost-time incident.

**Bringing global consistency to managing safety**

In 2021, we launched our new global EHS platform, marking a significant milestone in the way we manage environmental, health and safety issues. All processes are now digitised to improve the efficiency of training, investigating incidents and monitoring the impact of solutions, with several modules available in four languages. This will be fundamental in driving continuous improvement and ensuring compliance by enabling us to uphold consistently high standards at all our assets and offices.

**Health and safety at our mills and warehouses**

At our Brazilian sugar mills, we inspected local service providers (focusing on accommodation and agricultural operations), ran an accident prevention programme, and held heavy vehicle training. We undertook independent audits of our coffee warehouses in Colombia to retain RFA and USDA Organic certification. We also conducted a mental health evaluation to better support workers’ wellbeing, and launched a labour gymnastics programme across our grains and oilseeds operations in South America.

**Raising awareness of personal and occupational health**

In 2021, we continued investing in raising awareness of health and safety matters with our employees and contractors, beyond occupational issues. Across Brazil, we ran new editions of the Pink October and Blue November campaigns, with actions to prevent raise awareness on breast cancer and men’s health issues, respectively. At our Brazilian sugar mills and coffee warehouses, we continued the rollout of our EHS Booklet, equipping our employees and respective families with knowledge about everyday safety topics. In our Southern Cone assets, we delivered first aid and CPR training and ran awareness sessions on the prevention of STDs, dengue, heat strokes and other diseases. Across our assets in the EMEA and APAC regions, we organised flu vaccination campaigns, initiated various partnerships and activities for the prevention of diseases like HIV and Hepatitis C.

**73% of our assets had zero lost-time accidents during 2021**
Keeping people healthy and safe
(continued)

Maintaining a Covid-secure environment
Amid the ongoing pandemic, we retained a keen focus on keeping our employees and partners safe, with a rigorous approach underpinned by our Covid-19 response policy and related processes, WHO health guidelines and industry best practice. We maintained our ‘Stay Safe, Stay Connected’ communications campaign to raise awareness of the measures relevant to assets and office employees. For example, we shared an e-book on vaccines with all G&O employees in Brazil, and conducted dedicated training for contractors at our Kandla refinery. Office employees continued to benefit from the possibility of remote working. Additionally, we continued to distribute masks, hand sanitiser and personal protective equipment. We monitored any cases and suspected cases closely and took relevant steps to protect people. In Ukraine, for example, we invested in several oxygen concentrators to help prevent risks affecting local healthcare services during pandemic peaks.

Looking ahead
We will continue to build on our achievements and progress in recent years, with a focus on involving employees and contractors in fostering a culture of safety. This will include improving our EHS system continuously and expanding our new platform with new modules for registering risks, managing contractors, work permits and reporting sustainability performance.

Highlights
- We took award-winning measures across our Brazil sugar mills, including high quality training and communications, daily safety dialogues, field orientations, distancing demarcations and temperature measurement, together with efforts to protect the community.
- We ran vaccination campaigns and programmes in Belgravia, Mariupol and Nikolaev (Ukraine), and Rondonópolis (Brazil), with health and safety handouts and a visit from health officials at Standerton (South Africa).
- We are working to protect the rights of seafarers and maintain safe and timely deliveries by encouraging vessel owners to vaccinate staff and change crews regularly, and giving Covid-19 bonuses to mariners. See Safeguarding human rights (page 33) for more information.
Respecting the human rights of people throughout our operations and supply chains is central to our commitment to treat everyone with fairness and dignity.

It is also a key area of focus as one of the four priority material issues of our sustainability strategy. We aim to embed the UN Guiding Principles on Business and Human Rights (UNGPs) in all our activities to ensure that respect for human rights underpins both our operations and policies. This starts with our Code of Conduct for employees and our Supplier Code of Conduct for suppliers and partners, and our Human Rights and Labour Policy, which outlines our commitment to comply with all relevant legislation and to implement best industry practices in all the countries where we operate.

Globally recognised conventions and standards, such as the International Labour Organization’s (ILO) core conventions on labour rights, the UNGPs and the IFC Performance Standard on Labour and Working Conditions, are a foundation for our sourcing and operational policies.

All our stakeholders are invited to report any concerns regarding human and labour rights risks within our operations and supply chains confidentially and anonymously via our Integrity Hotline (see page 57).

Identifying and prioritising human rights risks

Understanding and gaining visibility over human rights risks is highly challenging within complex global supply chains. We seek to protect the rights of everyone in our supply chain, including farmers and farmworkers, yet as a commodity trader we are distant from field activities, and do not have direct access to information about the risks they face. To improve our knowledge, and so continuously improve our efforts, we partnered with BSR – an independent, not-for-profit organisation – to undertake an in-depth study of our global operations and key supply chains in 2020.

Equipped with the findings of assessments, in 2021 we developed an action plan to strengthen our due diligence approach and have begun establishing targeted activities. In particular, we revised our Supplier Code of Conduct, Sustainable Palm Oil Sourcing Policy and Sustainable Soy Sourcing Policy, integrating the latest best practice and any recommendations for improvement.

Additionally, we have continued to focus on building the capacity of farmers, including through projects to target the impacts of specific commodities, such as our coffee project with farmers in Brazil on carbon footprint reduction (see Coffee and cotton, page 25). Similarly, we sought to improve the accessibility of our global grievance system, our Integrity Hotline, by addressing some of the access barriers (see Good governance and compliance, page 57).

To further strengthen our approach to supply chain due diligence, we have also invested in a dedicated cloud-based solution to help assess non-trade supplier risks (including human and labour rights risks).

70% of our employees were covered by bargaining agreements

Protecting the rights of seafarers

COFCO International has taken steps to protect the rights of seafarers and maintain safe and timely deliveries amid the shipping disruption and additional pressure on global trade logistics caused by the Covid-19 pandemic. In particular, our Freight Department has encouraged vessel owners to vaccinate crews, shorten contracts so that crews can be changed regularly – helping to prevent health and safety risks caused by crew members working long periods – and given Covid-19 bonuses to mariners. Our chartering and operations teams remain in close communication and prioritise human rights in the event of any port restrictions or changes.

Looking ahead

We will continue implementing our action plan to progressively elevate our human rights performance by expanding good practices to all departments that have an influence on human rights risks management, and by continuing to explore partnership opportunities with relevant external stakeholders.
We value our people highly and recognise their fundamental contribution in taking us forward to a more sustainable future, as we continue to grow as a business.

We are committed to enabling our employees to thrive by providing a positive work environment and continuously improving our learning and development opportunities. All employees are expected to share our values. Attracting talent remains an important focus, particularly within our highly mechanised agricultural operations, where we require a high level of skill and knowledge to operate efficiently. We continue to help expand access to these skills (see Sustainable Livelihoods, page 49), taking an inclusive approach to overcoming skilled workforce shortages, while also making agriculture an attractive career option for young people.

Fostering development
Flourishing, competent and highly skilled employees improve performance and productivity. Our Training and Development Policy helps to ensure we continue to keep our employees well informed of our goals and provide the highest level of technical and professional development. We make available a diverse range of learning opportunities for our employees. This includes sponsorship to learn cutting edge technologies or leadership thinking for our corporate employees and mandatory environmental, health and safety training for asset employees.

In 2021, we continued to provide all training online to ensure accessibility throughout the Covid-19 pandemic, making over 100 new trainings available, in multiple languages, to employees utilising our Learning Management System. Overall, our corporate employees completed 25,170 hours of training, an increase of 3% compared to 2020, including more than double the number of mandatory policy training (14,512 hours), with a particular focus on topics including anti-bribery and corruption, data privacy and awareness training on our Integrity Hotline. Employees at our facilities also conducted regular training, centring on health and safety (see Keeping people healthy and safe, page 30). We assess and recognise our employees’ performance and progress towards their goals annually, helping to encourage and promote continuous professional development. A digital performance management platform is available to office-based employees, while asset-based workers take part in in-person assessments.

Graduate programme
We continued to support our graduates, offering them opportunities to participate in virtual workshops and monthly global training, while also benefiting from 1:1 coaching. We enrolled participants into teams to lead business projects that could create value for the company, supported by senior traders acting as project mentors. In 2021, our first cohort of eight commercial graduates completed their training and graduated successfully to full-time positions.

In 2021, we recruited the next cohort and expanded the programme into a total of 10 countries. The process was enhanced through the use of an innovative new assessment centre platform, enabling managers and candidates to take part from around the world, creating a more sustainable approach to recruiting. 14 candidates were chosen to join the programme. For more information on our Commercial Graduate Programme, please visit this page.

In 2021, COFCO International was one of three companies in Switzerland to be recognised by LinkedIn for its ‘Best Culture of Learning’.

100% of candidates would recommend a friend or colleague to apply for the Graduate Programme.

Looking ahead
Our people will continue to be our first priority, as we strive to continuously improve our learning and development offering, and harness our Sunshine Culture to foster positivity and innovation. We will strive to ensure that we provide our employees with the skills and knowledge they need to perform well in their roles and help fulfil our mission.

Engaging with new joiners
In 2021, we made further advances towards becoming an employer of choice by completing the global launch of a world-class onboarding platform to help new employees integrate effectively within the company. This sophisticated solution enables the entire process to be completed virtually, providing an efficient and engaging way for new joiners to gain access to the information they need to perform their roles safely and effectively. In particular, it helps to accelerate the process of settling in, while enabling managers and HR teams to monitor progress. New joiners now have the opportunity to be assigned a Buddy to provide some of the practical and cultural information. New employees are automatically assigned their mandatory training in the first week and have two months to complete it. There are eight e-learning courses available for completion in their first two months.
COFCO International embraces its global presence and we employ people of 68 nationalities across 37 countries.

Importantly, we understand the value of diversity to our business in promoting innovation, productivity and excellence. We therefore seek to create a diverse workforce, taking an inclusive approach to attracting talent and striving to leverage the different skills, perspectives and experiences of our more than 11,511 employees to innovate and grow as a business. Our Sunshine Culture, which centres around positivity (see Investing in our most valuable resource, page 29), and our Code of Conduct set the tone for the ethical, inclusive and respectful behaviours we require from our employees. Additionally, our Equal Opportunities Policy is central to developing our corporate culture of diversity. It captures the way in which we strive to treat all employees fairly and with dignity and respect, as we advance towards becoming an employer of choice, recognised for our culture of equality and diversity. Providing equal opportunities is also integral to helping new joiners settle in and ensuring that all our employees thrive in the workplace. We welcome all our people to live our values and respect this policy.

Diversity and inclusion allow us to bring together people from different backgrounds to drive our business forward in an innovative way.”

João Castro
HR Director, Brazil & Colombia

Advancing our diversity and inclusion journey
In 2021, we began a dedicated journey to diversity and inclusion, beginning in Brazil, where more than 60% of our employees are based. We laid the foundations by launching our Brazil Diversity Committee, taking steps to empower our leaders to promote diversity and train our employees, including through new diversity focus groups. Comprised of a steering group of directors and an operational working group, and entitled DNA (Diversity, Inclusion and Transformation), it meets regularly and will support the development and implementation of policies and guidelines.

Focus groups: understanding our priority areas
The themes we focus on reflect the diversity issues most relevant to our business. These are gender, age, sexual orientation, people with disabilities, better understanding between operational employees and corporate employees, and ethnicity, culture and religion. For example, we would like to welcome more people with disabilities into our company and therefore need to better understand how we can invest in supporting their needs. Similarly, we are striving to address obstacles that prevent women and people of ethnic minorities from gaining the skills they need to enter the agricultural industry. In a technology-led world, we are committed to encouraging positive communication in the workplace.

Each group has the full support of the committee together with our leaders and will seek to educate employees on the respective themes through awareness-raising and training materials. In 2021, for example, we produced an Anti-Sexism guide and a Guide to Eliminating Racist Expressions. These dynamic, engaging guides provide clear information on why these issues are important, together with best practices in changing mindsets and language to ensure respect for women and people of different ethnicities.

Elsewhere, we continued to focus on women’s empowerment, including by promoting gender balance in recruitment, and creating opportunities for women in Brazil’s industrial agriculture industry through our training partnership with SENAR (see Sustainable livelihoods, page 49).

Where do our people work?

- North America  1%
- Asia-Pacific  5%
- Europe, Middle East and Africa  18%
- Latin America  76%

What type of work?

- Admin and Corporate  17%
- Commercial and trading  6%
- Asset and Operations  77%

11,511 employees
68 nationalities
37 countries

“Diversity brings the best ideas and best talent that can drive better results.”

Vasugi Shanmugam
HR Director, Asia-Pacific

Vasugi Shanmugam says, "Diversity brings the best ideas and best talent that can drive better results.”

João Castro says, "Diversity and inclusion allow us to bring together people from different backgrounds to drive our business forward in an innovative way.”
Empowering our leaders
In Brazil, over 75% of our leaders took part in our first training programme to promote diversity and inclusion across our company, focusing on understanding the context and challenges in Brazil, familiarisation with our focus groups, exploring unconscious bias, and ensuring equal opportunities and a more inclusive workplace. We will continue to expand their training and provide diversity and inclusion training to all COFCO International employees, starting in Brazil.

Diversity worldwide
Across the globe, we continued strengthening our efforts to celebrate diversity and ensure greater inclusiveness among our employees and contractors. In South Africa, we raised awareness of gender-based violence among our employees, and our local social committee engaged male employees with a Doek Competition on International Women's Day to help celebrate our women in our office. In Portugal, we celebrated our employees' 15 nationalities through a video on World Day for Cultural Diversity for Dialogue and Development. Many colleagues shared messages explaining the unique nature of their culture. Elsewhere, in Argentina, Uruguay and Paraguay, we maintained a 50% hiring rate for women in our offices, and continue recruiting and promoting more women at our assets.

Looking ahead
We will continue to strengthen our diversity and inclusion activities in Brazil, including through employee training and a dedicated assessment to establish key opportunities for improvement and develop an action plan. We also aim to expand our activities to other regions, as we continue to reinforce our diversity and inclusion efforts as a key mechanism for success.

“By sharing good practices across countries, we can continue to forge a culture of inclusion, extending the same opportunities to all and hiring more minority group candidates.”

Juan C. Artiagoitia
HR Director, South Cone

“Diversity provides an increase in perspectives and the ability to improve all aspects of the business, including recruitment and productivity.”

Sharon Kacsits
HR Director, North America
Leveraging diversity for success

Q&A with Carolina Hernandez Tascon, Commercial Director for G&O in Brazil

Why was 2021 an important year to launch this committee?

COFCO International Brazil became a signatory to the UN’s Women’s Empowerment Principles in 2019, and this was the catalyst for us to begin our discussions on how to further integrate the principles of diversity and inclusion within our business. By 2021, after research on peers and market practices, we were ready to move forward in a robust manner. The creation of a proper committee and thematic groups, with clear key performance indicators, is our starting point to push forward the D&I agenda.

Could you describe your key ambitions for the committee?

My ambition is to help us to design a strategy and action plan capable of improving our performance on diversity and inclusion. More than that, through all our actions and initiatives, I want everyone who works at COFCO International to feel free to be who they are. I want to see our diversity policies and practices applied throughout our supply chain, including but not limited to rural producers and service providers.

What does the introduction of the Brazil Diversity Committee mean for COFCO International?

For us, the new committee is a way to strengthen and live one of our Sunshine Culture values: inclusiveness. It’s a first step toward proposing effective changes that embrace diversity and allow the so-called minority groups to have an active voice and access to equal opportunities. Having a committee like this in Brazil means a lot to us and COFCO International, as the region represents the majority of the company’s workforce.

Why have you chosen these focus areas?

We were conscious that we really wanted our corporate and operational employees to interact positively and develop a better understanding of each other’s work and responsibilities. We know that respect and tolerance for different people’s racial backgrounds and cultural and religious diversity is paramount for all our employees.

How do you see the Diversity Committee evolving in the future?

Building on the work developed by the thematic groups, we will continue to raise awareness and commitment among our employees and encourage their participation in building a culture of diversity and inclusion at COFCO International. We will make sure we communicate extensively and distribute ample information on the relevant topics, to translate our actions into positive results. Finally, I hope that the Diversity Committee is extended worldwide as a good and strong practice of our company.
Managing our environmental impact

Improving our environmental footprint is a continuous journey. We leverage our creativity and innovative capacity to identify opportunities to optimise the performance of our own operations and increasingly, our supply chain. In particular, we focus on decarbonising our industrial operations and logistics activities, transitioning to renewable energy, conserving freshwater resources and reducing waste.

In this section

39 Environmental stewardship
40 Moving towards a low-carbon operation and supply chain
42 Sustainable shipping
43 Resource efficiency
45 Nurturing sustained progress: Q&A with Dmitriy Denisenko

Our wider contribution

UN Sustainable Development Goals

IFC Performance Standards
Managing our environmental footprint is integral to our ability to perform and grow as a business, while contributing to global efforts to preserve natural resources, protect the climate and promote biodiversity.

As an agile international organisation with a focus on collective action towards sustainability, we empower our employees to act and take an informed, risk-based approach to driving change, prioritising the greatest opportunities for impact, including our industrial sites and sugarcane plantations, proactively considering every aspect that could contribute to optimising energy use, water efficiency, waste management, chemical use, prevention of pollution, and reduction of GHG emissions. Our port terminals, warehouses and silos have a lower impact but still form part of our efficiency efforts. We are increasingly going further to consider the environmental impact of our supply chains.

Importantly, our global environmental policies and management system guide our efforts towards environmental stewardship. Together, we leverage our creativity, partnerships and ongoing investment in the latest best practices and technology to consistently raise our performance. In 2021, we continued to invest significantly in improving the resource efficiency of our operations, notably energy efficiency, with a 9% increase in capital expenditure compared to 2020 and a projected further increase of 16% in 2022.

Rigorous standards and legal compliance
We strive to focus on environmental risks throughout our decision-making and operational activities, uniting our operations in a shared journey towards improved productivity with a lower impact. Our Environmental Policy guides this effort, and is constantly evolving to ensure we comply with relevant legislation and globally recognised best practice, such as the IFC Performance Standards and World Bank general and sector-specific EHS Guidelines. Our Environmental Management System is based on the ISO 14001 standard and designed to ensure legal and regulatory compliance, supported by dedicated technology to monitor legislative changes. It enables us to measure, monitor and evaluate our performance in a consistent way, and will be aligned and harmonised with our new centralised EHS system (see Keeping people healthy and safe, page 30).

To ensure a greater level of environmental due diligence and control for the impacts new projects may have on the climate, we established new internal requirements in 2021. Our EHS Director leads our activities to improve our environmental impact and is supported by regional and local EHS teams. We regularly undertake internal and external audits to monitor progress and promote continuous improvement. Please see Keeping people healthy and safe, page 30.

Note: Our 2021 carbon, energy and water data was audited by Bureau Veritas.

Looking ahead
We are working to better integrate climate-related, water-related and human rights-related risks into EHS risk management, with some ESG aspects already being taken into consideration in fixed-asset investments and greenfield projects, beyond legal requirements.
Moving towards a low-carbon operation and supply chain

A healthy climate is integral to the future of agriculture.

We are committed to conducting our activities in an environmentally responsible manner and playing our part in the global push to reduce carbon emissions and address the climate risks facing agricultural productivity, while meeting the growing global demand for food. In the year of the COP26 Climate Change Conference, we made decisive steps both within our business and took collective action within our sector to help reduce the carbon impact of the food and agriculture industry. Our approach to reducing GHG emissions is systematic and methodical. In particular, we take steps to improve operational energy efficiency and use ever more renewable energy. To ensure continuous improvement, we monitor the performance of all our industrial assets on a monthly basis, covering aspects including power use, steam consumption and boiler efficiency. Importantly, we compare our performance internally and externally to evaluate progress and set future targets.

Our global GHG emissions for the past three years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1 (t CO₂eq)</th>
<th>Scope 2 (t CO₂eq)</th>
<th>Scope 3 (t CO₂eq)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>714,483</td>
<td>103,052</td>
<td>114,694</td>
<td>932,228</td>
</tr>
<tr>
<td>2020</td>
<td>787,208</td>
<td>99,115</td>
<td>99,887</td>
<td>986,209</td>
</tr>
<tr>
<td>2019</td>
<td>792,221</td>
<td>107,809</td>
<td>101,985</td>
<td>1,002,015</td>
</tr>
</tbody>
</table>

*This includes energy and fuel-related Scope 3 emissions.

Overall, the greatest impact we can make is by addressing the areas within our operations that generate the most carbon emissions. These are our crushing and processing facilities. In 2021, we reduced our GHG emissions largely by lowering the energy consumption linked to our sugar production and implementing projects including the use of industrial waste agricultural fertilisers and favouring soil biodiversity and cycling of carbon through organic matter. See Sugarcane, page 20. We also continued to invest in renewable energy and process efficiencies. However, our carbon intensity rose by 9.2% in 2021, largely due to the decreased production scale in our sugar operations and increased reliance on non-renewable fuel at our Kandla refinery, as a result of supply chain difficulties caused by the global pandemic.

Improving energy efficiency across our operations

We reduced our energy consumption in 2021, with use decreasing from 57.3 to 46.9 million GJ (-18%). This is largely due to the reduction in energy consumption within our sugar industrial operations, which is driven by a significant decline in sugarcane processing. This also contributed to a 3.4% decrease in the energy intensity of our industrial operations (energy consumed per tonne of feedstock processed or crushed), together with various energy efficiency actions across operations. For example, at our Standerton oil mills in South Africa, we simplified the preparation plant process, reducing the number of conveyors needed, and replaced outdoor lights with solar and energy efficient lights. We continued to transition to LED lamps at multiple sites worldwide, and at our Kandla refinery, we improved the efficiency of our pumps, reducing our energy use.

We are installing a new scrubber at our Rondonópolis crushing plant to harness the residual thermal energy of the gases leaving the soy meal dryer and reduce steam consumption. At our Timbues site in Argentina, we replaced 634 sodium vapor lights with LED between 634 sodium vapor lights with LED between crushing and the port area, which contributed to a 12% decrease of electricity used per unit of production. At Porto General San Martin, we replaced two condensers to improve energy recovery in fluid exchange. In the same way, we have also made efforts to improve logistics efficiency (particularly our truck fleet operations in the sugarcane business) and to optimise the use of agricultural machinery.

<table>
<thead>
<tr>
<th>Carbon intensity indicator</th>
<th>Energy intensity indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>kg CO₂eq/tonne processed</td>
<td>MJ/tonne processed</td>
</tr>
<tr>
<td>2021</td>
<td>2021</td>
</tr>
<tr>
<td>39.2</td>
<td>2,295</td>
</tr>
<tr>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>35.9</td>
<td>2,376</td>
</tr>
<tr>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td>37.6</td>
<td>2,463</td>
</tr>
</tbody>
</table>

Prioritising energy from renewable sources

We continue to prioritise the transition to renewable energy. In 2021, 85% of our global energy needs were met by renewables, a 3% year-on-year decrease. This was primarily due to the 23% decline in overall energy consumption at our sugar operations, which consume most of our energy and are almost entirely supported by renewables (93% of its energy needs met by renewables in 2021). Our sugar mills continued to supply local power grids with surplus bioenergy, providing 563,777 MWh in 2021, a 22% decrease on 2020 (723,921 MWh). This decrease is also related to our reduced production.

We also reuse by-products that would otherwise go to waste, such as wood chips and sunflower or soy husks at oilseed crushing plants, and crop waste at warehouses, supplementing this with electricity purchased from renewable sources. In Brazil, we will gradually source 100% clean electricity for our grain and oilseeds warehouses.
3.4% decrease in energy intensity achieved in 2021

Expanding our ambitions
With clear visibility over the GHG emissions and risks of our own operations, we are expanding the scope of our ambitions to encompass our supply chain, while continuing to implement targeted efforts to optimise efficiency. In 2021, we formalised this commitment at a sector level by signing a joint statement along with 11 other agricultural companies during COP26. Together, we will develop a roadmap by COP27 for our sector to improve GHG emissions arising from agricultural supply chains, supporting a 1.5 degrees pathway towards 2030, while also striving towards reducing our GHG emissions. We will seek to collaborate across areas such as creating the right policy conditions for action, understanding and reporting on Scope 3 emissions, primarily focusing on our extended supply network, and improving livelihoods for farmers.

Within our business, the next stage of our climate journey will involve building a deeper understanding of our Scope 3 emissions, including by reviewing our GHG accounting system and focusing on the most significant climate-related risks for our business. This will inform a broader climate strategy and help ensure that we are positively contributing to an effective, sector-wide response.

Towards more efficient boilers
At our Catanduva sugar mill in Brazil, we replaced two end-of-life boilers powered by bagasse with boilers featuring newer technology. These can be powered by a wider range of biomass, enabling further flexibility, durability and operational continuity, while delivering 4% more energy efficiency.

Innovating to improve efficiency and reduce carbon
We delivered a major innovation at our Rondonópolis crushing plant, building a 3 km pipe connecting our biodiesel tanks directly to our distributors. Once in place in 2022, this should transport around 245 tonnes of biodiesel per hour and avoid the need for 12,000 truck journeys annually, saving 35 tonnes of carbon emissions, reducing traffic and road safety risks.

Looking ahead
In 2022, we will continue to optimise our energy efficiency and increase our use of renewable energy, focusing on facilities and countries where we stand to generate the most impact. We will also participate in a pilot project testing the evolving GHG Protocol Land Sector and Removals Guidance.

Moving towards a low-carbon operation (continued)
As the world's most efficient means of transporting goods, shipping represents 80% of global trade and around 2.5% of the world's GHG emissions. We remain committed to improving the carbon footprint of shipping and contributing to halving shipping emissions by 2050 and reducing their intensity by 70%. This will involve major investment, an enabling policy environment and collaboration across the industry to develop and adopt cleaner fuels. The shift to more sustainable fleets is part of our overall ambition to reduce our energy use and improve efficiency. And increasingly, we are partnering across our industry to accelerate this transition and catalyse change at scale.

This journey continues amid the pandemic and as global trade continues to rise, while vessels remain in short supply. As a leading maritime logistics operator with a 200-strong fleet, we have leveraged our major network, flexibility and advanced monitoring capacity to promote food security and expand our freight services, while navigating the uncertainty and disruption of port and route changes. Importantly, we also took steps to safeguard the rights and wellbeing of crew members (see Promoting human rights, page 33). In 2021, we handled 55 million tonnes of sea cargo overall (compared to 54 million in 2020), including freight solutions for third parties. Our emissions for time-chartered ships in 2021 rose to 2,780,703 tonnes of CO₂ from 1,558,433 tonnes of CO₂ eq in 2020, reflecting our growing services and the consideration of ‘in port’ emissions.

Towards low-carbon shipping
We are supporting systemic change within the industry through two major collaborations, the Getting to Zero Coalition and the Sea Cargo Charter. Together with some 140 companies in the maritime, energy, infrastructure and finance sectors, we are working towards zero-emission vessels by 2030 through the Charter, together with economically viable clean fuels and related infrastructure. As signatories to the Charter, we are supporting the transition to a shared way of reporting shipping emissions across industries. Having supported the compilation of the sector’s overall carbon footprint, we will continue to report how our activities respect the Charter’s climate ambitions, and in particular our total annual climate score, our scores by categories, and the scope’s segments. In 2021, our annual activity climate alignment score was -3.18%, reflecting good alignment with the decarbonisation trajectory.

Minimising sulphur oxide emissions
We recognise the adverse health and environmental impacts of sulphur oxide emissions from the use of conventional fuel oil. To promote clean air and respect the International Maritime Organization’s (IMO) voluntary 0.5% fuel sulphur limit for ships operating outside designated emission control areas, we continue to invest in exhaust cleaning systems for new vessels and test ultra-low sulphur marine fuel solutions, while also working with a growing number of ECO-classified bulk carriers. Our entire fleet already runs on low-sulphur fuel, which helps to reduce overall sulphur emissions and improve the environmental profile of our fleet.

In 2021, we have also commissioned a study to better understand the performance and viability of the latest alternative fuels. Among the key findings, we identified that diverse, flexible solutions will be important across the fleet, and will need further investment to achieve scale, along with incentives throughout the whole value supply chain.

Diverse energy solutions are on the horizon, but remain subject to adequate research, time and resources. Ultimately, a viable formula will be composed of various energy solutions across the supply side, depending on vessel size, use and region. The industry is already setting ambitious targets. Now, the IMO must follow.”

Alessio La Rosa
Global Head of Freight

Looking ahead
In 2022, we will continue to support and contribute to industry-wide change towards zero-carbon shipping and improved emissions reporting, while seeking innovative technical solutions to improve the carbon footprint of our vessels.
Agriculture depends on a renewable supply of natural resources, yet it also a major consumer of resources, using around 70% of the world’s freshwater.

Today, innovating to conserve water and preserve water quality is a pressing challenge for farmers worldwide. Some 98% of COFCO International’s freshwater use is accounted for by our own sugar and industrial operations. We are therefore maximising the opportunity to make a difference by promoting resource efficiency within our sugarcane operations and at our sites, while sharing water resources responsibly with local communities. This in turn supports global ambitions for addressing water scarcity and expanding access to clean water.

Our Environmental Policy guides our efforts to manage resources, including optimising freshwater use, managing waste and wastewater and ensuring compliance with local and national laws. We make use of best-available technologies and production processes that favour optimal resource efficiency. In 2021, we withdrew 11,439,861 cubic metres of freshwater, a 20.4% decrease from 2020, as a result of process improvements implemented in operations and also driven by the significant decrease in sugar production. We also made progress towards our target to improve global water efficiency by 10% by 2025 (compared to 2019), achieving a 5.4% year-on-year decrease. This was due to major projects at important sites, including the wastewater treatment plants at our Brazilian sugar mills (see Sugarcane, page 20). Further improvements are expected with the completion of the zero liquid discharge plant at our Kandla refinery. Overall, 72% of the water we discharged was applied to agricultural land for irrigation.

### Water performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Water intensity (m³/tonne of production)</th>
<th>Freshwater withdrawal (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>0.56</td>
<td>11,439,861</td>
</tr>
<tr>
<td>2020</td>
<td>0.59</td>
<td>14,373,108</td>
</tr>
<tr>
<td>2019</td>
<td>0.58</td>
<td>12,832,443</td>
</tr>
</tbody>
</table>

### Understanding global water risks

Our water risk assessment, conducted in 2020, has provided an important insight into our physical, regulatory and reputational water-related risks and will enable us to better plan and manage our water use, particularly in light of climate and economic challenges. It will also help ensure that we comply with relevant regulations. Only 1% of our water use faces extreme water stress; this corresponds to our Kandla refinery, which has the lowest water intensity of all our industrial assets. Our Kandla and Mariupol sites represent the highest level of overall risk. Meanwhile, our four sugar mills in Brazil and our Rondonópolis and Standerton sites present various challenges, including higher regulatory and reputational risks. Saforcada, in particular, is also operating in an area with high physical quality risk.
We are developing plans, informed by these findings, to help reduce risk and conserve water resources. This builds on existing efforts to address these challenges through our Environmental Policy commitments, water intensity target and Supplier Code of Conduct. Additionally, we assess each site for social and environmental risks, and invest in infrastructure and process efficiency projects. At a systemic level, our sugar operations, which represent around 66% of our total water withdrawal, are engaged in regional multistakeholder initiatives (River Basin Committees), while we are also supporting cross-sector water-related initiatives, such as the Cerrado Waters Consortium (see Coffee and cotton, page 25).

Managing waste
We strive to prevent avoidable waste and manage all waste materials responsibly across our operations. In 2021, our total waste generation increased from 31,795 to 35,218 tonnes, driven by an increase in non-hazardous waste. The latter increased from 30,167 to 33,947 tonnes as a result of expanded monitoring at our port terminals and throughout our Brazil grains and oilseeds warehouses. Increased product losses at important assets also played a role on this trend, as well as in the increase in non-hazardous waste intensity. Meanwhile, the generation of hazardous waste decreased from 1,630 to 1,271 tonnes, in line with our sugarcane production decrease (which tends to produce the most hazardous waste), although the 2020 value was higher than usual due to a fire incident at one of the sugar mills. This translated into a 10% decrease in non-hazardous waste intensity.

<table>
<thead>
<tr>
<th>Waste generation</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous waste generation (kg/tonne of production)</td>
<td>0.027</td>
<td>0.030</td>
<td>0.029</td>
</tr>
<tr>
<td>Non-hazardous waste generation (kg/tonne of production)</td>
<td>0.715</td>
<td>0.564</td>
<td>0.607</td>
</tr>
</tbody>
</table>

Engaging our employees in improving our environmental performance
We continued to engage our employees with our resource efficiency projects and initiatives to protect the environment, including through active communication, engagement, training, and local campaigns and actions coordinated by our EHS teams, Sustainability Ambassadors, and employees. In 2021, we conducted our first global Impact Season (see Community investment, page 50), which included a mobile app challenge to incentivise more eco-friendly behaviour from our employees in their daily work and lifestyles. We also held a conscious consumption week in Brazil, promoted widespread tree-planting across various of our assets and donation of seedlings in some locations. Our employees held clean-up activities across Ukraine, the USA, Argentina, Romania, and in various locations across Europe and South America we also promoted green office practices. In Ukraine, we donated a rubbish truck to help a local community close to our operations.

Looking ahead
In 2022, we aim to make further progress on water efficiency, building on our improved understanding of risk, taking action to optimise industrial processes and recycle and reuse treated water, and prioritising the areas where we stand to make the greatest gains. We will also continue to seek innovative ways to create value from waste across our operations, whilst seeking to improve overall resource efficiency.
Nurturing sustained progress

Q&A with Dmitriy Denisenko, Global Director EHS & Asset Management

As a global agri-business, sustainable management of natural resources is crucial to our success in creating a more resilient future. Water management, waste management, energy efficiency and emissions reduction are among our material issues, and we actively strive to make sustained progress in each of these across our assets, taking a risk-based approach and respecting international principles of best practice.

Dmitriy Denisenko, Global Director EHS & Asset Management, leads the team that drives our efforts to advance environmental sustainability in our operations. In this Q&A, Dmitriy shares his views on the importance of improving the environmental management of our assets and sheds light on the steps we are taking to move towards a low-carbon operation with improved resource efficiency.

Why is improving your environmental footprint important to your business? How will addressing carbon emissions, energy efficiency, water and waste management enable you to achieve your aims and improve performance?

Managing and improving our environmental footprint is a strategic objective and crucial to ensuring long-term business sustainability, as energy and resource efficiency go hand-in-hand with operational performance. Significant capital expenditure is required for this, but the benefits that come with improved efficiency are even more significant and extend beyond our premises, with local communities also benefiting from less impactful operations.

How are you taking action to improve the efficiency of your industrial operations?

There is no ‘one-size-fits-all’ approach. Each asset is unique and has a different improvement potential. This may be through opportunities to improve utilisation rates, or by upgrading technology. Overall, improving operational efficiency is all about finding and seizing the best opportunities to nurture sustained progress and implementing a model of continuous improvement that is tailored to the asset. This ultimately leads to organic improvement in performance across energy and resource consumption – including water – waste generation, and the use of alternative energy sources.

Could you describe any particularly creative or innovative project?

We have an interesting cross-sector project in Puerto General San Martin, Argentina, where we are seeking to capture each and every possible aspect of energy from liquids (oil, water, wastewater) and gases (steam, vapours, solvents), establishing interchanges between different operational processes. One example is by establishing a connection between the oil extraction unit and the boiler house. Previously, we were using ‘traditional’ cooling towers for cooling and boilers or saturated steam for heating, and now we are interchanging energetic value between different processes. This results in water and fuel savings, decreased levels of air and water pollution, and lower chemical consumption for effluent treatment.

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What has enabled you to make progress on your water intensity target?

It’s clear that water resources are becoming scarcer in some regions, a situation which becomes more pronounced in the future, accompanied by higher costs and challenges at the level of supply reliability. Improving water efficiency and reuse is therefore critical for us, now more than ever. For that reason, we’ve been investing significantly in innovative technology, targeting our most significant water withdrawal hotspots. These investments will improve the efficiency of our water usage and reusage in the short to medium term, giving us a significant advantage, and we’re already starting to see the fruits of our endeavours.

How are you moving forward on reducing your GHG emissions? Could you describe how you’ll further address Scope 1 and 2 and develop a greater understanding of your Scope 3 emissions?

Recognising that climate change is an issue with the potential to severely affect global food security, we continue to play our part in supporting collective action while investing in technology that contributes to reducing our operational emissions. Our actions target our most significant emission hotspots, including through energy efficiency measures or the prioritisation of energy from renewable sources, such as wood and bagasse. While we have the greater opportunity to make changes within our operations, we will also intend to gain greater visibility over our Scope 3 emissions, particularly across our key supply chains, making even more significant progress on our climate journey.
Building strong communities

We work with people living around our operations, listening to their needs and empowering them to adopt sustainable practices and improve their livelihoods. In this way, we help to strengthen communities by investing directly in education and capacity building to expand access to employment, boost local economies and raise awareness of protecting the local environment.

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50 Community investment
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Engaging our stakeholders

COFCO International recognises that our impacts extend beyond our own premises, and that it is our responsibility to understand and manage these impacts. We believe this is best achieved through open dialogue and constructive relationships with all our stakeholders based on trust, mutual respect and understanding. In this way, we aim to achieve mutual benefits and long-term value for our stakeholders and to make a positive difference in the communities where we work and live.

This is set out in our Stakeholder Engagement Policy, under which we commit to a number of principles, in alignment with the International Finance Corporation (IFC) Performance Standards. Through this policy, COFCO International commits to identify and engage interested and affected stakeholders to understand their perspectives and expectations, with special attention to vulnerable groups. This helps to ensure an ongoing two-way dialogue on the environmental and social impact of our operations and mitigation, and provides a grievance mechanism through our Integrity Hotline, enabling the reporting of concerns confidentially, anonymously and without fear of reprisal.

COFCO International holds regular and open meetings with communities, farmers, government agencies, trade unions and civil society organisations, to help enhance farmers’ knowledge and skills and expand capacity while also improving supply chains resilience.

Respecting land rights

Our Responsible Land Acquisition and Leasing Policy guides our efforts in respecting both the legal and customary land rights of local communities and indigenous peoples. The policy underpins our efforts to ensure that these communities retain secure and equitable rights to land and its natural resources in areas designated for agricultural production. The central requirements of this policy are integrated into our Supplier Code of Conduct and Sustainable Soy and Palm Oil Sourcing policies.

Smallholder farmers are an essential component of global food and agriculture supply chains.

However, they often live in small rural communities with limited access to education, knowledge, skills and resources necessary to enhance productivity and improve their livelihoods.

Although smallholders still represent a minority of COFCO International’s supply, we are fully committed to enabling and empowering these farmers to adopt sustainable practices. We achieve this through working with diverse stakeholders, including government agencies, farming co-operatives and civil society organisations, to help enhance farmers’ knowledge and skills and expand capacity while also improving supply chains resilience.

Social Fuel Stamp programme

The Social Fuel Stamp is granted by the Brazilian Ministry of Agriculture, Livestock and Supply to companies producing biodiesel that meet specific criteria for the inclusion of smallholders. To obtain this recognition, a company must acquire a minimum proportion of raw material from smallholders and ensure minimum prices, training and technical assistance to produce oilseeds, considering food safety and income generation processes. This helps to strengthen discussions, in addition to the members of the local civil defence and fire department.

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Sustainable livelihoods (continued)

Family farms in the biodiesel production chain and enables them to adopt more sustainable practices.

COFCO International purchased 460,000 tonnes of soybean in 2021, an increase of more than 30% from 2020, from 31 co-operatives under the Social Fuel Stamp programme. This benefited more than 53,000 smallholders.

Expanding skills in rural communities

COFCO International offers free courses to communities where it operates, in partnership with the Federation of Agriculture and Livestock of the State of São Paulo (FAESP), the National Rural Learning Service (SENAR) and rural unions. The aims are to expand training and enable local people to gain agricultural skills, thereby helping them to find employment and improve their incomes. COFCO International understands that by supporting these courses, we are also helping to meet our own needs for skilled labour, as well as those of the whole sector. In 2021, more than 700 participants took part in various such training courses covering topics like the safe operation of sugarcane harvesters and the tractor maintenance and operation.

Helping to feed local communities

To help improve smallholder livelihoods we helped install a community garden in Standerton, South Africa. The team at our Standerton oil mills identified the space in a nearby community, which was used to feed those who could not afford to buy their own food. COFCO International contributed with the acquisition and donation of a greenhouse, fruit trees, seedlings and vegetables, as well as a 10,000 litre water tank to allow farmers to overcome supply challenges. Some 200 people, including community members, took part in the project, with volunteers coming together to build the greenhouse, germinate seedlings, and plant the fruit trees and vegetables.

Promoting healthy bee colonies

Project Pollinate (‘Polinizar’), established in 2016, aims to support honey producers in the sugarcane fields around our Catanduva and Poárendaba sugar operations, helping them to adopt sustainable practices to scale up production. Healthy and productive bee colonies are essential to nourish sugarcane crops and preserve biodiversity. We have expanded our practices under this project to protect bees on our sugar plantations, for example by using alternative insecticides, and partnered with a supplier to build 45 bee hotels for solitary bees. In 2021, this project was featured in a short video documentary entitled ‘Protecting bees, safeguarding food’, winning an award in a competition organised by China’s State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the commission that is responsible for overseeing China’s state-owned enterprises. In 2021, we also taught over 3,500 children aged 9 to 11 about the importance of bees through our Guardians of Tomorrow programme, improving their knowledge of agri-business and sustainability.

Additionally, we completed two further partnerships to strengthen children’s learning related to bees. In partnership with Bayer, we implemented the Bee Care Project for bee hotels, which provide nesting sites for different species, to be installed in schools where the Guardians of Tomorrow programme takes place. We installed 39 hotels and 2,343 children attended a talk on bees. We also installed three hotels at COFCO International facilities. In partnership with Syngenta, we obtained eight Kombee workshops, designed by KombiLab for innovative practical classes to teach diverse scientific topics such as the importance of bees for agriculture, people and the environment. We took these workshops to eight schools near our plants, which were already participating in Guardians of Tomorrow. A total of 678 students participated, benefiting from fun, interactive learning.
Community investment

Building strong relationships with the communities where we live and work is central to COFCO International’s continued success, while also maintaining trust from our stakeholders, as well as our social licence to operate.

Given the impact of Covid-19 on people in our sourcing countries, our work to support local communities was more important than ever in 2021. We expanded our efforts to prevent our operations from impacting local people, working with communities to identify risks and develop stakeholder engagement plans for every high-risk site. These plans help us to monitor performance and take action as appropriate.

Our Community Investment Policy sets out a common and coherent approach for such activities conducted by COFCO International and its affiliated companies. It applies to community projects, charitable donations, grants and employee volunteering undertaken in connection with all our activities and operations. We apply our skills and resources strategically to projects, programmes and initiatives that create a positive lasting impact on community development.

Our focus areas for our community investment activities are:

- **Education and capacity building:** Recognising that education, innovation and a skilled workforce are key drivers for sustainable development, we seek to facilitate access to education for children and youth. We also support skills and local human capital development related to the agri-business sector, which benefits both society and business.

- **Community wellbeing:** We seek to improve the wellbeing and quality of life of our communities, especially those at economic or social disadvantage. This includes, among other areas of focus, promoting social inclusion, community health and safety, healthy lifestyles, and the development of arts and culture.

- **Environmental stewardship:** We seek to raise awareness and build capacity on environmental stewardship across the communities where we operate, particularly on topics such as nature conservation, protection of biodiversity, addressing climate change, and promoting a more responsible use of material and energy resources.

Our community programmes benefited over 36,000 people globally in 2021, with a significant 20% increase due to the efforts of our global Sustainability Ambassador Network and through the strong participation of our employees in Action for Impact activities, beyond our first Impact Season.

Action for Impact

We continued to strengthen our global network of Sustainability Ambassadors to further engage employees in creating positive change locally. In 2021, our network expanded to 223 members, located in 21 countries. To celebrate the first year of our Sustainability Ambassador network, we organised the Impact Season, a global event which spanned September and October. We invited all our employees to join local activities, which had a positive impact on our workplaces and lives, the environment and local communities, with a focus on SDGs 2 (zero hunger) and 12 (responsible consumption and production). This marked the launch of the Action for Impact brand, through which we aim to highlight positive actions by COFCO International employees and inspire more of our colleagues to get involved.

As a result of this global event, over 50 group activities took place, involving 466 employees. Four high-impact projects were selected to compete for additional funding to expand their activities in 2022.

### Case study

**Bringing sustainable agriculture to schools**

The “Experiência Chef” project, which is developed in Brazil under a tax deduction programme, aims to educate children in Mato Grosso state on sustainable agricultural practices and their importance to our daily lives. The project included musical theatrical performances, engaging educational videos and vegetable garden workshops at schools in cities where we operate. Through these activities, around 1,000 children learned about important topics for sustainability, such as addressing hunger, poverty, protection of natural ecosystems and biodiversity, sustainable agriculture and global warming.
Community investment
(continued)

Towards eco-friendly communities
As part of the global Impact Season, COFCO International organised a global eco-behaviour challenge, which aimed to raise awareness of the impact of small habits on our environmental footprint via a mobile app. A total of 373 employees participated in this challenge, logging more than 26,200 environmentally friendly actions, including improved recycling practices and reduced consumption of resources. We estimate that the environmental results from this challenge amounted to 167,000 litres of water saved, 18 tonnes of CO₂ emissions avoided, and the avoidance of around 1.5 tonnes of unnecessary waste.

A few examples of 2021 Impact Season projects:
1. Food donation in Stellenbosch (South Africa)
2. Renewable electricity sourcing in Geneva (Switzerland)
3. Water awareness campaign in Katuete (Paraguay)
4. Food donation in Stamford, CT (USA)
5. River beach cleaning day in Timbues (Argentina)
6. Rubbish truck donation in Talalaivka (Ukraine)
7. Tree-planting across Black Sea silos

Taking part in the Global Eco-Behaviour Challenge was a humbling experience and being selected as the winner was an honour. I hope this will be just the start of us all adopting these simple techniques to protect our planet.”

Emanuel Costa
Environmental Analyst at Timbues port, Argentina
Community investment (continued)

Supporting local communities

Since 2017, COFCO International has donated electricity to the Hospital de Amor from Jales and Fernandópolis, cancer hospitals close to our sugar mills in Brazil that provide free care to the entire population. In 2021, the donation amounted to over 3,500 MWh of electricity.

We also helped local communities amid the Covid-19 pandemic through the donation of medical appliances and products. We provided in-kind food donations for underprivileged people in countries including Argentina, Brazil, Egypt, Paraguay, South Africa, Turkey, Ukraine, Uruguay and the USA. Additionally, COFCO International supported local schools in Argentina and South Africa, and provided university scholarships for outstanding low-income students in Paraguay.

Looking ahead

COFCO International will maintain its efforts to help smallholders improve their livelihoods in a responsible way. We will also continue to monitor our impact on local communities, raise their employment prospects and improve lives through relevant social programmes. As the Covid-19 pandemic eases, we will be able to help more people in person, reaching more people living near our operations.
Q&A with Amanda Oliveira, Founder and CEO of the ‘As Valquírias’ Institute

COFCO International has worked with the ‘As Valquírias’ and ‘Raiz Nova’ institutes to develop AgroValquírias, an agroforestry project that seeks to create environmental, economic and social benefits for the local community. This connects three important topics for COFCO International: food, diversity and education. The project takes place close to our sugar operations, with some of our Sustainability Ambassadors taking an active role in its execution. During the first phase of the project, in 2021, we donated 50 seedlings of native trees to the project, in addition to financially supporting its progress.

Here, Amanda Oliveira, founder of ‘As Valquírias’ Institute, speaks about the work of her organisation, including the partnership with COFCO International.

Firstly, could you tell us about the ‘As Valquírias’ Institute, and what its principal aims are?

‘As Valquírias’ Institute was founded in 2007 through the homonymous musical group, dedicated to providing opportunities for girls, women, and their children in situations of social and emotional vulnerability. The institute seeks to tackle the three biggest problems in the community where it is based: drug trafficking, child labour and prostitution. Through love and compassion, with creativity and respect, the Institute shows that each person can be the protagonist of their own story. Since its foundation, more than 60,000 people have been impacted, more than 480 young people have received professional qualification courses, in addition to hundreds of psychological, dental and social assistances.

What social challenges do you see within Brazil’s agricultural commodities sector, and why is it important that businesses such as COFCO International take action to create change?

The shortage of agricultural labour is a great challenge. At the same time, being a farmer and part of good quality food production chain empowers people, enabling them to run a business and produce their own food. However, to make this possible, people need access to relevant knowledge and technical qualification. I believe it is important for companies involved in agri-business to both invest in technologies, and make farming interesting again for young people and their communities, going beyond educational efforts to help with practical skills. In addition, with more people seeking to live sustainable lifestyles and eat nourishing, responsibly produced food, I welcome the actions of major agricultural businesses like COFCO International to improve their social and environmental impacts.

Why did you decide to partner with COFCO International on the AgroValquírias project?

COFCO International is a socially responsible company, offering the food that the world needs in a responsible way. The business understands the trends and challenges surrounding the changes we need to see in our food system. Through this partnership, we will strengthen our efforts to improve the lives of underprivileged children and women by improving their access to nourishing food.

Could you describe the projects aims, and the background of the beneficiaries? What are their challenges?

The main objective of AgroValquirias is to eradicate hunger and help people living in poverty understand more about nutrition. This helps to meet people’s everyday need
Partnering towards a more sustainable world (continued)

for food through items that are rich in nutrients, which in turn helps to raise awareness of eco-conscious behaviours and improve health. In particular, through our projects, we want to prioritise protecting nature and promoting healthy ecosystems, while encouraging greater biodiversity. We want to show that life is a big plantation: everything we sow will be harvested.

What are you achieving together, and how will this promote more sustainable living?

Through our partnership with COFCO International, we renovated the space, set goals and improved our classes on environmental, nutrition, planting and harvesting. We installed the Bee Hotel provided by the company, helping to maintain and preserve agricultural species through pollination, while raising awareness among children of the importance of bees in nature. We also participated in the Guardians of Tomorrow programme, receiving two tablets, further enabling children to learn about the environment. All the children also received a gift. Together we’ll go further, offering nutritional quality and leveraging biodiversity to create a virtuous cycle, where agricultural production works in harmony with nature. We’ll also help girls to build social technologies for a more sustainable and abundant world.

What’s next?

We will foster and develop activities such as developing a creative economy, helping women gain access to skills, and creating possibilities for products and services for the community. We also aim to continue engaging children with the environment through innovative and interactive learning.
Upholding standards

As a global company with strong values, we strive to uphold globally consistent standards and behaviours in order to ensure robust, transparent governance, manage risk and respond to stakeholder expectations. Our values and sustainability commitments sit at the heart of the way we do business. Importantly, we comply with all relevant laws and regulations to achieve product safety and quality.

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Our wider contribution
UN Sustainable Development Goals

IFC Performance Standards
Driven by our values

Our employees and partners are required to meet high standards of behaviour, defined by strict codes and policies.

This starts with our **Code of Conduct**, which sets out the ethical approach we take to doing business and guides our strategy. It encompasses our core values of integrity, inclusiveness, innovation and sustainability, and reflects the key principles of the UN Global Compact. Every new employee must undertake training on the Code and related policies (including anti-bribery and corruption, competition compliance and Integrity Hotline awareness). In 2021, we delivered 9,069 training sessions through our online training module, an increase of more than a third compared to 2020. This included a module reflecting our Anti-Bribery and Corruption Policy update on risks associated with public officials and third-party intermediaries to help employees deepen their knowledge of these topics, identify potential concerns and take appropriate action. Employees also undertook a new e-learning module on our Gifts and Entertainment Policy.

The Code also forms the basis of our **Supplier Code of Conduct**, which covers our social, environmental and ethical requirements for suppliers and business partners. In 2021, we implemented some comprehensive updates to the Supplier Code. Based on a more advanced understanding of social and environmental risks in our operations and supply chains and developed with expert partners, these changes will help to continuously raise standards in our supply chain. It will also ensure we continue to take a consistent and strategic, approach to identifying and addressing risks. We are taking steps to further address human and labour rights risks, and in particular, the findings of our Human Rights Impact Assessment, completed with support from BSR, while integrating the latest best practice and formalising new policies and procedures. This includes references to key human rights frameworks, legal clarifications and new or expanded requirements in relation to contract workers, discrimination, diversity and gender equality. All changes will be reflected throughout relevant policies (including our Sustainable Palm Oil and Soy Sourcing Policies).

**Product quality and safety**

Our **Food and Feed Safety Policy** informs our work to comply with all relevant laws and regulations on food and animal feed safety. Our global teams follow a consistent, standardised approach to identifying, managing and preventing potential food safety hazards and avoiding contamination. We monitor compliance and require our suppliers to follow clearly defined qualification processes, third-party inspections and on-site audits. In 2021, there were no food or feed incidents resulting in fines, penalties or warnings. We continued to uphold stringent virus control measures, and maintained and enhanced controls on various contaminants (such as Aflatoxins, Pesticides, Ochratoxin, botanicals, heavy metals and Salmonella). We used advanced technology to further prevent risk, including a dedicated safety alert system and online Near Infrared Reflectance (NIR) technology to help conduct rapid, effective product quality tests. We also completed internal and external audits in line with globally respected standards such as ISO 17025, GMP+, ISO 22000, ISO 9001 and HACCP within our major industrial facilities. Importantly, we addressed any findings with definitive action to prevent any future risks. All employees at our facilities and related contractors undertook training on food and feed safety.

Finally, we fully implemented our digital monitoring and reporting tool, which delivers a real-time, consolidated global view of food and feed safety requirements, specifications, compliance, alerts and recalls. It will help to further ensure compliance and better manage and address potential risks. Covering more than 130,000 regulations in 140 countries, and over 175,000 substance limits in more than 60 markets, it has been introduced in Argentina, Brazil, India, South Africa, Ukraine and across our sugar trading operations.
Good governance and compliance

High standards of ethics and integrity underpin our efforts to succeed as a business with strong sustainability ambitions and continuously improve our performance.

Robust governance and adherence to international standards of corporate governance is therefore central to keeping our people and operations safe, creating a flourishing workplace and delivering sustainable growth. Our leaders and managers take responsibility for maintaining these standards and engaging our employees with our values. Importantly, we have zero tolerance for fraud, bribery and corruption.

Our Board of Directors holds ultimate responsibility for leadership and good governance at COFCO International. It comprises five people, including three COFCO Corporation directors and two external directors. The latter are nominated by the Nomination and Corporate Governance Committee and appointed by the Board. The Board oversees the group’s business, strategic decisions and performance. Appointed by the Board and led by our CEO, the Executive Committee defines and delivers our corporate strategy. Members are drawn from diverse backgrounds and united by their proven ability to lead and commitment to our vision, values and culture. We have further committees in place covering Nomination and Remuneration, Audit, Investment, and Risk Control and Compliance.

Sustainability governance
Responsibility for sustainability, including climate and nature-related topics, sits with our CEO and Chairman. Our Global Head of Sustainability oversees our sustainability strategy at an operational level and manages a dedicated team of professionals, reporting progress to our leaders. We also have a strong network of 223 Sustainability Ambassadors, employees who take responsibility for championing our ambitions locally (see Community investment, page 50).

Increasingly, the Board will seek to strengthen our approach to managing and reporting our climate and nature risks, opportunities and impacts, recognising the fundamental importance of climate resilience and healthy ecosystems to our business, and in support of the UN’s SDGs. Importantly, these considerations will increasingly be at the heart of our governance processes and long-term plans.

To gain independent advice and guidance, we engage the specialist and expert ESG consultancy Sustainalytics to evaluate our environmental, social and governance risks. This helps to keep improving our performance.

Integrity Hotline: Our global grievance mechanism
Open, honest communication is fundamental to ensuring ethical, fair and legally compliant behaviour. Our Integrity Hotline is a global grievance mechanism accessible to all employees and external stakeholders, enabling them to share any concerns regarding misconduct or non-compliant behaviour both confidentially and anonymously, without fear of reprisal. Based on best practice – as outlined in the UN Guiding Principles on Business and Human Rights, which guides our efforts for continuous improvement – the Hotline is available in 13 languages, and stakeholders can use a dedicated telephone number or secure digital channels, hosted by an external grievance specialist agency. Our centralised Concerns Management Committee (CMC) is responsible for the impartial and effective investigation and resolution of any issues, and collaborates with relevant teams to provide remediation, as appropriate. The CMC is chaired by our Chief Audit Officer, who provides regular updates to our Audit Committee. At a regional level, it is supported by committees responsible for the execution of grievance analysis and investigation.

In 2021, to bring further consistency and strengthen our approach, we launched an internal procedure with guidelines to standardise the way cases are handled. In particular, we added an option to select the gender of the person who should review the case, to help increase trust in the Hotline as a mechanism for reporting discrimination and harassment issues.

Additionally, and based on recommendations received from our 2020 employee satisfaction survey, we launched awareness training (available in four languages through our Learning Management System). This includes an introduction to the Hotline system and covers the entire process, including the steps we took in 2020-21 to improve the efficiency and visibility of the Hotline and better monitor its performance, together with examples of cases and a learning quiz to help reinforce employees’ understanding and awareness.

We captured 146 new cases in 2021, with the majority related to poor behaviour and discrimination, followed by business conduct, policy concerns and environment, health and safety. We reviewed every concern, undertaking appropriate investigations and actions, and closing 134 (or 92%) by the end of the year, with an average case closure rate of 61 days, well ahead of our target. We continued to take action to prevent issues from reoccurring and are in the process of addressing any outstanding cases. Ultimately, we will seek to resolve all grievances through our Integrity Hotline.

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-compliance with Supplier Code of Conduct</td>
<td>0</td>
</tr>
<tr>
<td>Environment, Health and Safety</td>
<td>14</td>
</tr>
<tr>
<td>Human resources policy violations</td>
<td>13</td>
</tr>
<tr>
<td>Business conduct</td>
<td>26</td>
</tr>
<tr>
<td>Poor behaviour and discrimination</td>
<td>93</td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
</tr>
</tbody>
</table>
Fostering a culture of transparency and trust

Q&A with Lilylei Deng, Group Head of Internal Audit

Providing an operational-level grievance mechanism to our employees and the communities where we operate is essential to make sure we have an independent trusted channel through which our stakeholders can raise concerns and have their voices heard. In recent years, we have worked on streamlining our grievance system and have achieved several important milestones. Below, Lilylei Deng, our Group Head of Internal Audit, shares her view on the role Integrity Hotline plays in our business, what we managed to achieve so far and plans for the future.

Could you describe the importance of the Integrity Hotline to your business?

Our Code of Conduct is at the heart of what we do in COFCO International and the Integrity Hotline is an important aspect of our Code of Conduct, as it provides all employees and stakeholders with a trusted and confidential way to voice their concerns. We’ve effectively ensured that anyone can report any concern, and anonymous reporting is always available.

How has the Hotline evolved over the past couple of years and what impact has this made?

We have expanded the Hotline in multiple ways, including extending its reach to all our locations in three years and standardising our approach to managing cases, bringing global consistency and a robust, shared approach to addressing grievances. Importantly, we’re raising awareness among our employees and stakeholders. And we’re building trust, as more people understand how the process works.

What in particular has helped to engage employees?

We’ve largely achieved engagement through training sessions with real examples, as proved through our 2020 employee satisfaction survey, with employees confirming they have a better understanding of the system. The move to offer grievance reporting via smartphone has also further supported the uptake of the system, providing further reassurance of anonymity and confidentiality.

Is there a plan in place to communicate the Integrity Hotline to external stakeholders?

We already work with the sustainability team, who engage local communities with the Hotline, while most of our supplier policies and procedures also highlight the Hotline and how to access it.

How do you see the Integrity Hotline evolving in the future?

We’ll continue to improve awareness and trust through dedicated training, consistently improve the reporting functionality and ensure that we remain up to date with changes in grievance reporting regulations. Overall, the Integrity Hotline will remain our principal mechanism for reporting concerns.

Connecting supply and demand responsibly
Managing our environmental impact
Building strong communities
Upholding standards

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Our strategy
Our progress
Managing sustainability
We strive to address the issues where we stand to make the greatest difference, optimising our positive impact and collaborating to achieve continuous improvement towards sustainability. To ensure that our strategy remains relevant and effective, we regularly engage with stakeholders and evaluate our most material issues, prioritising the topics that matter most to our business and stakeholders.
In particular, we are directing our efforts towards commodity sourcing, developing policies and practices that help prevent deforestation, encouraging more sustainable agriculture and supporting local economies. At an operational level, we focus on the areas where we have direct influence and therefore the most opportunity to drive change – our plantations and processing facilities. Working collaboratively, we seek to continuously improve our performance and promote the latest best practices in order to accelerate the shift to sustainability. We continue to leverage traceability as a fundamental tool to understand and address social and environmental risks in our supply chains, respond to stakeholder needs and deliver responsible business growth.

**By acting on sustainability, we strive to better manage social and environmental risks, strengthen our business and contribute positively to society.**

To create our original Meeting Tomorrow’s Demand strategy, we conducted our first materiality exercise in 2017. Central to this was undertaking a thorough analysis of the issues that mattered most to our business and stakeholders. This enabled us to define how and where we could make the greatest difference. Reviewing these issues regularly is fundamental to optimising our strategy and ensuring it remains the most appropriate vehicle through which to achieve our mission, grow responsibly, and create value for our stakeholders.

Firstly, we interviewed internal and external stakeholders, and researched all the relevant social and environmental topics that affect our business. We selected 12 material issues, approved by our Board. Within this, we focus on four topics where we can generate the most impact: sustainable agricultural sourcing, respect for human and labour rights, occupational health and safety, and community engagement. Importantly, we continue to review each topic in order to ensure we are re-adapting our priorities to evolving sustainability challenges and regulations.
## Contributing to the Sustainable Development Goals

<table>
<thead>
<tr>
<th>SDG</th>
<th>Priority targets</th>
<th>COFCO International activity</th>
<th>Next steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3</td>
<td>Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers.</td>
<td>We bought 460,000 tonnes of soybean (more than 30% compared with 2020) from smallholder soy farmers (page 49). To improve soil health of the sugarcane plantations we operate, we have been experimenting with rotating crops (page 20). We are researching new technologies to enhance soil biodiversity and carbon cycling through organic matter (page 20). Together with Embrapa, we offered capacity building to more than 1,000 farmers using distance learning (page 19).</td>
<td>We will continue dedicating our efforts to research and development, focusing on increasing productivity yield and improving sustainability of agricultural practices. We will monitor flora and fauna at our operations and maintain high engagement with our stakeholders.</td>
</tr>
<tr>
<td>2.4</td>
<td>Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production and help maintain ecosystems.</td>
<td>We conducted a mental health evaluation to better support workers’ wellbeing, and launched a labour gymnastics programme across grains and oilseeds operations in South America (page 31). At our Brazilian sugar mills, we inspected local service providers (focusing on accommodation and agricultural operations), ran an accident prevention programme, and heavy vehicle training (page 51).</td>
<td>We will continue to build on our achievements and progress in recent years, with a focus on involving employees and contractors in fostering a culture of safety.</td>
</tr>
<tr>
<td>3.4</td>
<td>Promote mental health and wellbeing.</td>
<td>We launched a training programme for the leaders to promote diversity and inclusion in our company (page 36). In Brazil, we worked with strategic partners to offer the professional development training courses to the community in rural areas free of charge (page 49). We are protecting the human rights of seafarers by encouraging vessel owners to vaccinate crews, shorten contracts so that crews can be changed regularly and by giving Covid-19 bonuses to mariners (page 33). We seek to provide healthy, safe workplaces (page 39). Our expectations for suppliers on human rights are clarified through our Supplier Code of Conduct and related policies (page 33). We maintain zero tolerance for slavery, forced labour and child labour.</td>
<td>We will continue to protect the rights of all our employees and workers in our supply chains. We will focus on elevating our human rights due diligence approach and will continue to work on strengthening and expanding our diversity and inclusion activities.</td>
</tr>
<tr>
<td>3.6</td>
<td>Halve the number of global deaths and injuries from road traffic accidents.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.9</td>
<td>Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.5</td>
<td>Achieve full and productive employment and decent work for all.</td>
<td>We launched a training programme for the leaders to promote diversity and inclusion in our company (page 36). In Brazil, we worked with strategic partners to offer the professional development training courses to the community in rural areas free of charge (page 49). We are protecting the human rights of seafarers by encouraging vessel owners to vaccinate crews, shorten contracts so that crews can be changed regularly and by giving Covid-19 bonuses to mariners (page 33). We seek to provide healthy, safe workplaces (page 39). Our expectations for suppliers on human rights are clarified through our Supplier Code of Conduct and related policies (page 33). We maintain zero tolerance for slavery, forced labour and child labour.</td>
<td>We will continue to protect the rights of all our employees and workers in our supply chains. We will focus on elevating our human rights due diligence approach and will continue to work on strengthening and expanding our diversity and inclusion activities.</td>
</tr>
<tr>
<td>8.7</td>
<td>Take measures to eradicate forced labour, end modern slavery and human trafficking, and eliminate child labour.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.8</td>
<td>Protect labour rights and promote safe and secure working environments for all workers.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We are contributing to the UN’s 2030 SDGs through our sustainability strategy. In particular, working with our partners, we are supporting seven SDGs where we stand to make the greatest impact.
### Contributing to the Sustainable Development Goals (continued)

<table>
<thead>
<tr>
<th>SDG</th>
<th>Priority targets</th>
<th>COFCO International activity</th>
<th>Next steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.2</td>
<td>Achieve the sustainable management and efficient use of natural resources.</td>
<td>Within our Rondonópolis crushing plant, we are building a 3 km pipe connecting our biodiesel tanks directly to our distributors (page 41), which will help us significantly improve energy efficiency and reduce carbon emissions.</td>
<td>We will innovate to improve water efficiency and create value from waste across our operations, and explore opportunities to address priority water risks.</td>
</tr>
<tr>
<td>12.5</td>
<td>Substantially reduce waste generation through prevention, reduction, recycling and reuse.</td>
<td>53% of all our waste was recycled, reused, composted or recovered in 2021 (page 44). In partnership with Bayer, we implemented the 'Bee Care Project', installing 39 bee hotels and raising awareness among 2,343 children (page 49).</td>
<td>We will invest funds and resources in raising awareness of sustainable development challenges among our employees and communities.</td>
</tr>
<tr>
<td>12.8</td>
<td>Ensure that people have the relevant information and awareness for sustainable development and lifestyles.</td>
<td>Within our Rondonópolis crushing plant, we are building a 3 km pipe connecting our biodiesel tanks directly to our distributors (page 41), which will help us significantly improve energy efficiency and reduce carbon emissions.</td>
<td>We will innovate to improve water efficiency and create value from waste across our operations, and explore opportunities to address priority water risks.</td>
</tr>
<tr>
<td>13.1</td>
<td>Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</td>
<td>We reinforced our commitment to climate action by signing a COP26-led industry agreement for enhanced supply chain action consistent with a 1.5 degrees Celsius pathway (page 41). We continued to dedicate efforts to reduce emissions in our own farming operations through streamlining the operations and reducing intensiveness in soil preparation (page 20). We developed two pilot projects in Brazil to test our new guidelines on sustainability and carbon reduction and monitor farmers’ carbon emissions (page 25). Through the Cerrado Waters Consortium, we are supporting practices to protect the climate and preserve water (page 25).</td>
<td>We will continue exploring opportunities to reduce Scope 3 emissions while generating additional value at farm level, such as through regenerative agriculture practices and carbon offsetting. We will support both collective efforts to conserve important biodiversity hotspots, and raise awareness of climate and biodiversity challenges among our employees, suppliers and communities.</td>
</tr>
<tr>
<td>13.3</td>
<td>Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</td>
<td>We reinforced our commitment to climate action by signing a COP26-led industry agreement for enhanced supply chain action consistent with a 1.5 degrees Celsius pathway (page 41). We continued to dedicate efforts to reduce emissions in our own farming operations through streamlining the operations and reducing intensiveness in soil preparation (page 20). We developed two pilot projects in Brazil to test our new guidelines on sustainability and carbon reduction and monitor farmers’ carbon emissions (page 25). Through the Cerrado Waters Consortium, we are supporting practices to protect the climate and preserve water (page 25).</td>
<td>We will continue exploring opportunities to reduce Scope 3 emissions while generating additional value at farm level, such as through regenerative agriculture practices and carbon offsetting. We will support both collective efforts to conserve important biodiversity hotspots, and raise awareness of climate and biodiversity challenges among our employees, suppliers and communities.</td>
</tr>
<tr>
<td>15.1</td>
<td>Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems, in line with obligations under international agreements.</td>
<td>We implemented the wastewater treatment plants at our Brazilian sugar mills, and the zero liquid discharge plant at our Kandla refinery. Overall, 72% of the water we discharged was applied to agricultural land for irrigation (page 43). We reached the target of Soft Commodities Forum of 100% traceability to farm for the soy purchased directly from farmers in 61 focus municipalities (an expanded scope from the original 25) in Brazil’s Cerrado (page 19). 100% of current direct soy suppliers in Matopiba assessed against social &amp; environmental risk screening.</td>
<td>We will continue building momentum on our work to protect nature, recognising its importance for our business, our people and communities.</td>
</tr>
<tr>
<td>15.2</td>
<td>Promote the sustainable management of forests, halt deforestation, restore degraded forests and increase afforestation and reforestation.</td>
<td>We implemented the wastewater treatment plants at our Brazilian sugar mills, and the zero liquid discharge plant at our Kandla refinery. Overall, 72% of the water we discharged was applied to agricultural land for irrigation (page 43). We reached the target of Soft Commodities Forum of 100% traceability to farm for the soy purchased directly from farmers in 61 focus municipalities (an expanded scope from the original 25) in Brazil’s Cerrado (page 19). 100% of current direct soy suppliers in Matopiba assessed against social &amp; environmental risk screening.</td>
<td>We will continue building momentum on our work to protect nature, recognising its importance for our business, our people and communities.</td>
</tr>
</tbody>
</table>
## Contributing to the Sustainable Development Goals (continued)

<table>
<thead>
<tr>
<th>SDG</th>
<th>Priority targets</th>
<th>COFCO International activity</th>
<th>Next steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.5</td>
<td>Substantially reduce bribery and corruption in all its forms.</td>
<td>We have zero tolerance for fraud, bribery and corruption. We seek to prevent bribery and corruption through our Code of Conduct and our Supplier Code of Conduct, and our Anti-Bribery and Corruption Policy and the Anti-Money Laundering Policy (page 56). In 2021, we have updated our Anti-Bribery and Corruption Policy offering a new training module to our employees (page 56).</td>
<td>We will continue to comply with relevant laws and ensure strong, transparent governance by upholding globally consistent standards and behaviours.</td>
</tr>
<tr>
<td>17.2</td>
<td>Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.</td>
<td>We participated in partnerships and collaborations to address the social and environmental impacts of the cultivation, production and transport of our commodities, from the Soft Commodities Forum and the Tropical Forest Alliance to the Getting to Zero Coalition and Sea Cargo Charter (page 65-67).</td>
<td>We will continue partnering with stakeholders including our peers, industry working groups, multi-stakeholder organisations and NGOs to transform the way crops are grown and create a positive impact on people and the environment.</td>
</tr>
</tbody>
</table>
To advance our sustainability journey, we maintain an ongoing dialogue with our stakeholders in order to understand their concerns and address shared challenges. The below table provides examples of how we engage with our main stakeholder groups.

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Areas of interest</th>
<th>How we engage</th>
<th>Examples of interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors and investors</td>
<td>• Sustainability strategy</td>
<td>• Board meetings and management updates</td>
<td>We provide regular updates to our management on ESG risks and actions taken to address them, in line with our strategy.</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>• Environmental, social and governance performance and risk management</td>
<td>• Bank update calls</td>
<td>In 2021, we met all our targets for the current sustainability-linked loan and secured a new $700 million USD sustainability-linked loan. See page 16.</td>
</tr>
<tr>
<td>Customer</td>
<td>• Supply chain sustainability</td>
<td>• Meetings</td>
<td>We are increasingly focused on meeting market demand for sustainably sourced commodities, including through certified sustainable products such as coffee, cotton, biofuels and soybeans. See pages 16-26.</td>
</tr>
<tr>
<td>Suppliers and farmers</td>
<td>• Supplier Code of Conduct</td>
<td>• Meetings</td>
<td>We partner with our suppliers to build farmers’ capacity to improve environmental performance and adopt sustainable practices, while supporting initiatives to improve smallholders’ livelihoods. See pages 16, 19, 21, 23, 25, 48-49.</td>
</tr>
<tr>
<td>Sector peers and industry associations</td>
<td>• Collaboration on shared challenges</td>
<td>• Meetings</td>
<td>We take a risk-based approach to prioritising our engagement with suppliers, rate their sustainability performance and collaborate to raise standards. See pages 16-26.</td>
</tr>
<tr>
<td>Multi-stakeholder initiatives</td>
<td>• Environmental and social issues</td>
<td>• Meetings</td>
<td>To achieve sector-wide progress, we collaborate with our peers through forums such as industry associations (e.g. ABIOVE) and the WBCSD’s Soft Commodities Forum on conversion-soy free. See pages 65-67. Together with other eleven industry peers we signed a COP26-led industry agreement for enhanced supply chain action consistent with a 1.5 degrees Celsius pathway. See pages 41.</td>
</tr>
<tr>
<td>Policy-makers</td>
<td>• Legal compliance</td>
<td>• Response to consultations</td>
<td>We contribute to solutions for systemic change by participating in initiatives such as the Soy Working Group, the Palm Oil Collaboration Group and the Tropical Forest Alliance. See pages 65-67 for our key partnerships.</td>
</tr>
<tr>
<td>NGOs</td>
<td>• Climate change</td>
<td>• Communication on progress</td>
<td>We support the business-led push for progressive policies on nature restoration through our participation in Business for Nature. See page 57.</td>
</tr>
<tr>
<td>Local communities</td>
<td>• Community health and safety</td>
<td>• Climate change</td>
<td>To better understand and address risks in our supply chain, we work with NGO partners. See pages 65-67.</td>
</tr>
<tr>
<td>Employees and trade unions</td>
<td>• Labour and human rights</td>
<td>• Climate change</td>
<td>We support local communities by investing in projects to promote health, education and employment. See pages 49-53. With the help of our global network of Sustainability Ambassadors we drive our sustainability efforts and support local communities. See pages 50, 57.</td>
</tr>
<tr>
<td></td>
<td>• Diversity and inclusion</td>
<td>• Community impact assessments</td>
<td>Health and safety is our first priority at every site and facility. See pages 30-32. We provide regular EHS training for all our employees, including mandatory training for all our asset employees. See page 30. 70% of our employees are covered by collective bargaining agreements. See page 33. We launched a Diversity and Inclusion Committee in Brazil. See pages 35-36.</td>
</tr>
</tbody>
</table>
We collaborate with multiple stakeholders to help transform the food system and build climate resilience by conserving natural resources and promoting biodiversity. In particular, we are partnering with our peers, industry working groups, multi-stakeholder organisations and NGOs to improve agricultural practices and raise standards in our supply chains, helping to create a positive impact on people and the environment.

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

Cerrado Waters Consortium
We have joined the Cerrado Waters Consortium, a multi-stakeholder project uniting business, government, coffee producers and civil society in a collective effort to conserve the environment, preserve water and protect ecosystem services in the Cerrado.

Green Grains Protocol
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.

Proforest
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.

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

Amazon Soy Moratorium
We are signatory to the Amazon Soy Moratorium and uphold its principle to not finance or source soy produced on deforested farmland in the Amazon after July 2008. We are audited by independent parties annually to ensure our compliance with this principle.

Cotton Made in Africa
We are a member of Cotton Made in Africa, an initiative that improves the living conditions of cotton farmers in Sub-Saharan Africa while promoting farming practices that protect the environment.

Palm Oil Collaboration Group
We participate in the Palm Oil Collaboration Group, which brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of the No Deforestation, No Peat Expansion, No Exploitation (NDPE) commitments.

Amazon Soy Working Group
We are a member of the Soy Working Group (GTS), a multi-stakeholder group made up of producers, traders, civil society, government and retailers, working to ensure the Amazon Soy Moratorium’s environmental protection achievements are maintained for the long term.

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Our partnerships (continued)

**Sea Cargo Charter**
We have joined the International Maritime Organisation-led Sea Cargo Charter to support the creation of a global framework to promote a consistent, shared way of reporting shipping emissions and support the sector’s decarbonisation.

**PCI**
We joined the PCI Corporate Action Group with the objective to support concrete sustainable agriculture projects in Brazil’s Mato Grosso State.

**Getting to Zero Coalition**
We are a member of the Getting to Zero Coalition, committed to decarbonising the shipping sector by bringing commercially viable zero-emission vessels into operation by 2030.

**International Finance Corporation**
Our sustainability strategy is guided by the Environmental and Social Performance Standards of the International Finance Corporation (IFC). IFC is also our partner in local programmes to advance on a more sustainable soy chain in Cerrado.

**ViSeC**
We support the Platform for the Sectoral Vision of the Argentine Gran Chaco (ViSeC), a forum uniting key agricultural commodity actors in order to reduce environmental impacts, with a focus on deforestation and other forms of land use change in the Great Argentine Chaco.

**UN Global Compact**
We are signatory to the UN Global Compact, which unites more than 12,000 businesses worldwide in a collective effort to respect its 10 principles on human rights, labour, the environment and anticorruption.

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

**WBCSD**
As a member of the 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.

**BSR**
We are member of BSR, a global not-for-profit organisation that works with more than 250 companies and other partners towards a fair and sustainable world. In 2020, we advanced our work with BSR on human rights impact assessment of our global operations and key supply chains.
Our partnerships (continued)

Gafta Sustainability Pledge
We are a member of the Gafta Sustainability Pledge, which is a platform created by Grain and Feed Trade Association in order to support Gafta members to contribute towards a sustainable future by raising their awareness of sustainable business practices existing in the sector.

Coalizão Brasil Clima, Florestas e Agricultura
A multi-sector movement that aims to promote a low-carbon economy in Brazil and respond to climate change, with 17 proposals designed to reduce carbon emissions – in particular from agriculture, implement the Forest Code, and conserve and restore important biomes.

Round Table on Responsible Soy (RTRS)
We are member of 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.

AgroPlus
A programme coordinated by ABIOVE and supported by its associates to promote technical assistance to producers, towards continuous improvements on Environmental, Social, Economic and Governance aspects of the farm.

Regional Industry associations
We are a member of several local industry associations (e.g. ABIOVE and ANEC in Brazil, CIARA and CARBIO in Argentina) where we have an opportunity to align our efforts with peers on various topics of sectoral sustainability.

Regional Industry associations
We are a member of several local industry associations (e.g. ABIOVE and ANEC in Brazil, CIARA and CARBIO in Argentina) where we have an opportunity to align our efforts with peers on various topics of sectoral sustainability.

Business for Nature
We are on the Strategic Advisory Group of Business for Nature, a global coalition of influential organisations and leading businesses taking action and seeking government commitments to reverse the loss of nature.

World Coffee Research
We are a part of WCR, a non-profit agricultural research organisation of the global coffee industry with a mission to grow, protect and enhance supplies of quality coffee while improving the livelihoods of the families who produce it.

COP26 agri-commodity partnership
Together with eleven major agri-commodity companies we committed to define a shared roadmap for enhanced supply chain action consistent with a 1.5°C pathway by COP27.

Abrinq Foundation
We are part of the Abrinq Foundation, which defends the human rights of children and adolescents in Brazil, with a particular focus on rights to education, health and protection.
Join the conversation

cofcointernational.com/sustainability