



COFCO INTL



Sustained sustainability progress

Sustainability Report 2022 – Summary
COFCO International Ltd

Welcome to our 2022 Sustainability Summary Report, through which we share our progress on the five priorities of our strategy to become a more sustainable business, as we strive to feed the world responsibly and create value for our stakeholders. Please visit www.cofcointernational.com/sustainability/ to download the full report.

The reporting scope includes all facilities and operations owned and/or controlled by COFCO International through any period within the 2022 calendar year. The information cited in this summary report, in the full version, and in the supplementary GRI content index table is reported with reference to the GRI Standards. The index table is available for download on our website and forms an integral part of this report. Part of the environmental, health and safety data has been externally verified.

What's inside?



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Accelerating the transition to sustainable agriculture

Over the past five years, the global population has experienced significant, rapid change and uncertainty.

Within agriculture, farmers face the impacts of climate change, resource scarcity and biodiversity loss, while food supply chains are still encountering disruption and rising costs brought by the pandemic and geopolitical instability. In the face of these challenges, COFCO International has sought to help accelerate the transition to sustainable agriculture, protect the climate and conserve the environment, while remaining true to our mission to feed the world responsibly and supporting global food security.

Above all, we have kept our people safe and transformed our operations to keep agricultural supply chains moving, particularly amid the pandemic. And we have maintained our high product quality, while relentlessly advancing our sustainability agenda and

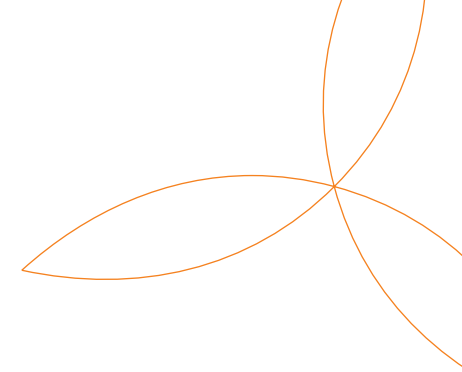
building resilience, taking action on the social and environmental issues where we stand to make the greatest impact. We have made strides by improving our understanding of how we can contribute to addressing climate change, gaining deeper visibility of supply chain risks, raising supplier standards, and collaborating towards collective, sector-led efforts to safeguard biodiversity in key sourcing regions. We have created strong foundations for improved human rights performance among our supply base and forged new strategies for biodiversity conservation, carbon reduction and water efficiency in our operations, supported by robust goals and monitoring. Beyond this, we have increasingly engaged with rural communities near our operations, expanding access to agricultural skills, while diversifying our global workforce and strengthening our business for the future.

Our mission

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

Our values

- Integrity
- Inclusiveness
- Innovation
- Sustainability





David Dong
CEO of COFCO International

Navigating a comprehensive sustainability journey

In the past year, the importance of protecting the climate and conserving biodiversity has been at the forefront of the global sustainability agenda, with two major UN conferences setting the tone for business and government action on deforestation and emission reduction. We remain committed to playing our part in accelerating the transition to sustainable agriculture, both within our operations and across our supply chains, as we strive to feed the world responsibly.

“

To reinforce our progress on environmental responsibility, we are developing a robust, risk-based climate strategy. I look forward to implementing this in 2023 and beyond, complemented by our support of the Agriculture Sector Roadmap to 1.5°C.”

Further, we have continued to act while navigating social, economic and logistical challenges related to the pandemic and geopolitical instability. Importantly, we have prioritised the ongoing and stable supply of major commodities and efficient trading, while optimising our management of risks and keeping our people safe. We are increasingly building a better understanding of how both economic and sustainability issues stand to impact our business, developing greater resilience and innovating for the future.

In 2022, we are celebrating five years of a rapid and comprehensive sustainability journey. Starting from humble foundations, we have made important strides and developed ground-breaking sustainability-linked financing solutions, while recognising the distance left to travel. In this report, we take stock of our progress, highlight our opportunities for improvement, and share the priorities of our latest materiality review, which will guide our next five years of progress.

Collaboration presents an important opportunity for us to create value, expand and build an ecosystem of trust and mutual benefit. That is why we are forging partnerships across our industry and beyond to address shared challenges and identify strategic solutions that benefit our company and stakeholders and deliver financial, social and environmental returns. In particular, COFCO International has committed to implementing the Agriculture Sector Roadmap to 1.5°C, along with 13 other major agri-businesses. Together, we will strive to prevent deforestation and reduce emissions in our supply chains. Our ongoing work on improving traceability and addressing social and environmental risks within our soy and palm oil supply chains will stand us in good stead to deliver results. Lowering the emissions of our freight operations through our own initiatives and collective efforts such as the Sea Cargo Charter and Getting to Zero Coalition will also contribute to reducing our overall environmental footprint.

Safety remains paramount across our business, and I am pleased to report zero fatalities and good occupational health and safety performance in 2022, with our safety index target for employees achieved. We seek to continuously raise our performance by strengthening our monitoring efforts and promoting safety among our suppliers. We have also strived to ensure the safety of our Ukrainian employees and help support them and their families by providing them with opportunities to move to other COFCO International locations. We have made solid progress on fostering a diverse, inclusive workplace, further integrating respect for human rights within our daily work, and continue to focus on attracting and retaining talented employees who share our values. In Brazil, we were awarded the Great Place to Work certificate.

To reinforce our progress on environmental responsibility, we are developing a robust climate strategy, based on a comprehensive study of our emissions and climate risks to inform targeted efforts. I look forward to implementing this in 2023 and beyond, complemented by our involvement in the Agriculture Sector Roadmap to 1.5°C, and our collective action to mobilise partnerships and funding for large-scale solutions to prevent deforestation in soy producing landscapes in Brazil through the Farmer First Clusters Initiative. We continue to raise the bar on operational efficiency, improving productivity while further investing in measures to reduce the impact of our assets on the environment, particularly in light of additional energy and water requirements prompted by our 2022 sugarcane production growth.

Some 49,000 people in our communities have benefitted from investment projects, including through our second Global Impact Season, which brought together employees from around the world to take action on local projects. We are also expanding our Guardians of Tomorrow children's education programme from Brazil to Argentina. We remain in dialogue with local communities to address their priorities. And we have continued to help expand access to skills among women and young people in these communities, while creating more talent for our business, and improve livelihoods among people who depend on agriculture for living.

To uphold strong standards, we have developed and revised our policies to promote further efficiency and stronger progress towards our strategic objectives, including our anti-money laundering policy. I can also report zero cases of corruption or product safety incidents, with continued investment in maintaining our performance.

As we look forward to the year ahead, I would like to call on our employees and external stakeholders to show their support of our work on climate action and help us renew our efforts to promote global food security. Together, we can make more rapid, lasting progress on transforming commodity supply chains to create a more sustainable food system, improving livelihoods and protecting our planet for future generations.

David Dong
CEO of COFCO International

49,000

People in our communities who have benefitted from investment projects.

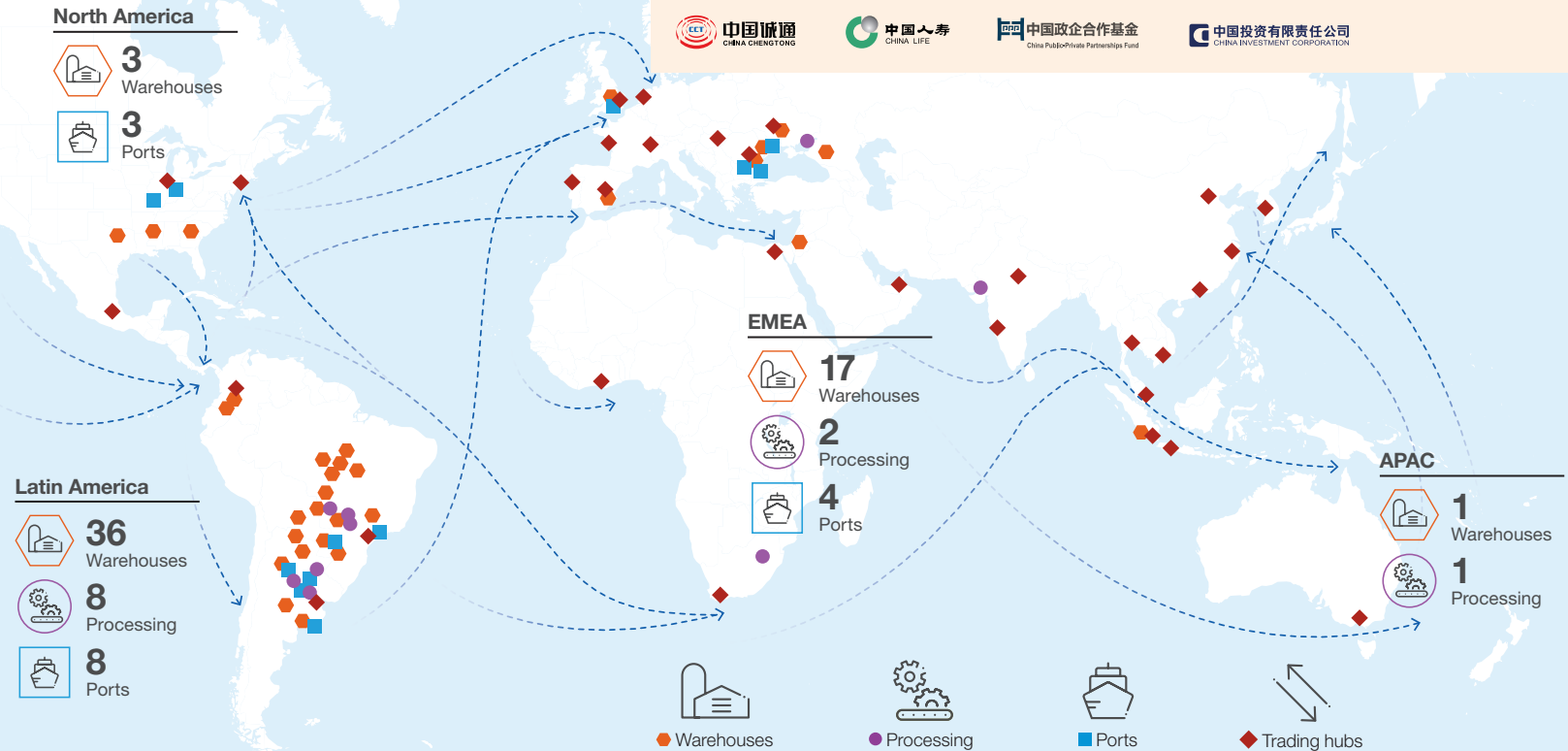
We are COFCO International

As a global agri-business, COFCO International's mission is to feed the world responsibly. We are increasingly seeking every opportunity to promote sustainable agricultural supply chains, including transport and production, helping to nourish the growing population.

Our company employs 11,651 people of 64 nationalities in 37 countries, providing an inclusive workplace where diverse talent can thrive and contribute positively to our business. We continue to expand our operations, which focus on the sourcing, storing, processing, and transporting of major commodities, including grains, oilseeds, sugar, coffee and cotton. In 2022, our sales volumes to third parties reached 127 million tonnes of commodities, creating revenues of \$53.3 billion.

Together with our value chain partners and suppliers, we are stepping up our efforts to fulfil the rising demand for food. Throughout our operations, we seek to achieve excellent performance, collaborative innovation and promote high ethical and technical standards. To maintain our advanced, mechanised operations, we continue to invest in effective technologies and infrastructure, promoting sustainable efficiency. With operations in South America, the world's largest agricultural commodity-exporting region, we are also increasingly active in strategic producing countries in North America, Europe, Africa and Asia-Pacific.

Read more p06



Our investors

COFCO International is part of COFCO Fortune, the core agriculture and food business unit of COFCO Group, the world's largest agri-business by asset value.

COFCO Fortune has an asset layout spanning international and Chinese markets, and connects the upstream and downstream industrial chains.

Other COFCO Fortune shareholders alongside COFCO Group, as its controlling majority shareholder, include Hopu Investment Management, Temasek,

Affirma Capital, National Council for Social Security Fund, COSCO Shipping, China Chengton, China Life, China Public-Private Partnerships Fund, and China Investment Corporation.

These relationships give COFCO International a significant base to leverage. Thanks to our relationship with COFCO Group, we have unrivalled access to the growing Chinese market, at a time when demand for agricultural commodities continues to soar.



Key figures

\$53.3bn
Revenue

11,651
Employees

37
Countries

127m
Tonnes sales volume

32.1m
Tonnes port capacity

2.2m
Tonnes inland storage capacity

28.6m
Tonnes processing capacity

COFCO International's role in the global agricultural value chain

We are helping to accelerate the transition to sustainable, responsibly produced agricultural commodities, as productivity increases to meet rising demand. In particular, we continuously improve our performance and collaborate across our business and sector to promote better practices that protect the environment, respect human rights and contribute to global food security.

Stages of the value chain where we are present



Agricultural production

Commodities

Sourcing: grains and oilseeds, sugar, cotton, coffee

Farming: sugarcane, grains and oilseeds

Our footprint

We source most of our commodities from farmers, co-operatives and other suppliers, and operate around 180,000 hectares of sugarcane plantations in Brazil and 80,000 hectares of grains and oilseeds plantations jointly with local farmers in South Africa.

Optimising our impact

We require all our suppliers to adhere to rigorous ethical and environmental standards, and direct targeted improvement efforts towards our most strategic and high-risk suppliers, promoting capacity building among farmers.

Within our sugarcane plantations, we strive to continuously improve farming practices, lower carbon emissions, and promote biodiversity around our farms.



Storage

Commodities

Grains and oilseeds, sugarcane, cotton, coffee, fertilisers

Our footprint

We operate a network of 57 warehouses and silos at strategic international locations, enabling us to store our agricultural commodities before processing or delivering them to customers.

Optimising our impact

We uphold high standards of product quality, health and safety and environmental management, respecting consistent corporate policies and relevant legislation.

To manage risks effectively within storage facilities operated by third parties, we use compliance tools to understand and address human rights risks among our suppliers.



Processing

Commodities

Sugarcane, palm oil, sunflower, soybean

Our footprint

We process agricultural commodities into products for local and global markets at our four sugar mills, palm oil refinery and six oilseed crushing facilities in South America, Europe, the growing Asian market and Africa.

Optimising our impact

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.



Marketing

Commodities

Grains and oilseeds and their derivatives, sugar, bioenergy, cotton, coffee, fertilisers

Our footprint

We use multiple platforms to trade agricultural commodities at scale internationally, working from 127 commercial offices in 37 countries.

Optimising our impact

To effectively meet customer demands, we monitor global supply and demand trends, and strive to respond flexibly to deliver efficiently and address any market shortages, promoting a streamlined flow of commodities within and across borders.



Transport

Commodities

Grains and oilseeds and their derivatives, sugar, cotton, coffee, freight

Our footprint

We leverage our sophisticated global maritime logistics network and charter a fleet of vessels to transport most of our commodities, operating 15 port terminals. We also provide freight services to industrial customers.

Optimising our impact

We are acting to monitor greenhouse gas emissions from our time-chartered and voyage-chartered ships. We strive to reduce our carbon footprint by saving fuel and energy, exploring clean fuel opportunities and promoting efficiency, thereby supporting the shipping industry's ambitions to halve its carbon footprint by 2050.



Final product manufacturing, retail and consumption

We partner with our downstream and retail customers to ensure the growing uptake of more sustainable and responsibly produced final products to meet market demand and consumer expectations. We also collaborate with our supply chain partners to help promote sustainable consumption and responsible purchasing choices, including through sustainability certifications and delivering greater transparency.

Q&A



Helen Song
Chief Financial Officer, COFCO International

Creating a more sustainable food system: five years of a rapid and comprehensive sustainability journey

As an agricultural commodity business, we can play an important role in creating a more sustainable food system and achieving global food security. Our CFO, Helen Song, reviews the progress we have made over the past five years of our sustainability strategy, and considers opportunities for the future.

Why did you create your sustainability strategy and why is it important now?

Transforming agriculture to create a more sustainable food system is fundamental to our mission – feeding the growing global population responsibly. Our industry has far-reaching impacts on the climate and natural ecosystems, with food and agricultural production accounting for nearly a third of greenhouse gas emissions. Yet crops, including grains, are increasingly vulnerable to extreme weather and water scarcity. As major players in the agricultural commodity value chain, we must encourage practices that protect biodiversity and prevent further climate change in order to ensure supply continuity. This is also an essential part of improving farmer livelihoods and promoting food security and nutrition.

And with one in ten people suffering from hunger and malnutrition, and rising energy prices and inflation adding to household costs, achieving food security and reaching zero hunger has never been more important. Humanity must act now in order to nourish future generations, and this must happen in a way that's viable for farmers, including the world's millions of smallholders.

Could you summarise the aims of your strategy and why you're well placed to create impact in your priority focus areas?

Sustainability is a priority for our leadership and shareholders. It's one of my chief responsibilities and has been one of our core values from the outset. Our holistic strategy, Meeting Tomorrow's Demand, enables us to make progress in four important areas – achieving sustainable supply chains, taking care of our employees, protecting the environment, investing in our communities, while upholding strong standards. Throughout all our work, we focus on climate action and nature conservation, and strive to respect the human rights of everyone who contributes to our business. I believe our inclusive, collaborative culture and our agility, creativity and entrepreneurial spirit will allow us to deliver on our ambitions.

How would you describe the evolution of your journey and overall progress over the past five years?

We have pursued our journey with determination and courage, always striving for continuous improvement, and building real momentum by working from foundational policies and programmes and integrating sustainability in our daily business. We've agreed ground-breaking sustainability-linked loans to make further progress on supply chain traceability. We have geomapped and screened more than 2.3 million hectares of soy plantations in Brazil for social and environmental risks, enabling us to make solid progress on supplier capacity building. Each year, the proportion of sustainably certified commodities in our portfolio increases. We are encouraging diverse, talented people to join our business – expanding access to skills in our local communities and providing graduates with a comprehensive training programme, for example. And in addition to investing in community projects, we help to promote education and learning on important sustainability topics among children in Brazil, an initiative we'll soon be expanding to Argentina.

Within our operations, we innovate to promote resource efficiency. For example, at our sugar plantations, we apply vinasse (a by-product of sugar production) to help fertilise the soil. The water extracted from concentrating this material can be reused in our industrial processes. At our Rondonópolis crushing plant, we have connected our biodiesel tanks directly to our distributors through a new pipeline, avoiding the need for 12,000 truck journeys annually and saving 35 tonnes of carbon emissions.

Could you explain the value of collaboration in your journey? How have you involved employees and partners?

Collaboration is the only way to make an impact and transform agriculture. Over the years, the number, scale and ambitions of the initiatives we support have increased. In particular, we are supporting the Agriculture Sector Roadmap to 1.5°C, a major effort to prevent deforestation and lower carbon emissions in agricultural supply chains. And as part of our membership of the Soft Commodities Forum, we are now gearing up to empower farmers to gain the funding and resources they need to improve their practices through Farmer First Clusters.

We know that our employees are central to our success, and we have sought to encourage active participation in supporting our strategy, particularly through our 184 employee-strong Sustainability Ambassador Network and Global Impact Season.

Where do you see opportunities for improvement?

Our new global climate strategy will be a step forward in addressing our emissions and building climate resilience by prioritising our most significant risks and opportunities. And we must renew and strengthen our collective action to ensure that the food sector is part of the solution in preventing deforestation. We have made good progress, but there is still much to do in order to help keep our world on track with a 1.5°C pathway.

How has acting on sustainability strengthened your business?

Sustainability is simply what's required for any food and agriculture business to remain competitive and create value in today's market. Developing a greater understanding of the social and environmental risks we face – and their prevalence and severity – has enabled us to take action within our business, develop targeted supplier efforts and identify partnerships for change. We are able to demonstrate progress to investors and other important stakeholders, and we know that our sustainability commitment encourages people to join our company.

What are your ambitions for the future?

I'd like us to move further by implementing our climate strategy, acting on the findings of our new materiality assessment and expanding on our partnerships – to create a lasting impact on preventing deforestation within our supply chains and beyond. I want sustainability to be at the heart of growing our business. The investments we make now must deliver both on strengthening our company and feeding the world responsibly.

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We have pursued our journey with determination and courage, always striving for continuous improvement, and building real momentum by working from foundational policies and programmes and integrating sustainability in our daily business.”

Our strategy

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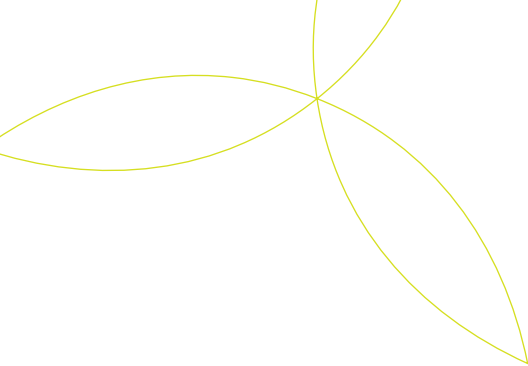
Managing sustainability

To take effective action on sustainability, we must form a deep understanding of the issues that are the most important and material to our business and stakeholders. In this way, we continuously improve the way we manage social and environmental risks, build resilience in our business and contribute to society.

Reviewing these issues regularly is important to achieving our aims. Therefore, in 2022, together with an external partner, we ran a new materiality assessment and identified and prioritised the sustainability issues on which we stand to make the greatest difference. This analysis will help us review and update our sustainability strategy, Meeting Tomorrow's Demand. We have reassigned the material topics under each of our five strategic pillars, as per the table on the right.

Understanding the materiality process

To prepare for the new analysis, we conducted a substantial literature review, and analysed the current and potential impacts of COFCO International's business on important social, environmental and governance issues. We also conducted 14 in-depth interviews with senior COFCO International employees and external stakeholders, along with an online materiality survey through which we collected 117 stakeholder responses, with around two thirds represented by groups including civil society (20%, the largest share), service providers, suppliers, customers, peers, investors and industry associations. The remaining third were COFCO International employees. Brazil represented some 35% of responses, confirming its strategic importance for the company.



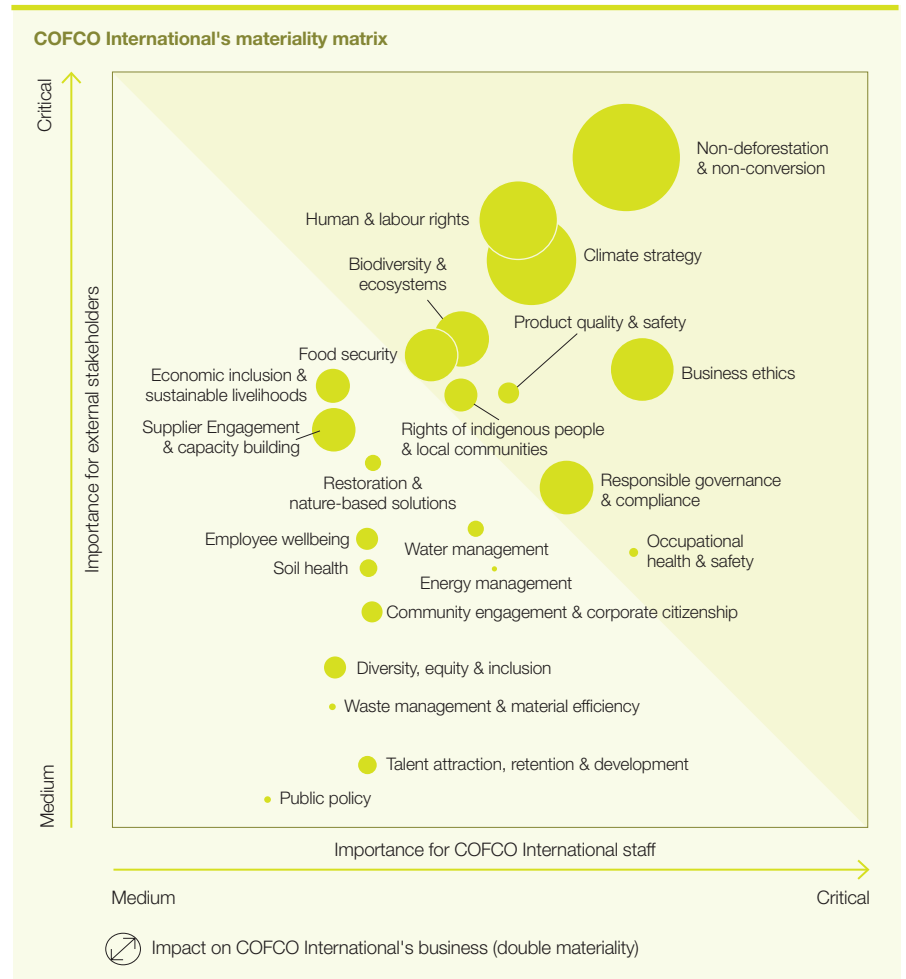
In particular, we followed the concept of double materiality, which considers both the perceived impact of our company on society and environment, along with the risks and opportunities relevant to our business strategy and financial performance.

Importantly, our senior management was involved in the process (including directly through interviews) and our company's leadership reviewed and approved the final version.

2022 materiality updates

Among the key changes, we analysed sustainable agricultural sourcing at a deeper level, creating further categories including non-deforestation and non-conversion (the highest-ranking material topic), biodiversity and ecosystems, soil health, restoration and nature-based solutions. This builds on our work to conserve biodiversity and prevent deforestation. Human and labour rights remains the second highest rated topic. Additionally, as we are developing our climate strategy (the third highest rated topic), we can now provide a more holistic, comprehensive understanding of the climate change challenge.






Business ethics, product safety and compliance also appeared in the top ten issues. Meanwhile, the appearance of economic inclusion and sustainable livelihoods reflects the role of agri-businesses on the whole supply chain, particularly within producing regions and in terms of creating systemic solutions to raising productivity in a way that benefits farmers and their communities.



Meeting Tomorrow's Demand: Our strategy and targets

We continue to develop our strategy following a comprehensive process, starting with our materiality study, which identifies our key areas of focus and the social and environmental topics that matter most to our business and stakeholders. This is where we can make the greatest impact. To achieve our goals, we uphold a robust set of sustainability policies and engage regularly with our key stakeholders.

[Learn more p67](#)

Our areas	Strategic objectives	Material issues	Priority targets	Our progress
 <p>Connecting supply and demand responsibly</p>	<p>Transitioning towards efficient, low-carbon and sustainable supply chain management, innovating to raise agricultural productivity, build climate resilience and promote biodiversity.</p>	<ul style="list-style-type: none"> — Economic inclusion and sustainable livelihoods — Food security — Public policy — Supplier engagement and capacity building — Non-deforestation and non-conversion — Restoration and nature-based solutions 	<ul style="list-style-type: none"> — Full traceability to farm for directly sourced Brazil soybean by 2023. — Disclose progress in mapping indirect suppliers to the farm in the SCF 61 focus municipalities in SCF annual reports. To be audited by an external party. — Monitor and disclose deforestation and conversion-free footprint for direct sourced soy in the SCF 61 focus municipalities in SCF annual reports. To be audited by an external party. — By 2025, halt deforestation from soy supply in the Amazon, Cerrado and Chaco by 2025 in line with the 1.5°C roadmap commitment. 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 relationships. — Ensure the completion of targets under the palm oil Implementation Plan 2022-23 (see Palm oil). 	<p>●●●●●○</p> <p>●●●●○</p> <p>●●●●○</p> <p>●●●●○</p> <p>●●●●○</p> <p>●●●●○</p> <p>●●●●○</p>
 <p>Taking care of our people</p>	<p>Respecting human and labour rights, providing a safe, healthy and inclusive work environment, helping our employees to fulfil their potential.</p>	<ul style="list-style-type: none"> — Diversity, equity and inclusion — Employee wellbeing — Human and labour rights — Occupational health and safety — Talent attraction, retention and development 	<ul style="list-style-type: none"> — Zero employee and contractor fatalities. — Safety Index for employees and contractors ≤ 1.5. — 2% employee work time dedicated to Environment, Health and Safety (EHS) training. — 1.5% contractor work time dedicated to EHS training. 	<p>●●●●●</p> <p>●●●●○</p> <p>●●●○</p> <p>●●●○</p>
 <p>Managing our environmental impact</p>	<p>Advancing resource efficiency, lowering carbon emissions and creating value from waste.</p>	<ul style="list-style-type: none"> — Biodiversity and ecosystems — Climate strategy — Energy management — Soil health — Waste management and material efficiency — Water management 	<ul style="list-style-type: none"> — Reduce water intensity index by 10% by 2025 from 2019 baseline. — Set science-based climate targets and implementation roadmap by 2024. — Gradually improve data granularity and reporting processes for the most material categories within Scope 3 greenhouse gas (GHG) emissions. 	<p>●●●○</p> <p>●●●○</p> <p>●●●○</p>
 <p>Building strong communities</p>	<p>Improving farmer livelihoods and creating a positive impact on people and the environment in the communities where we work and live.</p>	<ul style="list-style-type: none"> — Community engagement and corporate citizenship — Rights of indigenous peoples and local communities 	<ul style="list-style-type: none"> — Maintain ongoing social dialogue at all high community impact operations. — Conduct environmental and social impact assessment prior to all new site construction and acquisition. 	<p>●●●●●</p> <p>●●●●●</p>
 <p>Upholding standards</p>	<p>Ensuring the quality and safety of our products, maintaining good corporate governance and compliance.</p>	<ul style="list-style-type: none"> — Business ethics — Product quality and safety — Responsible governance and compliance 	<ul style="list-style-type: none"> — Zero food/feed safety incidents. — 100% resolution of grievances received through our Integrity Hotline. 	<p>●●●●●</p> <p>●●●●●</p>

Our priority material issues are in bold text.

Our five-year sustainability journey

Here, we explore our progress over the past five years of our sustainability journey, sharing key highlights and developments.

Merging for growth
Grew our company with the merger of COFCO Agri and Nidera.

Meeting Tomorrow's Demand
Developed our sustainability strategy, Meeting Tomorrow's Demand, to address the most important issues for our stakeholders and business.



Reporting begins
Published our first sustainability report.

New levels of transparency
Created a centralised, anonymous and confidential way to report any concerns, building on existing mechanisms, and making this available to all stakeholders.

Renewables make headway in Brazil
88% of our global energy needs were met by renewable sources, with 630 GWh of surplus bioenergy exported to the Brazilian grid.

New sustainable funding
Secured a ground-breaking \$2.3bn sustainability-linked loan with 21 banks, with interest rates linked to sustainability performance and supply chain traceability.

First Soft Commodities Forum progress report
First Soft Commodities Forum progress report published with key data on soy sourcing in high conversion risk areas of the Cerrado.

\$2.3bn
Sustainability-linked loan secured

Foundation year:
2017



2018

Mapping Brazil's soy farms
Geo-mapped more than 1m hectares of soy farms in Brazil to identify environmental and social risks, and partnered with WWF and the TNC to expand this practice to the South Cone region.

A new programme for future generations
Launched our Commercial Graduate Programme to welcome and promote a new generation of talent within our company.

Investing in rural Brazil
To support local communities, we invested in programmes to expand agricultural skills in Brazil, including in partnership with SENAR.



2019

Sustainable Palm Oil Sourcing Policy
Launched our Sustainable Palm Oil Sourcing Policy and developed sustainability scorecards for our direct suppliers in partnership with Proforest.

Setting goals for water efficiency
Set a new target to improve water efficiency of our industrial operations by 10% by 2025.

Engaging soy farmers
Reached 50,000 smallholder soy farmers through Social Fuel Stamp biodiesel sourcing in Brazil.

Upholding high standards of responsible conduct
Launched our core policies to uphold high standards of responsible conduct in our business and supply chains. These include our Code of Conduct, Supplier Code of Conduct, Environmental Policy and Occupational Health and Safety Policy.

Engaging stakeholders in high risk location
Engaged with stakeholders and promoted social dialogue in high-risk locations.



Adapting to the pandemic

Amid the Covid-19 pandemic, we developed a response policy to protect our people, and supported communities and hospitals with medical supplies.



Global human rights impact assessment

Took action to address the findings of our global human rights impact assessment, with support from BSR.

Further sustainable funding

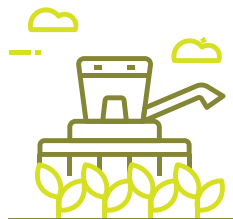
Secured a new \$700m sustainability-linked loan.

Continued transparency

Reached full traceability and completed environmental and social screening of all our directly-sourced soy in Matopiba, with support from IFC and Agrosatélite.

Setting goals for deforestation

Set a goal to achieve a deforestation and conversion-free soy supply chain in Latin America's sensitive regions by 2030.



2020

2021

Bringing a focus on diversity

Established our Diversity Committee in Brazil to promote a flourishing, inclusive workplace and strengthen policies and guidelines.

Producing results

Produced 130,000 tonnes of certified sustainable biodiesel in Argentina and Brazil, and reached 27% of coffee sales volume certified under sustainability schemes.

Sugarcane planting

Planted over 240,000 seedlings in the conservation area managed by our sugarcane operations.



240,000

Seedlings planted

233

Sustainability Ambassador Network members

Building sustainable networks

Expanded our Sustainability Ambassador Network to 223 members and held our first global Impact Season, involving 466 employees across 16 countries.

Engaging with the community

Reached over 36,000 people through community investment programmes.

Progressing the maritime industry

Reported our progress towards helping to decarbonise the maritime industry through the Sea Cargo Charter.



Roadmap for COP27

Participated in the launch of the Agriculture Sector Roadmap to 1.5 °C at COP27 to reduce emissions from land use change in agricultural supply chains.

Loan secured

Secured a third sustainability-linked loan of \$1.6bn after successfully completing all our previous targets.

Preventing deforestation

We joined with five other agri-businesses to mobilise partnerships and funding for large-scale solutions to prevent deforestation in soy producing landscapes in Brazil through the Soft Commodities Forum Farmer First Clusters Initiative.

Measuring our climate impact

Measured our entire greenhouse gas footprint and assessed climate risks to develop our corporate climate strategy.



Reporting year: 2022

Setting priorities

Conducted a new materiality assessment to understand the topics most important to our business and stakeholders.

2nd Global Impact Season

Held our second global Impact Season, highlighting how all our teams contribute towards sustainability.

Partnering with Brazilian Coffee farmers

Partnered with coffee farmers and Produzindo Certo to measure and reduce carbon emissions from coffee production in Brazil.

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We have made significant strides in our sustainability performance, moving from laying the foundations of our strategy to creating major policies and programmes that drive real, lasting change. We are proud of this progress and remain committed to addressing the social, environmental and governance issues that sit at the heart of achieving more sustainable supply chains”

Julia Moretti

Global Head of Sustainability, COFCO International

Our progress

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Our 2022 highlights

Managing sustainability

New materiality assessment
Conducted to understand the topics most important to our business and stakeholders.

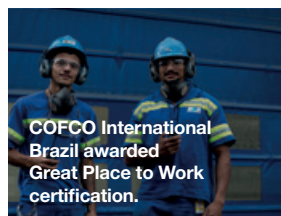


\$1.6bn

Third sustainability-linked loan after successfully completing all our previous targets.

[Read more p12](#)

Taking care of our people



COFCO International Brazil awarded Great Place to Work certification.



Improved our compliance tools to assess human rights risks among our suppliers and third party facilities.

10%

Reduction in lost-time injury frequency rate for employees.

78%

Of our assets had zero lost-time incidents.

Connecting supply and demand responsibly



Participated in the launch of the Agriculture Sector Roadmap to 1.5°C.

88%

Of our palm oil supply base covered in a new social and environmental risk assessment.

535,880

Carbon credits through sugar production.

37%

Of our total coffee sales volume was certified or verified as sustainable.

22%

Decrease in emissions of our time-chartered ships.

Managing our environmental impact

611,658

MWh of surplus bioenergy supplied to local power grids in Brazil.

20%

Decrease in Scope 1 and 2 GHG emissions compared to 2021.

62%

Of waste was either recycled, reused, composted or recovered.

89%

Of our global energy needs were met by renewable energy.

100%

Of our greenhouse gas footprint measured and assessed to develop our climate strategy.

Building strong communities



Expanded capacity-building efforts to support community livelihoods in Brazil, South Africa and India.

49,000

People reached by community investment projects.

6,233

Children reached by our Guardians of Tomorrow programme in Brazil.

Upholding standards



Zero

Food or feed safety incidents resulting in fines, penalties or warnings.



59

Days average closure rate for Integrity Hotline cases.



22,303

Training sessions on business ethics and policies delivered to our employees.



100%

Conducted a full test of our global food safety alert system.



Connecting supply and demand responsibly

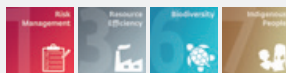
Collaborating with our suppliers, we strive to promote responsible agricultural practices that meet the growing demand for sustainability, while raising social and environmental performance in our supply chains.

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Understanding our grains and oilseeds business



COFCO International plays an important and diverse role in the sourcing and supplying of major commodities such as grains and oilseeds. In particular, our Supplier Code of Conduct defines the social, environmental and ethical requirements to which we expect our suppliers to adhere. It underpins all our sustainable and responsible sourcing activities, and is complemented by commodity-specific sourcing policies.



Grains

Corn, wheat, barley, sorghum in raw form

Our role:

Bulk handling (shipping, storage and distribution)

Highlights:

Corn: We participate in the 2BSvs sustainability scheme. In Brazil, our 2BSvs corn volumes exceeded 97,000 tonnes.

In Argentina, we included corn and glycerine within our 2BSvs certification (in addition to biodiesel) and corn within our Round Table of Responsible Soy Association (RTRS) certification (together with soybean).

We also have International Sustainability and Carbon Certification (ISCC) certification for the following products and regions:

- Bulgaria and Ukraine: Corn, rapeseed
- Hungary and Romania: Corn, wheat, soybean, sunflower, rapeseed
- France, Italy and Spain: Soybean, soymeal pellets, hulls and meal



Oilseeds

Sunflower (seeds, meal and oil), rapeseed (seed, meal, oil), soybean (bean, meal, oil, biodiesel), palm oil, specialty oils (groundnut oil, castor oil)

Our role:

In addition to bulk handling, we conduct different roles for each commodity. For example, we crush soy and sunflower to produce meals and oils, and refine crude palm oil.

Highlights:

Soybean: We retained the RTRS Chain of Custody certification for our soy assets in Argentina and Brazil, including the Rondonópolis crushing plant, ports and warehouses. RTRS-certified soy is deforestation and conversion-free and meets high environmental and labour standards.

Biodiesel and ethanol: We continued to trade RenovaBio-certified biofuel (see Soybean), in addition to sugar-derived ethanol (see Sugarcane).

Castor oil: We became a member of Sustainable Castor Oil Association, the aim of which is to improve the livelihoods of castor farmers while reducing environmental impact.



Above
Collaboration is fundamental to raising standards in our supply chains.

Deforestation and climate risks

In South America, we are taking action to address deforestation and native vegetation conversion and related climate risks in our supply chains. With an ambition for deforestation-free supply chains in sensitive regions of the continent by 2030, we are taking action to promote sustainable agricultural practices that help to conserve forests and natural habitats and prevent further climate change. This is particularly important in light of the upcoming European Regulation on deforestation-free products, which applies to commodities including soy, palm oil and coffee.

With rigorous targets for soy and palm oil traceability, we have already made strides on tracing our commodities back to farm or mill level, and continue to conduct in-depth risk evaluations of strategic sourcing locations. We have also identified climate risks in the commodities markets and regions where we operate as part of our new climate strategy.

“
Many rural producers already see sustainability as a business opportunity, and are seeking certifications that help them to improve their practices and livelihoods.”

Fernando Brandt Meira Cotrin
Origination Director Grains and Oilseeds, COFCO International Brazil

Introducing COFCO International's Responsible Agriculture Standard

In 2022, we launched our COFCO International Responsible Agriculture Standard to support the mainstreaming of agricultural commodities that are produced in line with native vegetation conservation objectives and the principles of sustainability. Respecting international best practice and incorporating FEAC's guidelines, it will guide all our efforts to raise sustainability performance worldwide.

Soybean



Soybeans are primarily grown for animal feed, providing an efficient form of protein, and are also used to produce biodiesel. As the world's population expands, creating a rising demand for meat and animal-derived products, soy production continues to expand. We are committed to achieving deforestation and conversion-free soy supply chains by 2030 in sensitive regions of South America, while also complying with the Green Deal EU zero deforestation legislation and human rights due diligence requirements.

We are leveraging farm-level traceability and monitoring of direct and indirect purchases to raise standards in our supply chains, improving transparency and responding to stakeholder requirements for responsibly sourced products. Linking our core financing mechanism to sustainability and traceability performance on major commodities, including soy, has played an important part in our progress. In 2022, we achieved 100% of the proposed targets for traceability and socio-environmental analysis. At the heart of this, we continue to systematically identify and address risks to inform our improvement efforts, together with trusted partners. We have now geo-mapped over 2.3 million hectares in Brazil, cross-referencing with known social and environmental risks to prioritise focus areas and inform supplier improvement efforts. We are also increasingly gaining visibility of indirect

suppliers and seeking to raise their performance. In particular, we analysed 100% of this supplier group for pre-financing operations, and supported further engagement through and in addition to our Soft Commodities Forum commitments.

We have reached all traceability, social and environmental targets connected to direct suppliers in relation to our sustainability-linked loan.

Towards responsible sourcing

Our Sustainable Soy Sourcing Policy guides our responsible soy sourcing efforts, setting the tone for the standards we require from our suppliers, with individual requirements for Brazil and other countries in South America. We expect all our strategic suppliers to share farm-level information on their agricultural practices, action to conserve natural habitats, and how they promote decent work and respect the rights of both workers and indigenous people. Our Responsible Agriculture Standard respects leading sector guidelines.

We continue to engage our employees to deliver our ambitions, providing structured soy and corn sustainability training to 218 commercial and administrative support employees.

We retain full compliance with the Soy Moratorium and Pará Protocol.



Above
Our work on sustainable soy will help to prevent deforestation and reduce carbon emissions.

100%
Of proposed targets for traceability and socio-environmental analysis met.

218
Commercial and administrative employees received training.



Producing sustainable soy for fuel

As soy production for biodiesel rises in line with market demand for cleaner fuels, we are continuously improving our sourcing practices, focusing on soy produced in line with recognised sustainability certification schemes. For example, in Argentina, Paraguay and Uruguay, we continue to source soy grown respecting the 2BSVs scheme of Biomass and Biofuels sustainability. In 2022, we increased our biodiesel production by 1.8% under this scheme, sourcing 511,222 tonnes of soy. We also included corn and glycerine within our 2BSVs certification. In Brazil, we sourced 156,136 m³ of RenovaBio-certified biofuel, which is produced in line with high environmental standards, and requires that crops are grown without deforestation or conversion. In this way, we generated 49,300 CBios credits sold on the Brazilian stock exchange.

Collaborating for progress

Collective roadmap to reduce emissions from land use change towards a 1.5°C pathway

In 2021, we joined 12 major agricultural companies at COP26 in making a commitment to take action in our supply chains and reduce deforestation and conversion-related emissions in important natural ecosystems such as the Amazon, Cerrado and Gran Chaco, in line with a 1.5°C pathway. In 2022, we forged a collective roadmap for change, with the aim of identifying scalable solutions that we as businesses can deliver to this challenge.

- By 2025, we aim to have halted deforestation from direct and indirect supply of our soy products in the Amazon, Cerrado and Chaco, and determined how best to protect non-forest ecosystems in compliance with relevant local legislation.
- Beyond our own supply chains, we are acting to help transform soy-producing landscapes by collaborating with multiple stakeholders to mobilise investments and technical partnerships to promote the adoption of sustainable practices and create financial incentives for conservation.
- We are also partnering with stakeholders to ensure best practice and strengthen the enabling environment to help promote the conservation of forests and other natural ecosystems.

The next steps will include developing a shared framework to remove emissions from our respective supply chains, building a robust business case for scaling investment and completing a global assessment of the risk of converting natural ecosystems to soy production.



Empowering women farmers to lead on soy sustainability

Women stand to play an important role in sustainable soy production, yet often have little influence and few opportunities to make farming or business decisions. We are seeking to promote gender equality and increase the role of the 229 women farmers in our Brazilian soy supply chains. Together with the IFC, we have built an in-depth understanding of their challenges and trading reality. Interviews were conducted among nine women in the regions of Mato Grosso, Minas Gerais and Bahia. We discovered that a better system is required to help women gain the knowledge, credibility and authority they need to be farm managers. The results will help us define an action plan to better support our women soy suppliers, including by offering dedicated training opportunities in collaboration with SENAR. We will also hold events and campaigns, and support programmes that provide women with essential practical and financial services. In this way, we aim to empower women to lead on sustainability and innovation in our value chain.

Partnering to protect the Cerrado's biodiversity

We continued our partnership with Abiove in the Matopiba region to achieve a more traceable and sustainable soy supply chain in this area of the Cerrado, Brazil's biodiversity hotspot, where we have also conducted in-depth studies to better understand our footprint. This forms part of the AgroPlus project to promote sustainable production in the soy, corn, rice, cotton and livestock chains.

Together, we are conducting social and environmental assessments, and promote the adoption of sustainable practices among suppliers. In 2022, we built on the in-depth view we gained over 85% of our directly sourced soy in the region by extending the programme to 50 farms in the state of Tocantins, which hosts COFCO International's only warehouse in the region. To date, we have helped to build capacity among 120 farmers and farm workers in ten municipalities, while also verifying that 13,250 hectares of land produce soybeans sustainably. We will continue to expand our effort while reducing risks and responding to market demand for responsible soy, helping to conserve this area of vital natural importance.

Raising standards through the Soft Commodities Forum

For the fourth year, we participated in the Soft Commodities Forum, convened by the World Business Council for Sustainable Development, in order to lower and eliminate native vegetation conversion in our Cerrado soy supply chains, and develop scalable solutions for sustainable soy. Having achieved 100% traceability to farm in 61 focus municipalities for direct purchases, in 2022, we collectively engaged with nine indirect suppliers to improve monitoring and raise performance. We also completed social and environmental risk screening in supplying farms. Now, we are working with 14 priority indirect suppliers, including resellers, cooperatives and third-party warehouses, understanding their capacity for implementing traceability and monitoring systems and co-developing action plans for progress.

We have also helped to create the Farmer First Cluster (FFC) initiative, which will seek to incentivise farmers to adopt sustainable practices over three years by offering practical, financial solutions based on local challenges. Operating initially in four territories and led by a group of experienced producers and partners, all services will seek to promote sustainable production, protect nature and improve livelihoods. The project will continue to scale as we gain new partners. Read more in our SCF progress reports.

Engaging with suppliers

To further encourage continuous improvement among our grains and oilseeds suppliers in Brazil, our 'Meu Portal COFCO' (My COFCO Portal) continued to act as an important source of information on business, product quality and sustainability topics. Suppliers can also use the platform to request that their farms undergo social and environmental assessments.

Palm oil



Palm oil is a versatile commodity with a growing global demand. COFCO International purchases crude palm oil and palm olein – largely sourced from Indonesia and Malaysia through international agri-businesses and refineries – to be processed at our RSPO-certified refinery in Kandla, India, and sold domestically. Our refinery meets the criteria for processing certified products through the RSPO's Mass Balance supply chain model. We do not operate any oil palm plantations or mills.

Addressing challenges within our palm oil value chain

We are working to improve our visibility over the journey of palm oil. In particular, we are analysing the risks associated with each stage of the chain and continuing to strive towards greater traceability levels to promote supply chain transparency. In order to raise standards, we forge constructive working relationships with our suppliers, with our efforts guided by a robust Sustainable Palm Oil Sourcing Policy, which embodies our no deforestation, no peat, no exploitation (NDPE) commitments. This is further supported by our Supplier Code of Conduct and sector-led initiatives such as the RSPO and the Palm Oil Collaboration Group.

88%

Of our palm oil supply base covered in a new social and environmental risk assessment.

COFCO International's sustainable palm oil 2022-23 goals

- Achieve and maintain full traceability to mill level for our global palm oil sourcing.
- Regular review of key supply base environmental and social risks.
- All direct suppliers with whom we have a regular business relationship assessed on sustainability performance through our scorecards.
- All direct suppliers with whom we have a regular business relationship have NDPE policies and implementation plans by 2023.
- Adopt and implement the NDPE Implementation Reporting Framework (IRF).
- All grievances received through our formal channels are monitored and under resolution process.



Above

We are analysing risks at each stage of our palm oil chain, striving for greater traceability and partnering with our suppliers to promote responsible production.

Towards full traceability

To develop a full view of the risks along our palm oil supply chain, we require our suppliers to provide information regarding the journey of each shipment from the mill to our production facility. Overall, we traced 70% of volumes to mill level, down from 87% in 2021, as a result of broadening our supply base. For volumes sourced from strategic suppliers, we achieved full traceability-to-mill, while working closely with smaller suppliers (such as local companies in India) to improve traceability levels.

Evaluating social and environmental and social risks

Working in partnership with Proforest, we undertook a social and environmental risk assessment within 12 regions in Indonesia and Malaysia with the highest numbers of mills connected to our supply chain. This includes 825 mills comprising 88% of our palm oil supply base.

Implementing a sector standard for reporting NDPE progress

To help achieve sector-wide progress, we are working through the Palm Oil Collaboration Group to help establish the NDPE IRF the industry's standard reporting tool. We have monitored the progress of the mills to which we are linked through this framework, and for the first time in 2022, we had our IRF profiles externally verified.

Collectively tackling emissions from land use change

As part of our support of the COP27 roadmap, we are focussing on adhering to NDPE palm oil commitments and deforestation and peatland development cut-off dates as adopted pre-2020, particularly in Indonesia and Malaysia. We are supporting smallholders and standalone mills, while improving livelihoods.

Our work focuses on engaging with our suppliers to drive progress further up the chain. We are implementing the NDPE IRF as the key mechanism to verify that our palm oil volumes are derived from mills that are delivering on the industry's NDPE commitments.

Managing grievances effectively

We continue to review, analyse and act on any suspected cases of non-compliance with our sourcing expectations and NDPE commitments through our dedicated Palm Oil Grievance Procedure.

Sugarcane



Sugar is a highly popular food and drink ingredient. Sourcing sugarcane largely from São Paulo State, Brazil, COFCO International manages around 180,000 hectares of plantations and owns four sugar mills and one transshipment terminal. We also source sugar from South and Southeast Asia. In addition, we produce energy and ethanol (biofuel).

We are seeking to reduce the water use of sugarcane production, address the emissions related to milling and improve biodiversity conservation around our plantations. We are also focusing on social and labour rights risks in our sugar supply chain. For example, we have visited all sugarcane suppliers, audited third party suppliers, and sought to ensure the health and safety of worker accommodation. We also helped to expand access to skills among our local communities.

Lowering the emissions of sugar production

To address mill emissions, we are taking action to improve our energy use. At farm level, we are promoting crop rotation with soybeans to promote soil health, with the area of land cultivated with other crops, doubling from the previous crop to the 2021/22 crop season. We also researched technologies to enhance soil biodiversity and carbon cycling through organic matter, and continued to apply vinasse and enrich compost to fertilise the soil.



Left
We are striving to improve water efficiency, reduce emissions and promote biodiversity at our sugar plantations.

Beyond this, we are implementing a project at our Agricultural Operations Management centre to reduce diesel consumption significantly, quantifying the idleness level of machines in operation. We have also consolidated employee transport routes to optimise fuel consumption by the 90 chartered buses performing this service. In this way, we reduced around 1.2 million km of travel, while reducing costs by 5.3%.

Our mills have Efficient Biofuel Production Certification that entitles them to issue and sell decarbonisation credits (CBios) within the RenovaBio Programme framework. In 2022, around 535,880 CBios were generated, an increase of 2.4% compared to the previous year.

Conserving biodiversity

We continued our efforts to conserve natural ecosystems around our plantations, with almost 130 hectares of reforested area recognised by CETESB, the São Paulo State Environmental Agency, as having reached self-sufficiency. We planted 132,140 seedlings of native trees, and monitored flora and fauna around all our sugar mills, covering an area of 1,560 hectares.

Promoting water efficiency and quality

We now have three vinasse concentrators operating in Potirendaba, Catanduva and Sebastianópolis sugar mills to help improve our water efficiency and help prevent water scarcity. Water from the process is reused in our industrial operations and applied to our sugarcane fields. We also have an effluent treatment station at Potirendaba to promote water reuse, and participate in river basin committees to share water resources fairly.

Coffee



Coffee is one of the most widely consumed drinks and among the most traded commodities globally. We primarily source coffee from Brazil, Vietnam, Indonesia and Colombia. However, farmers in these countries face multiple climate, environmental and social challenges in growing coffee.

In 2022, the coffee supply chain was still under pressure from the impacts of the pandemic, together with territorial conflicts and continued climate-related challenges, resulting in a general supply deficit and restrictions.

We are increasingly sourcing coffee produced through respected sustainability certification schemes. In 2022, 37% of our total coffee sales volume was certified or verified as sustainable, compared to 28% in 2021. This includes coffee produced under the following certification schemes: 4C, C.A.F.E. Practices, RAIZ and RFA.

Collaborating to preserve water in the Cerrado

We maintained our support of the Cerrado Waters Consortium (CWC), a collective platform of companies, government and civil society acting to implement strategies to support the development of ecosystem services to achieve a productive, climate resilient system in this ecologically important region. In 2022, CWC expanded the first pilot project from the Patrocínio and the Serra do Salitre regions to include the Coromandel mountain range. Some 103 farms are now participating, up from 73 the previous year.



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.

Building farmer capacity to grow coffee sustainably

In Colombia, we manage the certification from 750 farms under RFA and C.A.F.E. Practices. Initially, through this initiative, we collectively supported 122 producers in the Tolima region with 315,000 coffee seedlings, with plans to reach a growing number in 2023.

In Vietnam, we supported 911 smallholder farmers through sustainability certification programmes. These represent an estimated production volume of 3,986 tonnes of coffee.

In Brazil, we expanded our participation in certification schemes including 4C, RAIZ and RFA, and supported and implemented climate smart and sustainability projects.

Lowering the climate impact of coffee production

We are developing an in-depth understanding of our coffee footprint at farm level, where we stand to make the greatest impact. In the Cerrado Mineiro region, COFCO International partnered with sustainable farming expert Produzindo Certo to help farmers understand social and environmental risks and reduce emissions.

Left
We strive to ensure the highest quality coffee beans to meet rising demand.

Cotton



Cotton is the most widely cultivated natural fibre and supports the livelihoods of millions of smallholders worldwide, largely in developing countries. COFCO International is committed to supporting the sector-wide push for more sustainable cotton while helping to promote inclusion and ensure that cotton remains important to rural economies.

We buy cotton bales from ginneries and sell to textile mills (spinners), operating three storage facilities in the US. To increase our volumes of responsibly produced cotton, we focus on sourcing more bales through respected sustainability certification programmes. In 2022, we increased the volumes of cotton sourced and produced under sustainability certification programmes in Brazil by 22% (year on year), and more than doubled the volumes sourced from West Africa under this type of programmes.

51%

Year-on-year increase in volumes certified under sustainability schemes.

Below

Cotton is the world's most popular natural fibre.



Freight



Maritime shipping plays a major part in global trade, transporting around 90% of cargos. Despite being the most carbon efficient of mainstream transport modes, it is responsible for about 2.2% of global greenhouse gas emissions. Significantly reducing shipping emissions by 2050 is vital to preventing further global warming as trade expands to support the world's growing population. Together with our peers and in line with the International Maritime Organization's (IMO) ambitions, we are committed to accelerating this journey. We are also supporting IMO's goal to reduce the intensity of emissions by 70%. To achieve this transition, we are optimising ship speeds and routes, and implementing energy efficiency measures to continuously improve our energy use and efficiency.

Inside the fleet operated by COFCO International

We operate a fleet of vessels, primarily for the dry bulk shipping of agricultural commodities from regions such as South America to international markets, largely in Asia. As an agile operator with an extensive network and advanced monitoring capacity, we direct our efforts to the vessels over which we have operational control, optimising routes, speed and fuel efficiency, verifying Energy Efficiency Existing Ship Indexes (EEXI) and monitoring our period fleet. We also continued to uphold the rights and wellbeing of crew members. In 2022, in the face of ongoing transport restrictions related to the pandemic and disruption related to the war in Ukraine, we handled 51 million tonnes of sea cargo, including freight solutions for our own needs and third parties, down slightly from 55 million in 2021. Our emissions for time-chartered ships in 2022 decreased to 1,858,229 tonnes of CO₂e from 2,342,692 tonnes of CO₂e in 2021, reflecting the decrease in activity and the effect of our efforts.

A collaborative journey to low-carbon shipping

As members of the Sea Cargo Charter and Getting to Zero Coalition (which now includes 180 members), we continued to support industry decarbonisation efforts in 2022. As a signatory of the Charter, we report the climate impact of our ship chartering activities, in relation to the IMO's 2050 GHG target. Our 2022 score was 8.9%. Although our score has increased, we remain committed to improving our carbon intensity in line with the agreed decarbonisation pathway.



Above

We are collaborating to accelerate the journey to reducing shipping emissions as global trade increases.

Q&A



Jack Hurd
Executive Director, Tropical Forest Alliance (TFA)

Collaborating for impact in agricultural commodity supply chains

Recognising the importance of reducing carbon emissions linked to deforestation in order to limit global warming to 1.5°C, 14 major agri-businesses, including COFCO International, came together at COP26 to commit to taking action in their supply chains. Here, Jack Hurd, Executive Director of the Tropical Forest Alliance at the World Economic Forum, explains how the roadmap, launched at COP27 as a result of this commitment, will guide the companies' shared journey to driving change at scale.

Why is the Agriculture Sector Roadmap to 1.5°C important?

Agriculture is often less visible when it comes to climate action than other sectors, yet together with forestry and other land uses, it contributes around 23% of global human-caused greenhouse gas emissions. A large part of these emissions is linked to deforestation and the conversion of other natural landscapes. Focusing on soy, cattle and palm oil in an integrated way, we are encouraging the involved businesses to accelerate action to eliminate deforestation and conversion in their supply chains. These players have a real opportunity, as major food commodity players, to influence their suppliers and other stakeholders in their supply chains. In particular, we need to develop a new, nature-positive model of production for the 21st century, creating enough food for a growing global population and improving farmer livelihoods, while helping to keep global warming within a 1.5°C pathway.

What is the overall aim of the roadmap and how can the TFA catalyse progress?

The collective ambition of the roadmap signatories for soy is to eliminate related deforestation by 2025 in the Amazon, Cerrado and Chaco. They also aim to protect non-forest ecosystems in line with relevant local legislation. This process will start with a multi-stakeholder risk assessment in 2023 which will inform efforts to develop stronger policies. Clearly defining how to protect important landscapes such as savannah or peatland is fundamental within all this work. Within the palm oil sector, signatories have been making good progress on their commitments, but there is room for improvement especially in the 'last-mile transformation', and we expect signatories to be delivering further results within the next three years.

We aim to support these companies connecting entire sectors for greater impact and scalable action, helping to accelerate progress on their commitments in a robust, measurable way. Our role is to foster public-private cooperation, and we aim to promote lasting, systemic change by facilitating public-private dialogues that advance enabling policies for the implementation of commitments.

Why and how should companies such as COFCO International take action?

Society has traditionally viewed the best way to use nature is to convert it to agriculture, but times have changed. We know that we must leave a considerable part of the landscape intact to ensure a healthy climate and provide vital ecosystem services. As a roadmap signatory, COFCO International can deliver on its climate and nature commitments and build on progress to-date by strengthening plans within its supply chains to prevent deforestation and conversion, disclosing results within recognised frameworks, and making continuous improvement within implementation plans.

Secondly, the company can invest in landscape solutions, sharing the best practices used in its own supply chains, engaging with NGOs and governments and supporting efforts to promote sustainable land use in the sourcing areas it is connected to. For palm oil, for example, this could mean helping to create sector-wide solutions for small producers. Finally, companies need to be part of a global transition, collaborating with multiple stakeholders to achieve a broader transformation of food and agricultural systems. For this transformation to be inclusive, there also need to be market signals encouraging deforestation and conversion free commodities. That requires geographies from the EU to the US to China see the importance of sustainability in the production of agricultural commodities from not only the perspective of climate action but also as a way to ensure long term food security.

What is the importance of collaboration, and what's the role of governments?

Collaboration is the only way to achieve real change for commodity production. We are helping to engage stakeholders and foster collaborations across stakeholder groups. We're working to bring donor country governments to the table to finance the scaling of solutions as these governments can play an important role by creating the parameters for an enabling environment and level playing field in the producer countries. Governments across the value chains should be central to developing a new model of rural and economic development. This will require a significant amount of cooperation and leadership at a national and regional level. We want to see businesses, financial institutions and policy-makers working together, with civil society, towards shared solutions based on science. For example, in the case of eliminating conversion of forest and non-forest ecosystems, there need to be mechanisms that provide incentives for the producers to protect these ecosystems, even where they are not legally required to do so. These multistakeholder collaborations can help address this issue.

What's next and how do you see the roadmap evolving?

Companies are expected to set science-based emission reduction targets related to land use by 2024. We expect companies to publish commodity specific, time-bound implementation plans, including on conversion of important non-forest ecosystems such as Brazil's Cerrado. Companies must integrate these targets into their operations and compensation mechanisms, while staying ahead on transparency by monitoring and disclosing their results.

Beyond this, we expect businesses to make the roadmap goals a reality and be in a position to share results at Climate Week in New York alongside the UN General Assembly and at the UN Climate Change Convention, COP28, in the United Arab Emirates. Overall, we must ensure that we keep pushing the ambition of companies, governments and financial institutions further, so that we are sufficiently in line with the scale of the food, nature and climate challenge.

“

Society has traditionally viewed the best way to use nature is to convert it to agriculture, but times have changed. We know that we must leave a considerable part of the landscape intact to ensure a healthy climate and provide vital ecosystem services.”



Taking care of our people

We create a diverse and inclusive workplace where our employees can flourish. Keeping our people safe, upholding human rights and offering high quality, equal opportunities represent our first priorities.

39 Investing in our most valuable resource

41 Talent and growth

42 Respecting human rights

43 Promoting diversity and inclusion

44 Keeping our employees safe

UN Sustainable Development Goals



IFC Performance Standards



Investing in our most valuable resource

We value our people highly and make their health and safety our first priority. Importantly, we seek to create a flourishing workplace where every individual can thrive and deliver the performance we need to succeed.

Our Code of Conduct sets the tone for the standards of behaviour and ethics we require from all our employees, contractors and business partners. Based on the UN Global Compact's ten principles of human and labour rights, it is respected throughout our business, creating a consistent approach worldwide.

11,651
Employees

64
Nationalities

37
Countries

Our Sunshine Culture

Our Sunshine Culture is a culture of positivity enabling all our teams to work together towards our shared vision, collaborating effectively and transparently, in line with our core values.



Our 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

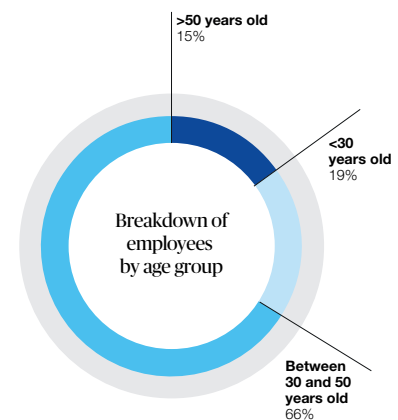
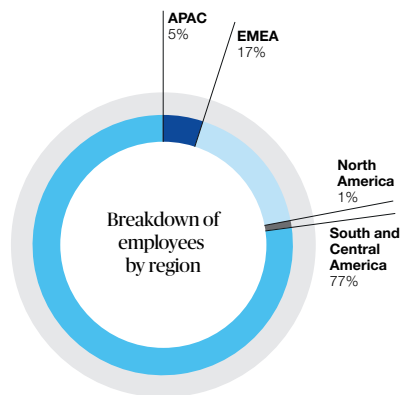
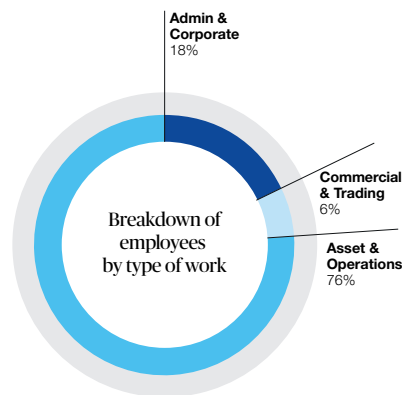
We strive to create new opportunities, exchange knowledge and information, and work entrepreneurially to enhance our performance through innovation.



Sustainability

Our robust corporate governance keeps our people and products safe, helping us to balance our investors' needs.

Breakdown of our employees



76%
Of our employees work in our assets and operations

Our employees

COFCO International's workforce is present on every continent and encompasses people of diverse ages working in a variety of functions across our business¹.

¹ More detailed information on our workforce is available in our GRI Index table.

Talent and growth

We are committed to ensuring that our diverse, talented people have access to the best possible learning and development opportunities. Within our local communities, we are helping people, including women, young people and underprivileged groups to develop the skills they need to meet our workforce needs and more broadly to work in agriculture.

Promoting continuous learning and development

Our efforts to provide outstanding opportunities for personal and professional development are guided by our Training and Development Policy. Employees also have access to our Learning Management System for online training and funding for courses on advanced agricultural technologies.

Overall, the total amount of training undertaken among office employees (22,896 hours) in 2022 decreased by 9% compared to the previous year. Mandatory training totalled at least 6,275 hours. We evaluate our employees' performance annually, while also helping to identify opportunities for further development.

Encouraging up and coming talent

In 2022, we welcomed the second cohort of 13 graduates to our Commercial Graduate Programme (four women and nine men) from ten countries, expanding our reach from the original four countries. Additionally, we created a Next Generation Community of 143 promising early career professionals (63% men and 37% women) from 21 countries. We offered them virtual workshops and learning days with external speakers and senior leaders.

COFCO international is awarded Great Place to Work certification in Brazil

In 2022, COFCO International Brazil received the country's Great Place to Work certification for 2022/23, building on three years of recognition as one of Brazil's best companies by Mercer and Valor Econômico. The award followed an extensive employee survey (shared with 6,751 employees).



Above
COFCO International Brazil has been awarded Great Place to Work certification.



Above
We empower our employees through continuous learning and development.

Respecting human rights

Respect for human rights within our company and across our supply chains forms an important part of our commitments. Our Human Rights and Labour Policy guides all our efforts to adopt best industry practices and adhere to the highest international standards, while ensuring full compliance with relevant local laws. Every policy is built on internationally recognised standards, including the UN Guiding Principles on Business and Human Rights (UNGPs), the International Bill of Human Rights, the IFC Performance Standard on Labour and Working Conditions and International Labour Organization (ILO) recommendations and Conventions.

To enhance our performance, we further developed our compliance tools to assess human rights risks among our suppliers and understand the risks posed by external, third-party facilities such as commodity warehouses in Brazil, with a view to implementing them more expansively. We aim to ensure the timely prevention and remediation of human rights-related misconduct and violations by offering a global grievance mechanism, the Integrity Hotline, which is open to all the stakeholders.

70%

Of our employees were covered by bargaining agreements.

Addressing our human rights risks

Building on the in-depth human rights impact assessment of our operations and supply chains undertaken with not-for-profit organisation BSR in 2020, we continued to address opportunities for improvement by implementing action plan and embedding human rights considerations in our policies, processes and daily work, including through our warehouse questionnaire.

Promoting human rights in our supply chains

In Indonesia and Malaysia, with the support of Proforest, we conducted a risk assessment in 12 jurisdictions comprising 88% of COFCO International's supply base, identifying the areas with the highest risks of child and forced labour, health and safety issues and land rights disputes. Within our soy sourcing activities, we have launched a project with IFC, as a first step to empower women farmers and promote gender equality. Finally, we have also introduced a sustainability standard for responsible agriculture that respects international best practices and incorporates FEAC's guidelines.

Promoting diversity and inclusion

As we strive to become an employer of choice, we continuously seek to improve the way we attract and maintain talent, employing people who share our values while bringing their own unique personalities and backgrounds. We further encourage diversity through our Equal Opportunities Policy, which defines our approach to treating all employees fairly and with dignity, in line with the ILO's Decent Work Conventions.

In particular, understanding that agricultural businesses tend to attract a high number of male employees, we are focusing on increasing the participation of women. We also seek to prioritise minority groups and people from underprivileged backgrounds or who have disabilities.

Our Diversity Committee (Diversity, Inclusion and Transformation) in Brazil oversees our efforts, prioritising six diversity issues that are most relevant to our business and reflect the realities of Brazilian society. Our committee comprises a steering group of directors and an operational working group and meets regularly to discuss progress on our policies and guidelines.

Overall, the percentage of female employees increased slightly from 17.2% in 2021 to 17.3% in 2022.

Empowering women to thrive in Brazilian agriculture

Through a partnership with SENAR and the rural union, we request and support training courses every year that enable more women to build agricultural skills and raise their employability prospects.

Promoting tolerance and understanding

We held employee events on racial diversity in the labour market, reinforcing our expectations for equality and respect in the workplace, encouraged employees to think about the needs and experiences of their colleagues with disabilities, and supported LGBTQIA+ Month in Brazil.

Diversity perspectives

“

A diverse workforce brings the best ideas for business and success. That's why we make decisions based on merit, while also promoting diversity and inclusion among our employees, with a particular focus on commercial roles.”

Vasugi Shanmugam

HR Director, APAC, COFCO International



“

We are attracting and promoting more women to our positions in assets and commercial job requisitions, and continue to explore opportunities for more people with disabilities. In 2023, we will also seek to integrate disabled workers from external providers in services supporting our business needs.”

Juan Carlos de Artiagoitia

HR Director, Southern Cone, COFCO International



Keeping our employees safe

The health and safety of our employees and contractors is paramount to our business and one of our major priorities. Our Occupational Health and Safety Policy informs our approach to safety worldwide. At every site, we implement high quality, consistent management systems, supported by comprehensive procedures, guidelines and innovative information technology (IT) solutions. These systems respect local regulations, the ISO 45001 standard, IFC Performance Standards and World Bank Group EHS Guidelines.

All sites have a dedicated Safety Committee, including representation of management, employees and/or unions. They meet regularly to address relevant local issues. We undertake internal and external audits to raise health and safety performance.

Empowering employees to act on health and safety

We encourage employees to take a proactive role in identifying health and safety risks. We upgraded our formal 'Eyes on Risk' programme at all sites through which risks and concerns can be directly reported by employees.

Our OHS performance

Overall, our Occupational Health and Safety (OHS) performance in 2022 has remained stable and was as follows.

Our lost-time injury frequency rate declined for employees (0.27 in 2022 vs 0.30 in 2021 – 10% reduction) and increased slightly for contractors (0.27 in 2022 vs 0.26 in 2021 – 7% increase). This reflects an overall lower number of injuries with a loss of work hours.

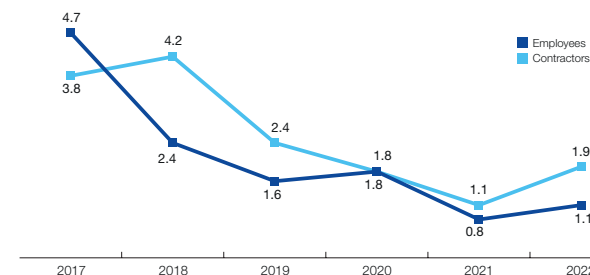
In 2022, we observed a 13% decrease in the number of fire/smoulder cases across our assets and there were no significant cases of property damage that affected operational processes.

Our 2022 health and safety data is externally verified annually.

Target	
Zero employee and contractor fatalities	— Achieved.
Safety Index for employees and contractors ≤1.5	— Achieved for employees (1.1). — Progress needed for contractors (1.9); an increase compared to 2021.
2% employee work time dedicated to EHS training	— 1.3% in 2022 compared to 1.4% in 2021.
1.5% contractor work time dedicated to EHS training	— 1.4% in 2022 compared to 1.7% in 2021.

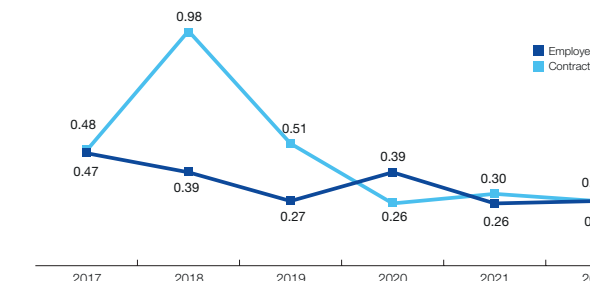
Safety Index

(per 200,000 work hours)



Lost-time injury frequency rate

(per 200,000 work hours)



Notes

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).

Safety Index: (Medical Aid frequency rate/7.5) + (Total lost-time frequency rate) + (Severity Rate/5).

Taking action to raise performance

In addition to our internal safety programme, all large sites have regular campaigns, basic training (such as first aid and fire safety), celebratory events and other activities to raise awareness of workplace safety.

Promoting health and wellbeing

Beyond occupational safety, we held multiple efforts targeting employee health and wellbeing. In 2022, we continued to hold vaccination campaigns for our asset employees and ensured access to masks and hand sanitiser. As the pandemic began to ease, non-asset employees transitioned back to office-based and hybrid work models and business travel restrictions were lifted, enabling us to adopt previous ways of work.

Ensuring the safety of our Ukrainian employees

To protect our workforce in Ukraine, we relocated some female employees to Romania, while others moved to work at other international COFCO locations. We provided direct support to employees in the form of salary pre-payments and helped their families crossing the Ukrainian-Polish border by ensuring they were well received and provided them with initial accommodation, transport, food, medicine, clothing, employment documents and activities for their children.

Staying safe on the roads

To keep our drivers safe on the roads, we operate a no-drinking policy and run regular breathalyser tests (among sugar mills drivers, forklift and front loader operators, as well as drivers with corporate vehicles in various countries).



Managing our environmental impact

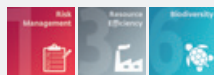
We continuously improve our environmental footprint, taking a strategic approach to reducing our climate impact, accelerating the transition to clean energy, optimising our water use and managing waste responsibly.

- 47 Environmental stewardship
- 48 Reducing our carbon footprint and building climate resilience
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UN Sustainable Development Goals



IFC Performance Standards



Environmental stewardship

Managing our environmental footprint is fundamental to growing our business in a way that helps to minimise our impact on the climate and preserve biodiversity, while conserving natural resources. Importantly, the food and agricultural sector stands to make a significant contribution to addressing climate change by adopting more sustainable practices. The sector is currently a major contributor of greenhouse gas emissions, representing around 23% of human-derived emissions. It is also highly vulnerable to climate-related extreme weather and resource scarcity.

We take a risk-based approach to developing targeted action, focusing on the areas where we stand to make the greatest improvement: our industrial facilities and sugarcane plantations. To further reduce emissions, COFCO International is developing a global climate strategy and has publicly committed to achieving a deforestation and conversion-free soy supply chain by

2030 in sensitive regions of Latin America. And together with 13 other agri-businesses, we are taking action through the Agriculture Sector Roadmap to 1.5 °C.

Our Environmental Policy guides our efforts to improve the sustainable management of natural resources. This is supported by environmental protection guidelines, procedures for identifying hazards, assessing risk and determining controls, and safety guidelines for contractors, which include requirements related to environmental protection. As part of our Environment, Health and Safety management system, we conduct regular internal EHS audits at all our global facilities in order to identify opportunities for improvement and implement corrective actions.

We monitor environmental performance for all assets owned or operated by our business in a centralised platform, and undergo an annual external audit to ensure its high quality, consistency and accuracy.



Above

Responsible management of natural resources is imperative to our performance.

Reducing our carbon footprint and building climate resilience

Understanding and managing our climate risks

To reduce our emissions, we are developing our global climate strategy with consultants at South Pole. This started with strengthening our GHG inventory by recalculating our 2021 data to close any potential gaps and ensure a full coverage of our Scope 3 emissions. We have also conducted a climate risk assessment to help inform the development of climate targets and a roadmap.

Our leaders have been closely involved with identifying and understanding our climate risks and opportunities. Through a comprehensive process of dialogue with stakeholders, we selected 32 risks for an in-depth study. We have analysed our exposure towards both 2030 and 2050 and under two different scenarios: global warming of 1.5°C and 4°C above pre-industrial levels respectively. We will build on this by setting climate targets respecting the latest science and reporting our progress from 2023, working with our consultants, South Pole, and an NGO, Solidaridad.

Below

The food and agriculture sector stands to make a significant contribution to food security by reducing greenhouse gas emissions and building climate resilience.



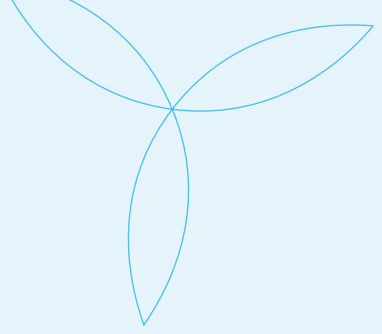
“Climate change is leading to significant volatility from a pricing, operational, planning and strategic perspective. As the impact to these areas comes together, there’s a large degree of uncertainty created. It’s of utmost importance to determine how best to build resilience against these uncertainties.”

Khaja Qureshi
Chief Risk Officer, COFCO International

+4°C scenario

Risk/opportunity rating: **L** Low, **M** Moderate, **H** High, **V** Very High, **U** Uncertain

Category	Type	Hazard	Physical impact	Financial impact	Cumulative risk rating	
					2030	2050
Physical	Risk	Drought	Transport disruption due to low river levels	Increased operating costs	U/L	U/L
			Negative impact on the crop quality and yields	Increased commodity prices, supply chain disruption	M	H
		Frost and Freezing		L	M	
		Heavy rainfall		M	M	
		Extreme temperatures		H	V	
		Wildfires		U	V	
		Tropical cyclones	Damage to assets and operations	Increased capital or operating costs, supply chain disruption	U	H
		Riverine flooding			L	L
		Coastal flooding			L	L



1.5°C- aligned scenario

Risk/opportunity rating: **L** Low, **M** Moderate, **H** High, **V** Very High, **U** Uncertain

Category	Type	Hazard	Physical impact	Financial impact	Cumulative risk rating	
					2030	2050
Technology	Opportunity	Transition to low-carbon technology	Transition to more efficient, lower-carbon technology at the processing facilities	Increased capital costs, reduced operating costs	H	V
Reputation	Risk	Negative investor perception	Negative financial positioning (lower rankings)	Increased cost of capital	M	H
		Negative stakeholder perception	Loss of competitiveness	Reduced revenues	M / H	U
Policy/Legal	Opportunity	Bioenergy policy	Increased subsidies on bioenergy production	Increased revenues	H	H
	Risk	Land use policy	Restriction of agricultural land use in key biomes	Reduced revenues, Increased operating costs	M / H	U
		National net-zero policies	Global net zero	Increased operating or capital costs	H	H
		Traceability requirements	Additional administration requirements	Increased operating or capital costs	H	H
		Carbon pricing in South America	Emission-related restrictions and penalties	Increased operating costs	M	H
		EU ETS expansion			H	V
		IMO ship decarbonisation	Stricter IMO requirements on ship carbon efficiency		M	H

Measuring our Scope 1 and 2 GHG emissions

To measure our Scope 1 and 2 emissions, we followed the GHG Protocol Corporate Standard, as well as the Forest, Land and Agriculture (FLAG) Science Based Target Setting Guidance to divide our emissions between FLAG and non-FLAG categories. Our scope for direct emissions covered 210 sites over which we have operational control, including industrial assets, warehouses, port terminals and offices, and 11,651 employees.

Overall, our Scope 1 and 2 emissions accounted for 2,449,921 tonnes of CO₂eq, demonstrating a 20% decline compared to the previous year¹.

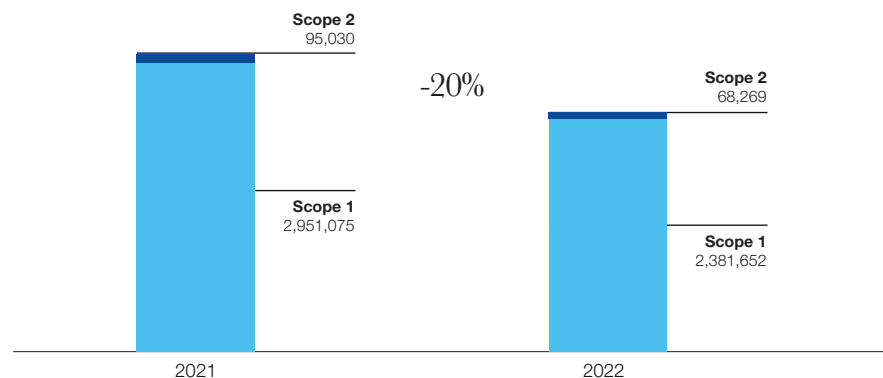
The majority (89%) of Scope 1 and 2 emissions are classified as non-FLAG emissions, of which 85% can be attributed to the fuel consumption of COFCO International's operated vessels. Some 89% of our global energy needs are met by renewable energy, and due to the use of biofuels, stationary combustion is only 7% of our Scope 1 and 2 emissions.



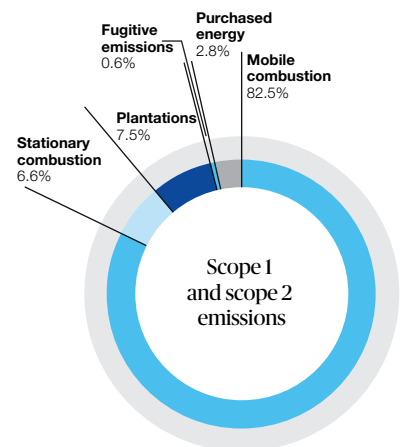
Above
We continuously engage our employees in identifying opportunities to promote greater resource efficiency as we grow our production.

¹ The results for 2021 are slightly different from those previously reported, as we revised our methodology to expand the boundaries and ensure we are using the most accurate emissions factors.

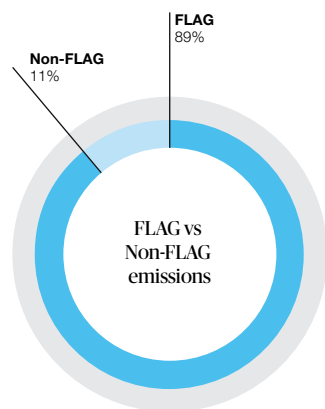
Total Scope 1 and 2 emissions (tonnes of CO₂e)



Total Scope 1 and 2 emissions by category



FLAG vs Non-FLAG emissions



Scope 3 category	Emissions (tonnes CO ₂ e)	Fraction of total emissions (Scopes 1, 2 and 3)
Cat. 1: Purchased Goods & Services	274,229,844	90.4%
Cat. 2: Capital Goods	16,939	0.0%
Cat. 3: Fuel & Energy-Related Activities	757,651	0.2%
Cat. 4: Upstream Transportation & Distribution	10,525,079	3.5%
Cat. 5: Waste Generated in Operations	7,720	0.0%
Cat. 6: Business Travel	1,402	0.0%
Cat. 7: Employee Commuting	10,030	0.0%
Cat. 9: Downstream Transportation & Distribution	6,346,097	2.1%
Cat. 10: Processing of Sold Products	3,351,310	1.1%
Cat. 11: Use of Sold Products	72,175	0.0%
Cat. 12: End of Life Treatment of Sold Products	3,980,586	1.3%
Cat. 13: Downstream Leased Assets	552,963	0.2%
Scope 3 total	299,851,796	98.9%

Understanding our Scope 3 emissions

We followed the GHG Protocol Corporate Value Chain (Scope 3) to measure our Scope 3 emissions, as well as the ‘Forest, Land and Agriculture (FLAG) Science Based Target Setting Guidance.’² With fuller visibility over our indirect emissions, we have confirmed that Scope 3 emissions represent the majority (99%) of our GHG footprint. Of these, 88% are emissions from purchased agricultural commodities, primarily from soybean sourcing. Engaging with our suppliers and investing in targeted reduction strategies for agricultural production presents our greatest decarbonisation opportunity. For example, we are renewing our efforts to reduce emissions within our soybean supply chain.

With purchased goods and services representing our largest emissions category (90.4%), the second largest source of emissions is transportation and distribution, representing 5.6% of the total. To address this, we are taking collective action with the maritime industry, particularly through the Sea Cargo Charter initiative and Getting to Zero Coalition, sharing the IMO commitment to at least halve the emissions from shipping by 2050.

² We also relied on the draft GHG Protocol Land Sector and Removals Guidance to calculate land use change-related emissions.

Energy and resource efficiency

We strive to manage energy and resources responsibly, as part of our commitment to improve the sustainability of our operations. In addition to promoting energy efficiency and clean energy, we strive to optimise our use of freshwater, engage in stakeholder dialogue and share water resources fairly, promote water quality and manage wastewater effectively, reusing it where possible in our operations. We also have strict policies on waste management.

Promoting renewable energy and optimising efficiency

We continue to innovate to lower our use of energy, increase energy efficiency and grow our use of renewable energy, while reducing operating costs. In 2022, our total energy consumption increased from 46.9 to 50.9 million GJ (+8.4%). This was due to a rise in energy (+13.7%) needed to process a larger volume of sugarcane for sugar production.

Overall, the energy intensity of our industrial operations increased by 5.1% in 2022. We consumed less energy and experienced lower energy efficiency at our grains and oilseeds operations due to a decrease in production.

In 2022, 89% of our global energy needs were met by renewable energy, returning to 2020 levels. This was primarily due to the 13.7% increase in absolute energy consumption at our sugar operations. Our sugar assets are serviced almost entirely with renewable energy (95%), with a large portion derived from bagasse. Additionally, we supplied 611,658 MWh of surplus bioenergy to local power grids in Brazil, an 8% increase compared to 2021.

We promoted the responsible sourcing of biomass fuel (wood) used to generate thermal energy at our Brazil grains and oilseeds crushing plant and warehouses (where we continued to source 100% renewable electricity).

Measures to promote energy efficiency and reduce emissions

Among the actions taken to achieve greater energy efficiency and reduce our carbon emissions, at our Standerton site, we invested in Energy Recovery System improvements with a view to reducing steam consumption per tonne of processed product by 26%. At our Timbues crushing plant, we invested in improving our extraction steam trap systems. Elsewhere in South America, we explored transitioning to low-carbon technologies to lower the energy used in heat generation for crop processing and reduce costs.

Energy efficiency	2019	2020	2021	2022
Energy intensity (MJ / tonne processed)	2,463	2,376	2,295	2,411

Managing water resources responsibly

Building on the insights gained from our 2020 water risk assessment, in 2022, we further explored water-related issues as we prepared our climate strategy, in order to develop more targeted action. Only 1% of our water use takes place in areas with extreme water stress risk.

We withdrew 13,234,708 m³ of water in 2022, compared to 11,439,861 m³ in the previous year. This 15.7% increase was primarily driven by our growing sugarcane production and processing (responsible for 74% of total water withdrawal vs 66% in 2021). The majority of water withdrawn for industrial use continues to come from surface water bodies (65%).

We are working towards reducing our industrial water intensity by 10% by 2025, compared to 2019. However, in 2022, the water intensity of our industrial facilities increased by 13% year-on-year, largely due to the sugarcane harvest season lasting longer, leading to greater irrigation needs. We expect to make progress over the next years, as we experience the benefits from recent investments in water reuse technology.

Some 78% of our discharged water was used for the irrigation of agricultural land, an increase of 72% in the previous year.

Innovating to optimise our water use

We continued to implement various water efficiency and quality measures. At our Rondonópolis crushing plant, we finalised the construction of a new drainage system. We operate vinasse concentrators at three of our sugar mills. Vinasse (a by-product of ethanol production) is used to fertilise our sugarcane fields, while the resulting wastewater from the process is used for irrigation purposes.

We also improved the efficiency of our Meridiano mill's wastewater treatment plant. In 2023, we will activate wastewater treatment plants at Catanduva and Sebastianópolis, with a plant expected to be constructed at Potirendaba in 2024.

We continued to promote good water stewardship, including by collaborating with stakeholders around our sugarcane plantations in Brazil through River Basin Committees. Similarly, we continue to support collective action to preserve water in the Cerrado near our coffee sourcing areas, while also expanding access to safe water in South Africa.

Making the best use of materials

We strive to continuously improve our management of waste, with 62% of all waste recycled, reused, composted or recovered in 2022, compared to 53% in the previous year. In this way, we redirected 12,135 tonnes of non-hazardous waste. We also performed an annual waste inventory across our Brazilian grains and oilseeds assets.

Waste generation occurs largely within our industrial operations and sugarcane production. The total amount of hazardous waste increased from 1,271 to 1,730 tonnes (+36%) due to the production increase in our sugar operations. The intensity of hazardous waste rose from 0.027 to 0.037 kg per tonne of production (+37%) due to the same drivers.

Our generation of non-hazardous waste also increased from 33,947 to 48,144 tonnes (+42%), with corresponding waste intensity rising from 0.715 to 1.021 kg per tonne of production (+43%). This was largely due to expanded waste monitoring at our port terminals, together with our Ukraine product losses at our Mariupol plant. We also saw a decline in efficiency with decreasing grains and oilseed processing.

Water efficiency	2019	2020	2021	2022
Water intensity (m ³ /tonne processed)	0.58	0.59	0.56	0.63
Freshwater withdrawal (m ³)	12,832,443	14,373,108	11,439,861	13,234,708

Waste generation	2019	2020	2021	2022
Hazardous waste (kg / tonne processed)	0.029	0.030	0.027	0.037
Non-hazardous waste (kg / tonne processed)	0.607	0.564	0.715	1.021

Q&A



Franziska Sinner

Director of South Pole Global Consulting Services and member of South Pole's global Leadership Team

Exploring the importance of developing a climate strategy

As COFCO International develops a holistic carbon strategy to address climate change and build climate resilience in its business, Franziska Sinner, Director of South Pole Global Consulting Services, explores why this is an important step forward for COFCO International and how South Pole has helped evolve its strategy to measure greenhouse gas emissions, understand climate-related risks and develop targeted activities.



Exploring and integrating climate scenario analysis into COFCO International's core decision-making is foundational to increasing its overall climate resilience."

Why should companies such as COFCO International build a strong climate strategy?

The pivotal role played by the agricultural sector in the climate crisis cannot be overstated. While it is a major contributor to greenhouse gas emissions, the sector offers significant potential to present solutions, such as harnessing nature to remove carbon from the atmosphere in the form of soil carbon sequestration or agroforestry. As a key player in the market moving more 127 million tonnes of agri-commodities each year, COFCO International stands to make a real difference within its value chain.

Importantly, with agriculture being particularly vulnerable and susceptible to climate change, having a strong climate strategy based on a comprehensive understanding of risks will help build climate resilience, while promoting overall food security.

Why and how is South Pole partnering with COFCO International?

We want to deliver true climate impact for all – and supporting COFCO International to build a climate-resilient business and a food-secure future is exactly what is needed in the transition towards a climate-smart society.

Our partnership consists of three elements:

- Avoiding and reducing emissions – We helped to measure COFCO International's climate impact in the form of a greenhouse gas (GHG) footprint across its value chain, including its sugar plantations, maritime vessels and all its assets, together with its commodity sourcing activities (from field to transport).
- Setting targets and developing a transition plan – We worked closely with COFCO International to set science-based emission targets, create a climate roadmap and identify hotspots and determine tangible actions to reduce impact.
- Finally, we helped COFCO International to understand its climate-related risks and opportunities, so the company can continue to evolve and adapt its climate action.

Please explain the importance of a holistic climate strategy.

This allows a company to make climate-smart decisions and accelerate its business transformation, based on all consequential environmental impacts. For example, shifting a sourcing region for sugar could lead to lower GHG emissions. However, we must also account for potential water stress in the new region, and the impact on biodiversity and farmer livelihoods. A holistic climate strategy integrates these considerations within the wider business strategy, so it can act as a critical lever for growth and help future-proof strategic decisions.

Talk us through measuring GHG emissions.

Measuring GHG emissions works as a collective indicator. From business travel to land use change, we helped to clarify every point of impact that COFCO International may have on the climate. Measuring these accurately gives the company an understanding of its footprint and informs strategic investment to avoid and reduce impacts. The company could alter its procurement strategy for a better outcome, for example, rather than simply sourcing renewable energy.

Identifying the sources of GHGs is one of the greatest challenges that large businesses encounter when addressing their climate impact, particularly around gaining visibility over complex supply chains and supplier practices. Once emission sources are mapped, they must be attributed appropriately to the reporting company, avoiding an over or underestimate. The final step is to map the emissions to an accurate emission factor, for example corn grown in South Africa will have a different emissions profile compared to corn grown in Brazil. All this should be completed while adhering to best practice methodologies and credible global standards.

Why is it important to understand climate-related risks and opportunities?

Understanding this allows COFCO International to plan and adapt to current or future climate and its effects. Exploring and integrating climate scenario analysis into its core decision-making is foundational to increasing its overall climate resilience. This is particularly important when relying on natural resources, which can be highly vulnerable to climate variation. The team could consider, for example – how will drought affect our sugar production in ten years? Or, where can we best source soybeans 25 years from today? This becomes a critical step in helping to future-proof operations and inform future business strategy effectively.

How has South Pole experienced working with COFCO International as a partner?

The COFCO International team is dedicated to addressing climate change, and has the ambition and competence to execute the company's climate strategy. In addition to delivering high quality data – vital for precise GHG calculations – the team clarified complex trade routes and helped to identify niche emission sources, such as the treatment of chemical residues on farms. We are pleased to be supporting COFCO International on its journey towards a successful transformation. By placing climate at the centre of its annual leadership conference in 2023, we are confident that COFCO International will make great strides in its climate journey.



Above

South Pole CEO Renat Heuberger at COFCO International's global leadership conference in 2023 for his keynote, addressing climate risks and opportunities in agriculture and how they are supporting COFCO International's climate target setting and roadmap.



Building strong communities

Partnering with our communities enables us to respond to their needs while strengthening our business. We focus on building capacity and employability skills, improving wellbeing and promoting environmental stewardship.

- 59 Supporting sustainable development in local communities
- 60 Sustainable livelihoods
- 62 Community investment
- 64 Guardians of Tomorrow: Empowering school children to safeguard the planet

UN Sustainable Development Goals



IFC Performance Standards



Supporting sustainable development in local communities

We recognise our responsibility to contribute positively to the communities where we operate, helping to improve quality of life and strengthen our business.

We therefore maintain an ongoing dialogue with local stakeholders in all our locations where we create significant social, environmental and economic impacts. Conducting social dialogue and assessing risks is also an important part of constructing or acquiring new sites.

We manage our efforts through our Stakeholder Engagement Policy. Harnessing the information and views by listening to our stakeholders directly informs our community investment programmes, reinforcing our social licence to operate while highlighting local priorities, and enabling us to address any aspects of our operations that may be unintentionally affecting people or the environment.

“The Santos port project is very important for COFCO International, and its success is closely linked to the sustainable supply of products and services. We are working hard to create the lowest possible social and environmental impacts for our stakeholders, particularly for our communities, as well as employment, training and income generation opportunities for local people.”

Sergio Luiz Ferreira Junior

Grains and Oilseeds Operations Manager, Silos and Ports, COFCO International

We have two major targets:

Target 1

Maintain ongoing social dialogue at all high community impact operations

We engaged in social dialogue, in particular at our sugar mills in Brazil, and industrial facilities in Argentina and South Africa. In 2022, we held three events in locations where three of our four Brazilian sugar mills are based (Meridiano, Sebastianópolis and Catanduva), in order to help expand education and employability skills for young people. In Argentina, we conducted dialogue with local authorities, worker syndicates, education institutions and chambers of commerce. Elsewhere, in South Africa, we took part in Standerton's monthly Community Forum discussions, partnering with other businesses to address issues that impact the local community.

Target 2

Conduct environmental and social impact assessment prior to all new site construction and acquisition

We were awarded a 25-year concession for a new agriculture solid bulk terminal, which will be one of the largest in the Port of Santos in Brazil, once it goes into operation. We are committed to engaging with local communities and discussing environmental and social impacts with relevant stakeholders. In 2022, we visited the operations at the Port of Santos and toured the port area to understand the key considerations surrounding the neighbouring heritage location. We also invited our employees' perspectives on how the project will impact their communities, and liaised with local NGOs to help ensure the protection of more than 15,000 port workers.

Similarly, we expanded our storage footprint in Romania with three additional silos going into operation in 2022, conducting environmental due diligence in advance and ensuring legal compliance.

Sustainable livelihoods

The rural communities in our operating and sourcing countries largely depend on agriculture for their livelihoods. We have an opportunity and a responsibility to provide local people with the knowledge they need to thrive, while also attracting talented employees. And with market demand for sustainably produced commodities growing, supporting farmers through education and capacity building is integral to their future.

Respecting the rights of local communities, smallholders and indigenous peoples is part of our responsibility as a major agricultural business, and central to our licence to operate. Our Responsible Land Acquisition and Leasing Policy helps to ensure that we act responsibly at a local level, with particular reference to stakeholders' rights to use land and natural resources in production areas. We ensure that these commitments remain central to our Supplier Code of Conduct and commodity-specific sourcing policies.

Supporting livelihoods and promoting sustainable agriculture in our communities

To help communities build sustainable livelihoods and create stability and resilience in our supply chains, we partner with stakeholders including government agencies, farming co-operatives and civil society organisations to deliver and support dedicated educational programmes. In 2022, we continued investing in capacity-building in Brazil, one of our key sourcing countries, with training courses for around 250 people to help expand their skills and improve their prospects, and contributed further to projects in South Africa and India.

Building resilience in the soy biodiesel supply chain

To support smallholder soy farmers in Brazil, we source a portion of our biodiesel from cooperatives taking part in the Social Fuel Stamp programme. Organised by the Brazilian Ministry of Agriculture, Livestock and Supply, this offers agri-businesses an incentive for purchasing soy from organisations that promote fair prices and provide training for smallholders to produce oilseeds in a safe and sustainable way. COFCO International purchased 204,000 tonnes of soybean from 41 cooperatives in 2022, a decrease in volume compared to 2021 due to market changes, benefitting more than 45,400 smallholders, a decline of 14% year-on-year.

Expanding mustard farmers' access to market in India

In Gurugram, India, COFCO International is supporting efforts to help smallholder mustard farmers adopt sustainable mustard growing practices in order to improve their productivity, market access and income. Together with our partner End Poverty, we are helping to form groups of farmers in around 20 villages to attend training, while also establishing a centralised way to source inputs, saving costs, and sell produce in bulk, enabling farmers to deal with larger companies. This has enabled some 730 farmers to sell 20-22% more than they could previously sell individually.

Supporting rural farmers in South Africa

Similarly, in Mpumalanga, South Africa, we provided funding to the Buhle Farmers Academy in order to promote capacity building for smallholders, who receive classroom lessons and practical field-level training and advice that they can share on their own farms and within their communities. The COFCO International team plans to build on this project in 2023 by developing a longer term relationship with an NGO to provide further support to farmers and help enable market access.

Building the capacity of young people and under-represented groups

We are committed to helping diverse people in our communities to gain the professional qualifications they need to find employment, improving their livelihoods while ensuring we can find more qualified people for our business.

For example, we are helping to empower the future generations of farmers in Brazil through the 'Young Farmer of the Future' programme. In partnership with the country's National Rural Service (SENAR), this initiative delivers training to young people aged 14 to 17, preparing them for a future career in the field of agriculture. Participation in the programme has steadily grown, and in 2022, we helped to train 148 people, a significant increase from 43 in 2020. In addition, 120 people (largely women) took part in community courses near our sugar mills, covering technical expertise such as operation and maintenance of tractors and other vehicles.

In Mpumalanga, South Africa, we are offering 30-day agricultural internships with not-for-profit organisation Nourish to help five young people in the local Standerton community (near our processing plant). Meanwhile, in Harsova, Romania, we launched the Preparing Today's Youth for Tomorrow's World project. Our employees visit secondary schools, helping students to improve their professional skills and enhance their employability, while

also evaluating competencies among college students. Elsewhere, in Argentina, we are taking part in the Cadena Productiva (Productive Chain) programme, led by the Chamber of Commerce, Industry and Services of San Lorenzo. We welcomed 159 students to our plants, to learn about our production processes and business activities, and how these contribute to the country's economy.



Above

Supporting smallholder farmers in adopting sustainable practices helps to raise their prospects.

Community investment

To thrive in the future, it is important to build and maintain constructive relationships with the communities where we work and live. We invest in projects that contribute positively to sustainable community development, taking a consistent approach globally to meet shared priorities. In particular, through our Community Investment Policy, we focus on initiatives with the potential for significant, measurable and lasting impact, ensuring that any investments reflect the needs of communities influenced by our operations, particularly vulnerable groups.

All our community projects focus on three areas:

- Education and capacity building
- Community wellbeing
- Environmental stewardship

Below

We invest in community wellbeing and education and encourage environmental protection.

In 2022, we updated our policy to further standardise and improve how we work in order to optimise our impact. Overall, we reached an estimated number of over 49,000 beneficiaries, significantly higher (+36%) than in 2021, partially due to our monitoring improvements.

Increasing our community impact through Global Impact Season

Building on the success of our first global Impact Season, we ran a second edition focusing on the contribution made by all our teams towards sustainability, and strengthened four high impact projects. Through our Sustainability Ambassador Network, which has 184 members in 66 locations across 20 countries, we sought to engage all employees, raising their awareness of how they can contribute through their daily work. In this way, and by providing further support to the teams leading our selected projects, we enabled them to expand their activities.

Supporting communities in Ukraine

With communities in Ukraine affected by the war, we arranged the transport of displaced employees and their families to safer locations. We also donated first aid supplies to a local medical centre, collected and donated food for refugees and communities, installed drinking water points and drilled wells to improve access to water.



How our community activities contribute to the UN's Sustainable Development Goals



Meeting people's basic needs

We held campaigns in Brazil, Argentina, Uruguay, Paraguay, South Africa, Switzerland and China, through which we collected and donated food products and clothing items to vulnerable community members, in partnership with local charities. We also undertook specific activities for elderly people, and supported children and youth care centres.



Promoting good health and wellbeing

At Standerton Hospital, we helped to fund a renovation, while also donating 100 children's books and toiletries, bed linen and blankets for mothers and alternative incubator devices. Meanwhile, we supported two cancer treatment hospitals in Jales and Fernandópolis (close to our Meridiano sugar mill in Brazil), donating 3.5 GWh of renewable energy. During Brazil's breast cancer awareness month, we invited a mobile breast cancer awareness centre to our Sebastianópolis sugar mill, delivering examinations for 76 women. Throughout the year, we have also supported vaccinations in Argentina and provided medical supplies for health centres near our facilities.



Keeping our communities safe

With particularly hot and dry weather raising the risk of fires, we supported local fire departments in Brazil, Argentina and South Africa with fire fighting and rescue equipment. We also held events with school children from communities close to our sugar mills in Brazil to raise awareness of fire safety. In rural communities near our Kandla refinery in India, we helped install street lighting to help people travel more safely in the dark.



Empowering school children to safeguard the planet

We have invested in children's education in multiple countries where we are active, from Paraguay, Uruguay and Argentina to Brazil, Ukraine, Kazakhstan and South Africa. We have, for example, supported the renovation and improvement of school buildings, donated books and materials, offered scholarships and provided talks on employability skills. Many of our facilities also took part in World Children's Day, welcoming school children on safe guided visits of our facilities.



Expanding access to water

To help rural communities near our Standerton processing plant in South Africa maintain access to safe water, we have donated 25,000 litres of water to people in Sakhile, and in 2023, we will provide further support to fix a vital water pump supplying the communities' water.



Conserving biodiversity

In Brazil, we continued to promote biodiversity and encourage bees on the land surrounding our sugar plantations through our established programme, Project Pollinate. We provided training to help 44 beekeepers improve their honey yields, raised awareness of the importance of bees in the community, and delivered training to pilots applying agricultural inputs within our sugarcane plantations. Over the past six years, we have reached 10,000 people through this project.

Elsewhere, in Ibirá, another community near our Brazilian sugar mills, we supported the local authorities in reforestation efforts and donated 800 seedlings to establish a tree nursery for Brazil's National Tree Day. Through another partnership, we released 10,000 native fish into the São José dos Dourados River near our Sebastianópolis sugar mill, and helped 50 local children learn about ecosystem preservation.

Case study

Guardians of Tomorrow: Empowering school children to safeguard the planet

To help encourage children to take care of the environment, we work to raise awareness of the social and environmental issues connected to agriculture through the Guardians of Tomorrow programme in Brazil. Now, we are expanding the project to Argentina. Here, we speak to COFCO employees involved in the programme and the Vice-Director of a participating Brazilian school to understand the benefits for children and the environment, and the future for this initiative.

Nurturing the programme in Brazil

Based at our Catanduva sugar mill in Brazil, Sustainability Coordinator Eliete Palhares Benetti has always wanted to communicate sustainability issues to children. Meanwhile, she knew that schools in the area had few resources to provide this kind of teaching. At COFCO international, she has had the opportunity to explore the best approach with schools near the company's Brazilian operations. "We felt that sustainability concepts should be expressed in a more playful way," she says. "Working with consultants, we created materials including cartoons, booklets and magazines. We've covered relevant local themes including biodiversity, preserving fauna and flora, minimising waste, preventing wildfires, recycling, pollination and caring for trees and small vegetable gardens."

The programme has proven popular with schools, starting with 2,232 children at 33 schools and expanding to reach 6,233 children at 88 schools. "The children know how to explain the importance of bees for our food, and they value plants and trees more for the experience they have of planting a tree seedling. Building their own bee hotels at school (with stingless bees) through Project Kombee has proved particularly successful, with some children collecting their own honey."

In 2022, more than 4,800 pupils from communities near five of our facilities in Mato Grosso also experienced a theatre performance promoting sustainability stories. Additionally, understanding agribusiness connects the children of COFCO International with their parents even more, becoming part of everyday conversations.

"I'm proud of COFCO International for having a programme that helps to prepare our children for the future," she says. "We are also communicating our values in a fun and enjoyable way. Each year, new concepts and needs are emerging, representing a great evolution for students and teachers."

At the Escola Municipal Professora Edith Pereira Gonzaga in Ibirá, near COFCO International's Potirendaba sugar mill, some 60 children are taking part in the programme. In 2023, these children will nurture their seedlings and take part in a Cine Arte project, which is a mobile, inflatable space for showing short films, whereby theatre and workshops connect art with health and sustainability themes.

Overall, in 2023, when the programme reaches five years, Eliete and her team want to celebrate by reviewing progress and developing materials for themes including climate change, carbon footprinting and the circular economy.

Understanding a teacher's perspective

Daniela Sansão Motta, Vice-Director at the above school, believes it's an important way to deliver information and knowledge to children. "The activities awaken an interest in environmental protection, preparing them for the future, and offer a real richness of content," she explains. "They also really enjoy writing about what they've learnt, including through sustainability essay competitions and winning gifts." She can see the impact of the programme in their daily lives, with children bringing reusable drinks bottles from home, or simply taking pride and joy in cultivating plants and trees donated by the company – interacting with the soil, fertilising and watering.

Having external support on environmental education from an agricultural expert gives her confidence and respect for the project. "It brings valuable and ready-made information for teachers to deliver fun, interesting classes," she says. "I enjoy interacting with the company representatives and hope the programme continues," she concludes.

Expanding to reach more countries

So how might the programme be expanded to Argentina and why?

As another major sourcing country for COFCO International, Argentina is home to the important and vulnerable Gran Chaco forest – similar in ecological stature to Brazil's Amazon rainforest or Cerrado savannah. Longstanding HR and Community Projects Coordinator, Margarita Escuder, in Buenos Aires will lead this initiative, which will be known as "Guardianes del Mañana" (Guardians of Tomorrow), building on her sustainability experience. "This project has attracted attention and involves future generations in caring for the planet," she says. "Knowing that we could adapt the existing materials was also an excellent opportunity, particularly with schools showing a growing interest in these topics."

In 2022, Margarita and her team worked to tailor the materials to local practices and customs, while translating all the booklets and videos to ensure they are culturally appropriate. She also encouraged employees to propose beneficiary schools, including those attended by their children in communities near the company's offices, ports and industrial operations. Within months, she had established interest among two schools, including one close to COFCO International's storage facilities in Intendente Alvear and another near the port terminals of San Martín and Timbúes. Teaching is due to start in 2023, reaching 450 children.

"I believe our success will quickly build momentum and interest among other schools near our operations and beyond," she says. "It's a dynamic project that we'll keep nourishing year on year. In 2023, I'll also be working with my Brazilian colleagues to share best practices, strengthening each other's programmes and helping to improve our positive impact on communities."





Upholding standards

We uphold rigorous, consistent standards worldwide, striving to promote good governance, ensure legal compliance and improve transparency. Our core values and sustainability strategy guide our approach to doing business.

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70 Q&A: Towards deforestation-free soy: inspiring sector-wide action

UN Sustainable Development Goals



IFC Performance Standards



Driven by our values

To uphold strong standards and fulfil our sustainability strategy, we have a range of robust policies that guide our behaviour and activities, as referenced in the diagram (below).

We expect all our employees and partners to adhere to high standards of behaviour, defined by our Code of Conduct (which defines our business ethics and underpins our strategy), and a set of sustainability policies. Meanwhile, we work with our suppliers to continuously raise the standards in our supply chain, based on a comprehensive understanding of social and environmental risks and guided by our Supplier Code of Conduct and commodity specific sourcing policies.

In 2022, we developed our own Responsible Agriculture Standard, with aim to reinforce and reward responsible farming and sourcing in our supply chains. We updated our Investment Review and Approval Policy, further integrating the consideration of sustainability risks within investments for new projects and the review of existing assets.

Additionally, we updated our Anti-Money Laundering Policy to better support employees in identifying and reporting potential money laundering risks. We launched a new online training module in support of the policy, and introduced an advanced Anti-Bribery and Corruption training offering, together with updated Code of Conduct training for new employees. Overall, we provided 22,303 training sessions, with a total of 6,275 hours undertaken.

Product quality and safety

To maintain high standards of food and animal feed safety and comply with all relevant laws and regulations, we follow the requirements defined by our [Food and Feed Safety Policy](#). As part of our continuous compliance monitoring, our suppliers must follow qualification processes, third-party inspections and on-site audits. In 2022, we recorded zero food or feed incidents resulting in fines, penalties or warnings.

We uphold stringent virus control measures and use advanced technology to conduct rapid, effective product quality tests. We completed internal and external audits in line with globally respected standards within our major industrial facilities. Finally, we ran a full test of our global food safety alert system, enabling us to further optimise the system and better manage and address potential risks.

Our policies for our sustainability strategy



Connecting supply and demand responsibly

- Supplier Code of Conduct
- Sustainable Soy Sourcing
- Sustainable Palm Oil Sourcing
- Responsible Agriculture Standard



Building strong communities

- Stakeholder Engagement
- Responsible Land Acquisition and Leasing
- Community Investment



Taking care of our people

- Occupational Health and Safety
- Human Rights and Labour
- Equal Opportunities
- Training and Development



Upholding standards

- Code of Conduct
- Food and Feed Safety
- Anti-Bribery and Corruption
- Anti-Money Laundering
- Gifts and Entertainment
- Global Procurement



Managing our environmental impact

- Environmental

Good governance and compliance

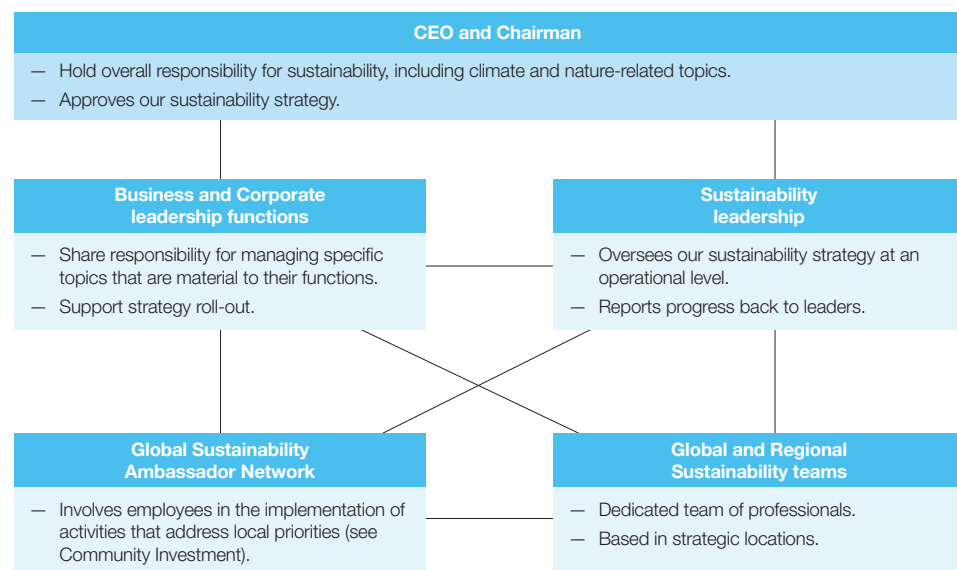
Our success as a sustainable business relies on high standards of ethics and integrity, with zero tolerance for fraud, bribery and corruption. We continuously improve our performance in line with international guidance, with all our efforts underpinned by robust governance, as we strive to keep our people and operations safe, create a positive workplace and deliver responsible growth.

Governance structure

Our leaders and managers take ownership of maintaining our high standards and engaging our employees with our values. This starts with our Board of Directors, which leads our ambitions for good governance. It comprises three COFCO Corporation directors and two non-executive directors. The latter are nominated by the Nomination and Corporate Governance Committee and appointed by the Board.

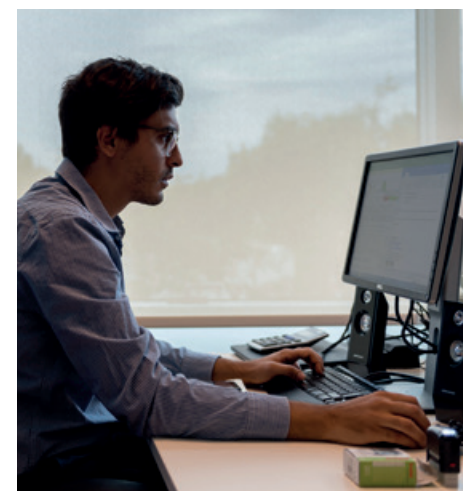
The Board consists of Nomination and Remuneration, Audit, Investment, and Risk Control and Compliance Committees and oversees the group's business, strategic decisions and performance. The Executive Committee is appointed by the Board, respecting our focus on diversity and led by our CEO, and is responsible for defining and delivering our corporate strategy. Within our Corporate Governance framework, we have a Strategy Committee, an Executive Risk Committee and a Finance, Legal and Risk Committee, performing specific functions delegated by the Executive Committee.

Sustainability governance



Importantly our CEO and Chairman take overall responsibility for sustainability, including climate and nature-related topics, given their fundamental importance for agriculture, with a focus on strengthening our approach to managing and reporting our risks, opportunities and impacts. 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. All relevant leaders are involved in capturing and approving our progress. Similarly, each department takes responsibility for managing impacts relevant to its own operations.

Our 184-strong employee network of Sustainability Ambassadors champions our ambitions locally. Protecting the climate and promoting biodiversity are increasingly central to our governance processes and long-term plans.



Integrity Hotline: Our global grievance mechanism

We operate a global grievance mechanism, promoting open, honest communication. The Integrity Hotline is available to all employees and external stakeholders in 13 languages, providing a means to share any concerns regarding misconduct or non-compliant behaviour both confidentially and anonymously, without fear of reprisal. Training is provided to all new joiners, with further materials created in 2022. The Hotline is based on guidance outlined by the UN Guiding Principles on Business and Human Rights. 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 investigating and resolving any issues fairly and impartially. The CMC is chaired by our Chief Audit Officer, who updates our Audit Committee. Regionally, it is supported by committees responsible for grievance analysis and investigation.

We have undertaken many actions to improve the efficiency of our global grievance management system (the Integrity Hotline), raise stakeholder awareness and ensure the accessibility of the channels in particular for the vulnerable stakeholder groups.

In 2022, we captured 117 new cases, with the majority focused on discrimination or poor behaviour (80), followed by business conduct (28), environment, health and safety (8), and non-compliance with Supplier Code of Conduct (1). We closed 91% of concerns by the end of the year, with an average case closure rate of 59 days. Additionally, we were informed directly of 11 and seven cases of non-compliance with our Sustainable Palm Oil and Soy Sourcing Policies respectively, closing 83% by the end of the year.

Q&A



Asbjørn Børsting
President, FEFAC

Towards deforestation-free soy: inspiring sector-wide action

To achieve sustainable, deforestation and conversion-free soy, it's vital that the soy industry takes a robust, standardised approach to driving progress. Here, Asbjørn Børsting, President of the European association of compound feed and premixes manufacturers, FEFAC, shares the story behind FEFAC's responsible soy sourcing guidelines and how they stand to deliver greater clarity and raise sustainability standards in the European soy market.

Tell us about FEFAC's responsible soy sourcing guidelines.

As a European organisation, we represent the feed industry's interests at European Union level and contribute to market transparency on sustainability efforts. First published in 2015, our Soy Sourcing Guidelines now stipulate that soy should be free of natural ecosystem conversion (and deforestation) after the 31 December 2020 cut-off date. It's challenging setting the right level of ambition, but we believe conversion-free is a fundamental addition and what the market wants. Importantly, we're moving ahead of legislation, anticipating the implementation of the upcoming EU deforestation-free requirements.

Could you explain the main scope and ambitions of the guidance?

By enabling comparability in the market, the intention is that interested value chain stakeholders gain a key reference for responsible soy sourcing.

To achieve this, the Guidelines cover more than 70 criteria, including requirements related to the environment, good agricultural practices and responsible working conditions. Any responsible soy scheme or programme should demonstrate that they meet these requirements, thereby increasing the value of their efforts. Benchmarking for the guidelines is conducted by the International Trade Centre (a World Trade Organization subsidiary). We recommend that third-party verification is executed by ISO-accredited auditors, with satellite monitoring to verify the production of conversion-free soy.

How has FEFAC developed the recommendations?

Beginning in 2014, we sought to accelerate the progress of responsible soy to the mainstream market and encourage all soy suppliers to engage. Building on the work of the Round Table on Responsible Soy Association and existing national sourcing guidance, we sought to make our guidance ambitious but achievable for the majority of schemes. Importantly, we wanted to ensure that it covered a broad sustainability scope. It's not just about deforestation, although that's our main focus. We cover requirements on legal compliance, responsible working conditions, environmental stewardship, good agricultural practices and land rights.

How should the Guidelines be used by companies such as COFCO International and their supply chains?

Upstream of the feed industry, we have suppliers of responsible soy, while downstream we have market demand. FEFAC strives to engage both sides. It's important for soy suppliers to see downstream market interest in sourcing from soy schemes that have passed our benchmarking. So we remain in contact with major customer-facing collectives such as the Consumer Goods Forum Forest Positive Coalition, who set the soy sourcing guidance for their membership. We're striving for a situation whereby customers include compliance with our guidance in their purchasing requirements.

How do you view COFCO International's work on sustainable soy sourcing?

We're glad to include COFCO International in our list of benchmarked schemes. The company is a trusted partner for numerous compound feed manufacturers. Both within its own soy sourcing ambitions and as part of the Soft Commodities Forum, it has shown leadership, while delivering on transparency commitments.

What's next and how do you see the soy sector evolving in the future?

We are operating in dynamic times, with the upcoming European legislation likely to affect how the soy supply chain is structured. Post-2025, we will see a completely new situation. We will therefore stay focused and update the FEFAC Soy Sourcing Guidelines, as appropriate, if we believe this would create the best outcome for responsible soy certification.



“

Both within its own soy sourcing ambitions and as part of the Soft Commodities Forum, COFCO International has shown leadership, while delivering on transparency commitments.”

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