



COFCO INTL

Raising sustainability ambitions



Sustainability Report 2023
COFCO International Ltd

What's inside?

Welcome to our 2023 Sustainability Report. This year, we present our new sustainability strategy, as we begin the next ambitious phase of our journey towards meeting tomorrow's demand responsibly, while creating value for our stakeholders. We will explore opportunities and progress across three priorities encompassing all our material topics (Protecting the Earth, Empowering people, Championing values).

Report boundaries

The reporting and greenhouse gas (GHG) inventory scope includes all assets directly operated and/or controlled by COFCO International during any period within 2023. The information disclosed in the report and supplementary Global Reporting Initiative (GRI) content index table is presented with reference to the GRI Standards. The index table is available for download on [our website](#). Our environmental, health and safety (EHS) selected data is subject to external verification by DNV (see '[External auditor's independent assurance statement](#)'). Please see '[Our TCFD index](#)' for our Taskforce on Climate-related Financial Disclosures (TCFD) index.

All financial values presented in this report are in USD, unless otherwise specified.

01

01 Introduction

- 01 Advancing progress towards sustainable agriculture
- 03 CEO letter: Raising our level of ambition
- 06 We are COFCO International
- 08 From farm to table: Our range of commodities
- 12 Our role in the global agricultural value chain
- 14 Q&A: Towards nature positive agriculture



16

16 Our strategy

- 18 Managing sustainability
- 20 How we engage our stakeholders
- 22 Meeting Tomorrow's Demand: Our strategy and objectives
- 24 Q&A: Expanding our operations sustainably in Brazil



26

26 Our progress

- 28 2023 highlights
- 30 Progress against our targets
- 32 Protecting the Earth
- 62 Q&A: Inside COFCO International's climate strategy
- 64 Empowering people
- 84 Q&A: Promoting sustainable farming in Brazil
- 86 Championing values
- 98 Q&A: Towards deforestation- and conversion-free supply chains
- 100 Our contribution to the UN Sustainable Development Goals
- 102 Our TCFD index



Advancing progress towards sustainable agriculture

In a rapidly changing world, COFCO International is building momentum on its sustainability commitments, as climate, biodiversity and resource scarcity challenges combine to create unprecedented supply challenges for food and agricultural production.

As the population rises, agricultural businesses must strive to increase productivity sustainably in order to promote food security, improve farmer livelihoods and ensure the future of the sector. Our renewed sustainability strategy sets more ambitious goals on our journey to feeding the world responsibly, respecting human rights, taking climate action and preventing deforestation and conversion. In particular, we will harness our new, science-based climate targets to lower the carbon impact of our business and operations, identifying opportunities for improvement and investing in regenerative agriculture, while empowering farmers to reduce their emissions and build climate resilience.

Keeping our people safe remains our first priority, as we continue to navigate economic uncertainty and geopolitical instability, transforming our operations to maintain ongoing supplies to our customers. We continuously strive to improve our sustainability performance while upholding the same high product quality, adhering to our values and advancing industry collaborations in strategic sourcing regions. Throughout our efforts, we are acting on the social and environmental issues where we stand to make the greatest impact. We continue to make progress on traceability and supply chain risk monitoring to raise standards among our suppliers. Beyond this, we are investing in rural communities near our operations and expanding access to agricultural skills, diversifying our global workforce and strengthening our business.

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 and sustainability.



Raising our level of ambition



David Dong
CEO of COFCO International



Our efforts have never been more important, with food production increasingly vulnerable to extreme weather and water scarcity, and people worldwide struggling to achieve good nutrition and afford the rising cost of living.”

As a major agricultural commodity trader, we have an opportunity to help transform the food system, empower people, protect the environment and improve farmer livelihoods through sustainable agriculture. This work is central to our mission to feed the world responsibly and helps to promote global food security and contribute towards zero hunger. Our efforts have never been more important, with food production increasingly vulnerable to extreme weather and water scarcity, and people worldwide struggling to achieve good nutrition and afford the rising cost of living. And more than ever, we know that addressing these issues is good for our business and stakeholders, enabling us to deliver supply continuity and create a thriving business into the future. My priority is to help oversee this mission and ensure that we make progress towards our goals.

We are making this journey towards more resilient supply chains amid geopolitical instability in global markets. However, I believe regulatory changes, such as the new European Union Regulation on Deforestation-free products (EUDR), will support our industry in contributing to a 1.5°C pathway, helping to prevent the worst impacts of climate change.

Building on our sustainability progress and as part of our support for the United Nations (UN) Global Compact and 2030 Sustainable Development Goals, in 2023 we strengthened our efforts by revising our sustainability strategy in line with our latest materiality assessment. This highlighted zero deforestation, climate action and respecting human rights as top priorities for me, our company and stakeholders. Indeed, our new climate strategy, which defines how we intend to lower our GHG emissions across our business and supply chains, became a key component of our new overall sustainability ambitions. I am also pleased to share that, in 2023, we have been recognised independently by Sustainalytics as sector-leading in environmental, social and governance risk management, as we reaffirm our commitment to achieving sustainable agriculture.

Within our new strategy, we seek to empower people, champion our values and protect the Earth. This reflects our company philosophy whereby people are at the heart of what we do, our ambitious ideals and focus on protecting the environment. Our first focus area includes our efforts to be good stewards of the environment; we will act to help prevent and mitigate climate change, protect nature and biodiversity and use resources efficiently. We strive to respect human rights, build capacity in our value chains and promote sustainable livelihoods, while maintaining high standards of ethics, rigorous policies and standards and strong governance.

8%

year-on-year reduction in Scope 1 and Scope 2 GHG emissions



Importantly, as part of our climate strategy, we are proud to have developed our first group-level science-based targets, which will be fundamental to making substantive progress on lowering GHG emissions at the rate required to meet global targets. And with deforestation and land conversion closely linked to climate change, we have also strengthened our work on traceability and supplier engagement, and further invested in regenerative agriculture in priority landscapes, including through the Soft Commodities Forum (SCF) Farmer First Clusters initiative.

In addition, we reassessed our palm oil suppliers' sustainability performance, covering 95% of volumes sourced in 2022, and worked on a new implementation plan for 2024-25. Some 42% of our total coffee exports were certified or verified as sustainable, compared to 37% in 2022. We are also now implementing our own Coffee Responsible Origin Programme (CROP), which seeks to generate shared value and develop the value chain through better practices and long-term relationships. In Brazil, we have partnered with coffee manufacturer JDE Peets to help 400 farmers adopt practices to mitigate and reduce the impacts of climate change, collectively investing US \$1.2 million in the initiative.

Implementing our climate strategy will help to ensure that we navigate challenges and leverage opportunities effectively, creating a clear pathway for the forthcoming years, and establishing how best we can prioritise our emission reduction efforts to optimise our journey. This will be supported by a dedicated roadmap and independently validated, near-term, science-based targets. We continue to identify opportunities to lower emissions in our operations and supply chains, achieving an 8% year-on-year reduction in Scope 1 and Scope 2 GHG emissions. Meanwhile, 89% of our energy needs were met with renewables.

With the majority of our GHG emissions within our supply chain, we are gaining deeper and more comprehensive insights into our Scope 3 emissions, in order to inform targeted efforts. Meanwhile, 89% of our energy needs were met with renewables.

I am proud that we achieved a 22% year-on-year reduction in the water intensity of our industrial operations, exceeding our 2025 target ahead of time due to improved water efficiency in our sugar mills. Some 82% of our waste was recycled, reused, composted or recovered (an increase of 20 percentage points from 2022), with more than 13,400 m³ of demolition waste reused in the construction of the STS11 port terminal in Santos, Brazil.

As we expand our grains and oilseeds operations in Brazil with our new terminal in Santos, we will take all necessary measures to ensure that all products shipped from here follow COFCO International's sustainable sourcing requirements. The new asset will create new jobs, while we have also committed to renovating historically significant warehouses in the port area for local communities.

Our people are our most important asset and continue to play a key role in delivering our sustainability strategy and advancing our ambitions. We remain steadfast in our goal to protect their health and safety and provide a diverse, inclusive and equitable workplace and outstanding learning and development opportunities.

In particular, I am pleased that 2023 was a very good year for safety performance. We achieved a 51% reduction in the lost-time injury frequency rate for employees, and experienced zero employee and contractor fatalities. Nearly 80% of our assets experienced zero lost-time incidents during 2023. Furthermore, we achieved our Safety Index target for employees and contractors of ≤ 1.5 .

We seek to attract, retain and develop talented people, providing outstanding and equal opportunities for personal and professional development. Our diverse workforce includes 11,799 employees of 68 nationalities in 36 countries. We maintained our efforts to promote diversity, equity and inclusion in our workforce, in line with our core value of inclusiveness. In Brazil, we also have a diversity committee leading activities on age, gender, sexual orientation, people with disabilities, ethnicity, culture and religion and cross-functional relationships. Meanwhile, we have invested further in capacity building, both for our own employees and people in our value chains. In 2023, we reached 33,973 learning hours, compared to 22,896 in 2022, and we continued to regularly assess employee performance, and support talented graduates by providing them with tailored learning courses. I am proud that our efforts to encourage employees to flourish have ensured that we retained our Great Place to Work certificate for 2023/24 in Brazil. Elsewhere, we have helped fund training programmes for farmers in rural communities in Brazil and South Africa, such as AgroPlus, connecting farmers to markets, and investing in training and support.

Importantly, we follow recognised standards, such as the International Labour Organization (ILO) Conventions and the UN Guiding Principles on Business and Human Rights. In 2023, we raised our ambitions on human rights due diligence by partnering with experts to improve our performance by understanding regulatory trends, training our leadership, establishing a company-wide human rights governance structure, developing commodity-specific programmes and monitoring risks within our business.

As a responsible business, we strive to contribute positively to the lives of the people living near our operations and contributing to our value chains. In 2023, we reached more than 42,000 people through our efforts to promote economic inclusion and sustainable livelihoods, engage with our communities and act as a good corporate citizen. We have also expanded our Guardians of Tomorrow programme to Argentina and supported initiatives to help women and young people gain access to education or improve farmer livelihoods.

We strive to uphold strong standards and in 2023, published a new internal procedure to help ensure the efficient use of resources. We have also expanded our efforts to communicate our anti-bribery and corruption policy, launched the Global Legal Journal compliance newsletter for employees, and ensured that important sustainability topics remained on the agenda of management discussions. Further, we have established a committee to address the EUDR.

Collaboration throughout our value chain remains important, from field to port and beyond to our customers. The industry continues to work together to reduce emissions from land use change through the Agricultural Sector Roadmap to 1.5°C. To help reduce the global impact of shipping, we became a signatory to the Global Maritime Forum's ambition to improve freight operational efficiency. Building on our group-wide goal to achieve deforestation-free soy supply chains by 2025 and conversion-free by 2030 in sensitive regions of South America, we have signed deals to supply deforestation- and conversion-free (DCF) soy from Brazil to China. We are also contributing to the World Economic Forum's Taskforce on Green Value Chains for China, which encourages global supply chain actors entering the Chinese market to alleviate deforestation caused by commodities including soybeans and palm oil.

To empower our employees and build their skills to act on sustainability, we have continued to deploy our network of Sustainability Ambassadors and provided access to UN learning resources. During our Global Impact Season, we ran a competition to find the best ambassador-led GHG reduction efforts in the countries where we have the most employees.

By stepping up our efforts to conserve nature and protect the climate and environment, empower people, and champion our values, we aim to make further progress over the next ten years and beyond. We ask all our stakeholders to join us in making long-lasting progress on sustainable agriculture, farmer livelihoods and food systems. Together, we will produce food in a way that helps to mitigate climate change and promotes global food security.

David Dong
CEO of COFCO International

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Implementing our climate strategy will help to ensure that we navigate challenges and leverage opportunities effectively, creating a clear pathway for the forthcoming years, and establishing how best we can prioritise our emission reduction efforts to optimise our journey.”

We are COFCO International

With a mission to feed the world responsibly, we work across our business and industry to promote sustainable practices in agricultural supply chains, as we strive to help transform the food system and support global food security.

We employ 11,799 people of 68 nationalities in 36 countries. In every location, we seek to attract diverse talent to support innovation, creativity and excellence within a safe and inclusive workplace. As global demand for agricultural commodities rises, we are growing our operations, with particular reference to the sourcing, storing, processing, and transporting of major commodities including grains, oilseeds, sugar, coffee and cotton. In 2023, our sales volumes to third parties reached 121.7 million tonnes of commodities, creating revenues of \$50.1 billion.

Collaborating with our value chain partners and suppliers remains central to our journey, as we strive to advance further and more rapidly towards delivering more sustainable commodities. We retain a strong focus on outstanding operational performance and adherence to high ethical and technical standards. In order to promote continuous improvement and optimise our energy and resource efficiency, we invest in effective technologies and infrastructure to support our substantial, mechanised operations. We are particularly active in South America, the world's largest agricultural commodity-exporting region, and are increasingly sourcing commodities from countries in North America, Europe, Africa and Asia-Pacific.

[Read more p12](#)

Key figures

\$50.1bn
Revenue

11,799
Employees

36
Countries

121.7mn
Tonnes sales volume

32.1mn
Tonnes port capacity

2.3mn
Tonnes inland storage capacity

28.6mn
Tonnes processing capacity

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. This provides access to the growing Chinese market, as demand for agricultural commodities continues to rise.

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

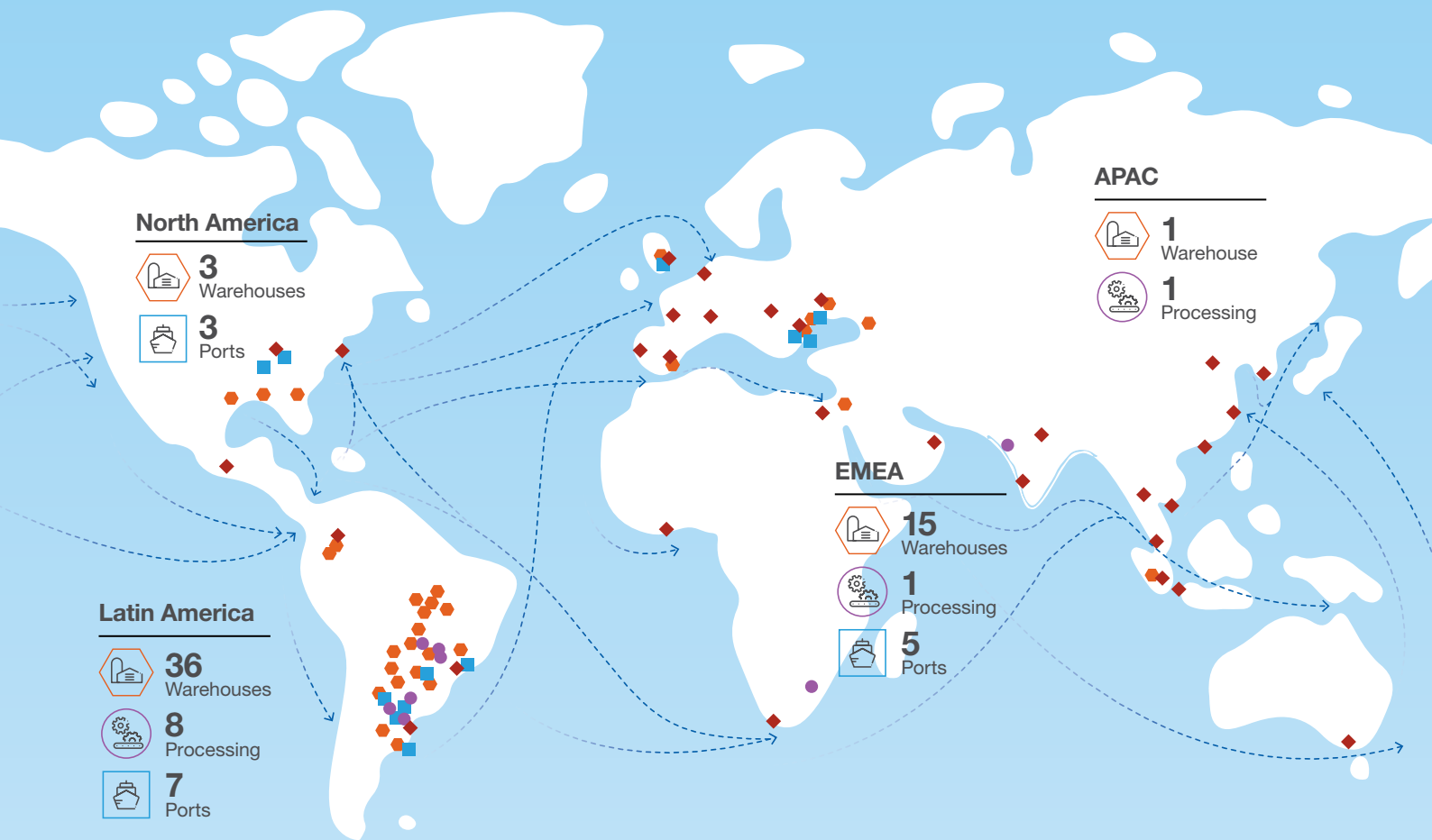
Other COFCO Fortune shareholders alongside COFCO Group, as its controlling majority shareholder, include National Council for Social Security Fund, COSCO Shipping, China Chengton, China Life, China Public-Private Partnerships Fund, Hopu Investment Management, Temasek, and Affirma Capital.

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.



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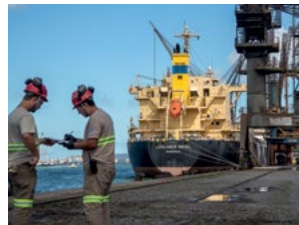
Our facilities



 Warehouses



 Processing



 Ports



 Trading hubs

From farm to table: Our range of commodities



Grains

Corn, wheat, barley and sorghum (in raw form) are used for animal feed, and to manufacture some cooking oils, fuels, cosmetics and alcohols.



Oilseeds

Sunflower (seeds, meal, oil), rapeseed (seeds, meal, oil) and soybean (bean, meal, oil, biodiesel) are often processed into edible oils and, together with palm oil and specialty oils (groundnut oil, castor oil), used as ingredients in a wide range of products.

Origin: Americas, South Africa, Europe and Black Sea region

Our role: We manage the shipping, storage and distribution of these commodities. In addition, we process oilseeds into new products. For example, we crush soy and sunflower to produce meals and oils.

Challenges and opportunities: With cereal consumption expected to rise by 11% over the next decade and Asian countries accounting for a significant proportion of the increase, grains will continue to be an important staple food. Production of grains and oilseeds must be improved through sustainable farming techniques to meet rising demand, while delivering the same high quality.

Across our diverse sourcing regions, we experience challenges such as logistical disruption to supplies from Ukraine and Russia related to the ongoing geopolitical conflict. With significant agility and comprehensive distribution networks, we have diversified our sourcing activities, optimised logistics, and implemented robust risk management strategies.

To prevent deforestation and native vegetation conversion and related climate risks in South America, we have an ambition for deforestation-free supply chains by 2025 and conversion-free by 2030 in the sensitive regions of the continent. We are taking action to promote sustainable agricultural practices that help to conserve forests and natural habitats and prevent further climate change. This will also ensure compliance with the EUDR, which states that ingredients derived from soy, palm oil and coffee must be traceable to their origin, be produced in line with national legislation, and be covered by a due diligence statement.

We continue to make progress towards our soy and palm oil traceability targets, following our commodities back to farm or mill level, and conducting in-depth risk evaluations of strategic sourcing locations. Our new climate strategy addresses climate risks in key production regions and commodities markets (see '[Addressing carbon emissions in our supply chains and beyond](#)').

103.8mn

tonnes of grains and oilseeds sold to third parties in 2023



Soybean

Primarily grown for animal feed, soybeans provide an efficient form of protein, and are also used to produce biodiesel.

Origin: Latin America, USA, South Africa

Our role: We crush and process soybean, soy meal, soy oil and biodiesel, selling them to global markets.

Challenges and opportunities: As the world's population expands, soy production is increasing to meet demand for meat and animal-derived products. However, in Latin America, where the majority of soybeans are cultivated, this intensification can lead to deforestation and conversion and create climate, biodiversity and human rights risks. Some 37% of global soy production takes place in Brazil, with half of this located in the Cerrado biome.

As part of our deforestation- and conversion-free commitment, we are leveraging diverse opportunities to address these challenges, working closely with suppliers to raise standards and monitoring their performance, guided by our [Supplier Code of Conduct and Sustainable Soy Policy](#). All our strategic suppliers must provide farm-level information on their agricultural practices, conservation efforts and work to promote decent working conditions and respect the human rights of workers and indigenous people.

We are investing further in restorative agriculture and nature-based solutions, empowering farmers in priority landscapes to take climate action, including through the Soft Commodities Forum (SCF) Farmer First Clusters initiative. Through the [SCF](#), we are also engaging with indirect suppliers, improving traceability and increasing our understanding of the risks they pose. We are also sourcing more certified sustainable soy for biodiesel in Brazil, Argentina and Paraguay.

100%

of Brazil direct sourcing traceable to farm



Palm oil

Highly versatile, this popular product can be used as an ingredient in diverse food, cosmetics, hygiene and cleaning products, and as a component of biodiesel.

Origin: Indonesia, Malaysia, Papua New Guinea, Thailand

Our role: We buy crude palm oil and palm olein from other international traders and refiners, as well as local India trading agencies. At our refinery in Kandla, India, we process these commodities into consumer goods for domestic sale. Our refinery meets the criteria for processing certified products through the Roundtable on Sustainable Palm Oil (RSPO) Mass Balance supply chain model. We do not operate any oil palm plantations or mills, and have no direct relationships with these actors.

Challenges and opportunities: Palm oil is more efficient to grow per hectare than other vegetable oils, and therefore can be sustainable if cultivated responsibly. We are fully invested in advancing this journey and helping improve the sector's considerable social and environmental impacts.

While the rate of deforestation in major producer countries is decreasing, it remains important to prevent further risk to biodiversity and the environment, protect peat as a natural carbon sink, and help ensure that the rights of people working on oil palm supply chains are respected.

We continue to improve our visibility over the journey of palm oil towards our refinery. This enables us to better analyse risks in our supply chain and identify opportunities to partner with our suppliers to raise performance. Our [Supplier Code of Conduct and Sustainable Palm Oil Sourcing Policy](#) informs all our work, and sets out our no deforestation, no peat, no exploitation commitments. Additionally, we also seek to influence change at a sector level through initiatives such as the RSPO and the [Palm Oil Collaboration Group](#).

In 2023, we held important internal discussions, bringing together senior palm oil leaders to review our performance against our [2022-23 Implementation Plan](#) and define plans to address challenges, particularly related to the [Agriculture Sector Roadmap to 1.5°C](#). As a result of this strategic workshop, we are developing our Implementation Plan for 2024-25 and adjusting internal mechanisms to encourage positive progress.

95%

of sourced volumes covered by supplier performance evaluation



Sugarcane

Sugar is popular worldwide as a food and drink ingredient. The juice extracted from sugarcane is processed to make raw sugar, which can be refined into other products. The by-product bagasse can be used as a fuel to power sugar mills or for conversion into bioethanol.

Origin: South America, South Asia, Southeast Asia

Our role: We source sugarcane largely from São Paulo state, Brazil, where COFCO International manages around 186,750 hectares of plantations and owns four sugar mills and one transshipment terminal. In addition, we produce energy and ethanol (biofuel). We also trade sugar from South Asia and Southeast Asia.

Challenges and opportunities: Within our sugarcane plantations, we can take direct action to raise productivity while improving agricultural and industrial practices, improving our impact on the climate, biodiversity, the environment. We strive to lower the water use of sugarcane production, which can be water intensive, reduce emissions and conserve local ecosystems. By analysing social and labour rights risks in our sugar supply chain, we are working to raise supplier performance, including by visiting suppliers and auditing third parties to ensure they respect our requirements and provide safe worker accommodation. We also seek to decarbonise our bioenergy operations, as demand rises, and strengthen our relationships with local communities, including by expanding access to agricultural skills.

18.5mn

metric tonnes crushing capacity in 2023



Coffee

We source arabica and robusta beans. Coffee is one of the world's most popular beverages and among the most traded commodities globally. Demand continues to increase as emerging economies consume more coffee and developed countries take a growing interest in specialty coffee and product innovations.

Origin: South America, Central America, Southeast Asia, primarily Brazil, Vietnam, Indonesia and Colombia

Our role: As a coffee merchant, we buy raw (green) coffee from local suppliers and store and process it according to our customers' quality requirements, before selling to roasters in domestic and global markets.

Challenges and opportunities: In our production countries, farmers face multiple climate, environmental and social challenges in growing coffee. In particular, the changing climate has prompted irregular weather patterns placing coffee plants at risk, with farmers losing crops to pest and disease challenges. This can lead to new coffee plantations competing with other crops or even deforestation. Additionally, washing coffee and irrigation puts pressure on scarce water resources while also affecting the soil and biodiversity. From a social perspective, labour shortages can lead to further challenges in harvesting and distribution.

COFCO International focuses on sourcing coffee produced through respected sustainability certification schemes as a key mechanism to help improve farmer livelihoods, respect human rights and strengthen the coffee industry. Our approach is also important in maintaining availability, responding effectively to market demand for responsibly grown, climate-friendly products and staying ahead of evolving legislation. Through these programmes, we help to empower farmers to adopt more sustainable practices and build climate resilience. In 2023, 42% of our total coffee exports were certified or verified as sustainable, compared to 37% in 2022. This includes coffee produced under the following certification schemes: 4C, C.A.F.E. Practices, RAIZ and RFA.

42%

of exports sourced from sustainability certification schemes



Cotton

As the world's most popular natural fibre, cotton is widely used in clothing and other textiles. With demand predicted to rise, particularly in Asian countries, this rapidly grown commodity has a bright future if it can be produced sustainably, providing an alternative to synthetic fibres.

Origin: South America, North America, South Asia, Middle East, West Africa, Oceania (Australia), Europe

Our role: We buy cotton bales from ginneries and farmers and sell to textile mills (spinners), operating three storage facilities in the US. We also provide financial services to farmers (pre-finance and barter with our fertiliser division).

Challenges and opportunities: Cotton supports the livelihoods of millions of smallholders worldwide, particularly in developing countries. However, the sector faces more extreme and irregular weather due to climate change (which can also intensify pest and fungal issues), overuse of pesticides and fertilisers and human rights risks. COFCO International participates in sector initiatives to scale up efforts to help farmers produce more sustainable cotton in a way that improves livelihoods and contributes to rural economies.

To increase our volumes of responsibly produced cotton, we focus on sourcing more bales through respected sustainability certification programmes. In 2023, we increased the volumes of cotton sourced and produced under sustainability certification programmes in Brazil by 53% and the volumes of certified cotton sales by 60% (considering the 2023 crop volumes). In 2023, COFCO International became the largest exporter of Brazilian cotton, and one of the largest suppliers of sustainable certified cotton globally.

We are also making progress in monitoring social or environmental supplier risks in Brazil, one of our strategic sourcing countries and a major producer of certified sustainable cotton. In the event of identifying any risks, our commercial team requests for our sustainability team to investigate whether we can still proceed with the supplier in question. We also conduct internal audits completed by our sustainability team and pre-harvest analyses to help predict potential issues with the cotton harvest. In Brazil, we also benefit from the robust traceability system operated by the Brazilian Association of Cotton Producers (ABRAPA).

60%

year-on-year increase in sales volume certified under sustainability schemes



Maritime freight

Dry bulk shipping is vital to supply commodities to global food value chains, providing the principal and lowest carbon form of transport for the majority of the world's food.

Key regions served: Americas, Europe, Middle East, Africa, Asia Pacific.

Our role: We operate a fleet of vessels, primarily for the dry bulk shipping of agricultural commodities from regions globally.

Challenges and opportunities: Within a global economy, maritime shipping remains vital to global trade, transporting some 90% of cargos. However, while it is the most carbon efficient mainstream transport mode, it represents around 2.2% of global GHG emissions. We support industry ambitions to reduce shipping emissions significantly by 2050, lowering the climate impact of trade while ensuring that maritime freight can expand, as the population rises. In particular, we are committed to helping to reach the International Maritime Organization's (IMO) goal to reduce the intensity of emissions by 70%. As a business, we are therefore optimising ship speeds and routes, and adopting measures to continuously improve our energy use and efficiency. Our fleet runs on low-sulphur fuel in order to promote better air quality. Importantly, we also uphold the rights and wellbeing of crew members.

We support collective action towards decarbonisation through the [Sea Cargo Charter](#) and [Getting to Zero Coalition](#). We also advocate for progressive policies and promote the development and adoption of economically viable, cleaner fuels at scale. As a signatory of the Charter, we reported the climate impact of our ship chartering activities, in relation to the IMO's 2050 GHG target, helping to create more transparency and comparability within the sector. Additionally, we continuously take action to prioritise certain vessel sizes for further carbon reduction efforts, and improve the way we monitor fuel emissions for chartered vessels. See '[Reducing our direct carbon footprint](#)' for more details.

54.5mn

metric tonnes of sea cargo handled in 2023

Our role in the global agricultural value chain

Stages of the value chain where we are present



Agricultural production

We source a wide range of commodities from agricultural producers worldwide. In Brazil and South Africa, we also operate more than 258,000 hectares of plantations.

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. In order to reduce risk in our supply chains, we prioritise direct relationships in all major production countries.

Additionally, we operate around 186,750 hectares of sugarcane plantations in Brazil, producing sugar and bioenergy, and together with local farmers in South Africa, 71,600 hectares of grains and oilseeds plantations.

Optimising our impact

We require all our suppliers to adhere to rigorous ethical and environmental standards, monitoring their compliance and partnering to support improvements, including farmer capacity building. Any new suppliers undergo a thorough risk assessment, and we regularly assess the risks posed by strategic suppliers. This enables the delivery of targeted efforts to raise performance.

We seek to continuously improve farming practices and lower carbon emissions at our sugarcane plantations, prioritising organic pest control methods and fertilisers (for example, we apply vinasse, a by-product of ethanol production, registered in the local authorities as an organic fertiliser). In order to promote biodiversity around our farms, we monitor flora and fauna, conserve natural habitats and support reforestation initiatives.



Storage

We store commodities in warehouses, silos and storage facilities ahead of processing or delivery to customers.

Commodities

Grains and oilseeds, sugarcane, cotton, coffee, fertilisers

Our footprint

We store our agricultural commodities within our 55 warehouses and silos at strategic international locations, before processing or delivering them to customers.

Optimising our impact

In every location we operate, our teams follow globally consistent corporate policies and comply with relevant legislation, adhering to high standards of product quality, health and safety and environmental management.

Where we use storage facilities operated by third parties, we use advanced compliance tools to understand and address human rights risks. Before we engage any supplier, we cover topics including health and safety, safe drinking water, personal protective equipment, decent and hygienic working conditions, proper paperwork and the prevention of child and forced labour or any kind of unfair treatment or discrimination.



Processing

We crush, refine and process commodities into products for local and global markets at our refineries and crushing facilities.

Commodities

Sugarcane, palm oil, sunflower, soybean

Our footprint

At our four sugar mills, palm oil refinery and five oilseed crushing facilities across South America, the growing Asian market and Africa, we process agricultural commodities into products for local and global markets.

Optimising our impact

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

We are taking action to promote the sustainable production of agricultural commodities and support global food security, as farmers seek to raise yields to meet demand. At every stage of our value chain, we are collaborating to continuously improve our performance and support the sector-wide adoption of practices that protect the climate, prevent deforestation and respect human rights.



Marketing

We use different trading platforms to sell agricultural commodities at scale internationally.

Commodities

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

Our footprint

Working from 131 commercial offices in 36 countries, we use diverse platforms to trade agricultural commodities at scale internationally.

Optimising our impact

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



Transport

We operate a modern fleet of vessels to transport some of our commodities and provide freight services to industrial customers globally.

Commodities

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

Our footprint

We operated 15 port terminals in 2023, leveraging our sophisticated global maritime logistics network and chartering a fleet of vessels to transport most of our commodities. We also provide freight services to industrial customers.

Optimising our impact

As part of our climate strategy, we are monitoring GHG emissions from our time-chartered and voyage-chartered ships. This will support our carbon reduction efforts by saving fuel and energy. In particular, we are 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 customers and suppliers to create more sustainable and responsibly produced products, as demand rises in line with consumer expectations. Together, we strive to encourage more sustainable consumption, including through certifications and delivering greater transparency.

Towards nature positive agriculture



Helen Song

Chief Financial Officer,
COFCO International

COFCO International is committed to meeting tomorrow's demand responsibly, while improving access to affordable food for the world's growing population. An important part of this is building supply chain resilience, and protecting biodiversity and reducing GHG emissions sit at the core of this journey. Here, our Chief Financial Officer, Helen Song, explores the steps we are taking towards nature positive agriculture.

Why and how is COFCO International committing to protect nature?

We must protect nature in order to ensure a thriving, sustainable agricultural system that can feed the world and improve farmer livelihoods. However, this requires a definitive joint effort on behalf of business and governments. For example, the [World Economic Forum](#) estimates that restoring degraded land to improve productivity in the Cerrado would require an investment of \$12.7bn annually, with integrated production systems (whereby farms diversify their activities and share excess resources and byproducts) potentially providing a solution. This could potentially add \$17-19 billion annually to Brazil's gross domestic product.

To play our part, we plan to further increase the volume of sustainable commodities we source. For example, by 2025, we aim to have halted deforestation from the direct and indirect supply of our soy products, and determined how best to protect non-forest ecosystems in compliance with relevant local legislation.

Importantly, we have a set of policies and standards in place to promote high standards in our supply chain. In addition to our Supplier Code of Conduct, we also have a Responsible Agriculture Standard in place. This is a voluntary certification programme for agricultural producers and other chain of custody suppliers, promoting the conservation and mainstreaming of sustainable agriculture in our supply chains.

How do you partner with farmers to promote better agricultural practices?

Working to build capacity in our supply chains, within our key commodities, we develop farmer knowledge and skills through recognised programmes, helping to empower them to cultivate crops sustainably. We also source and market a growing number of products that have been produced in line with the requirements of recognised certification programmes, meeting demand for more sustainable commodities, including soy and corn (RTRS, RenovaBio, 2BSvs, EPA), palm oil (RSPO), sugarcane (BonSucro, RenovaBio), coffee and cotton (various programmes). For example, 42% of our total coffee exports were certified or verified as sustainable in 2023, while in Argentina, we traded some 268,000 tonnes of certified soy and soy-derived products.

What does the increased demand for sustainable commodities mean to your business?

It represents an important area of growth for our business, while also providing an incentive for farmers to improve their own practices, thereby raising standards in our supply chains and benefiting consumers, customers and rural communities. As a Chinese business, we are uniquely positioned to help grow the market for sustainable commodities. For example, we have signed two Memorandums of Understanding with Chinese customers [Mengniu Group](#) and [Sheng Mu](#) in November 2023 and January 2024 for the delivery of deforestation and conversion-free soybeans from Brazil. Both will follow our Responsible Agriculture Standard. And we aim to create more of these agreements in the future.

“

Establishing science-based targets will help us prioritise emission reductions in the most material areas for our business and monitor our progress against an industry benchmark.”

How are you taking action to mitigate the impacts of climate change in your operations and value chains?

Climate change is an important challenge for our business and sector. Recognising that climate mitigation efforts must respect and be guided by the latest scientific knowledge, we have developed our climate strategy and conducted comprehensive studies of potential emissions reduction initiatives, covering our business, value chain and freight operations. Our goal is to have our targets formally validated by the Science Based Targets initiative (SBTi) to make sure our ambitions are consistent with a 1.5°C pathway. Establishing science-based targets will help us prioritise emission reductions in the most material areas for our business and monitor our progress against an industry benchmark.

Is the investment in reducing carbon emissions good for business?

Our emission reduction initiatives contribute to collective efforts to limit global warming and meet international targets, such as those outlined in the Paris Agreement. Investments of this kind often lead to improved resource efficiency, with companies adopting energy-saving technologies and renewable energy sources. This strategic approach also helps to support effective risk management, mitigating the potential impacts of climate-related disruptions on supply chains and ensuring the continuity of operations. Additionally, reducing carbon emissions paves the way to new financial facilities, such as green bonds and sustainability-linked loans, which provide access to capital for implementing sustainable practices. Overall, investment in carbon emission reduction demonstrates corporate responsibility and yields significant economic benefits, positioning us for long-term success.

What role does sustainable financing play in these ambitions?

We were the first agricultural commodity trader to take up a sustainability-linked loan with KPIs related to soybean and palm oil traceability and ESG risk management. More recently, our loans also feature indicators on soybean social and environmental performance. We use the interest discounts we receive from meeting our targets to further strengthen our sustainability efforts. We will also continue to consider sustainable financing as a way to strengthen our decarbonisation efforts. The total commitments raised from banks for our sustainability-linked loans was US \$2.3bn.

Could you share some examples of how you're taking action on climate change?

Grown at high altitudes, coffee is particularly vulnerable to climate change as the weather changes. Action is needed to improve coffee production practices, particularly as consumer interest in sustainable coffee rises. Within our coffee operations, the greatest opportunity we have to reduce our impact on climate is at plantation level.

To promote regenerative agriculture, we have partnered with the Cerrado Waters Consortium and Rabo Foundation to support producers by providing financing to make the transition to climate smart agriculture. Together, we're helping farmers build capacity to reduce their carbon emissions, helping to minimise synthetic fertiliser use and raising awareness of the importance of conserving soil and biodiversity. We are also now implementing our own Coffee Responsible Origin Programme, which seeks to generate shared value and develop the value chain through better practices and long-term relationships.

We also established a partnership with coffee manufacturer JDE Peets in 2023, through which we will co-invest in efforts to address the main social and environmental risks identified as important for the future of coffee production in Brazil by non-governmental organisation (NGO) Enveritas – poor soil health, the risk of climate change to farmer livelihoods and pesticide application. COFCO International will implement the project and oversee progress, aiming to reach 1,200 arabica and conilon farmers and workers.

In Brazil, we generate carbon credits from RenovaBio-certified soybean-derived biofuel. This is produced in line with high environmental standards, and requires that crops are grown without deforestation or conversion.

What role will collaboration play in making progress?

Collaborative, industry efforts remain vital to making progress on shared sustainability challenges. In this context, we are acting with 13 other major agricultural commodities producers to reduce emissions from our collective supply chains by preventing deforestation and conversion, including through the [Agriculture Sector Roadmap to 1.5°C](#), convened by the World Economic Forum's Tropical Forest Alliance (TFA). Similarly, also as part of the SCF, we are helping to improve traceability and sustainability performance among soybean suppliers in the Cerrado.

Meanwhile, through the SCF's Farmer First Clusters initiative, we encourage forest-positive land use management for agricultural commodity production, including through financial incentives, technical assistance, and capacity building actions, in order to help prevent deforestation and conversion in the Cerrado. We are taking collective action along with the other five members to mobilise partnerships and funding for large-scale solutions to prevent deforestation and conversion in soy producing landscapes in Brazil. In particular, we have begun working on restoration projects with farms in Western Bahia, the second largest area at risk of deforestation and conversion in the Matopiba region. Overall, we have collectively committed up to \$7.2m of direct funding. The SCF is collaborating with the Consumer Goods Forum's [Forest Positive Coalition](#) to concentrate investment in landscape initiatives in high-risk areas.

What are your plans for the future?

Looking ahead, we plan to continue taking action at an operational, supply chain and sector level to build momentum towards more sustainable agriculture. Importantly, our decarbonisation strategy will prioritise our operations in South America, where our major operations and sourcing activities are located. We will continue implementing targeted efforts for delivering on our no-deforestation commitments and driving emissions reduction within our maritime freight operations. Importantly, we are welcoming banks and investors to take part in our journey, helping to unlock finance to help fund farmer capacity building and drive systemic change across the farms within our value chain.



Our strategy

- 18 Managing sustainability
- 20 How we engage our stakeholders
- 22 Meeting Tomorrow's Demand:
Our strategy and objectives
- 24 Q&A: Expanding our operations
sustainably in Brazil



Managing sustainability

We continuously seek to improve our management of social and environmental risks, build resilience in our business and act responsibly in society. To make progress towards our ambitions, we review, analyse and form a deeper understanding of the most important and material issues to our business and stakeholders (see 'How we engage our stakeholders').

Our approach to materiality

Our most recent materiality assessment was conducted in 2022, together with an external partner. In particular, we clarified and prioritised the sustainability issues on which we stand to make the greatest difference, in order to review and update our strategy. We also review emerging trends across our industry regularly. In 2023, we concluded that there was no need to complete a further study, as we face the same challenges and have not experienced any significant changes as a company or industry. Importantly, in 2023, we created three new strategic pillars, under which we clustered our material topics, as per the table on the right.

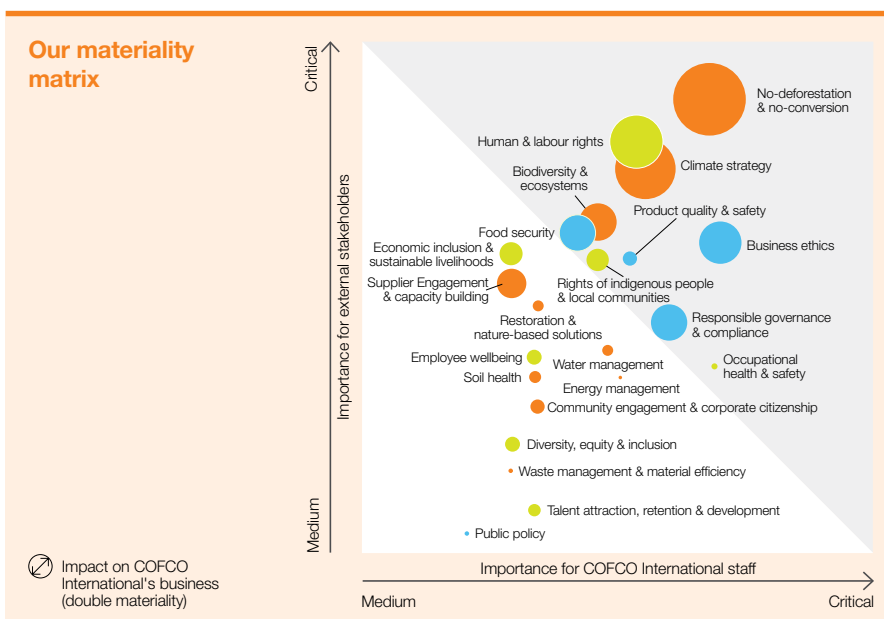
In order to conduct our materiality analysis, we reviewed research materials and considered the current and potential impacts of COFCO International's business on important social, environmental and governance issues. We take the concept of double materiality into consideration, combining the perceived impact of our company on society and environment with

the risks and opportunities relevant to our business strategy and financial performance. Our senior managers remained involved throughout the process, while our leaders reviewed and approved the final assessment results.

Our detailed online materiality survey was completed by 117 stakeholders. Some two thirds of respondents consisted of diverse groups including civil society (20%, the largest share), service providers, suppliers, customers, peers, investors and industry associations. The remaining third were COFCO International employees. Around 35% of respondents were based in our Brazil operations, confirming the country's strategic importance for the company. In addition, we interviewed 14 senior COFCO International employees and external stakeholders, posing comprehensive questions to establish their views.

Our most material topics

Together with our stakeholders, we have defined 22 material topics, of which the most important are preventing deforestation and conversion, climate action and respecting human rights. We also have a strong focus on protecting biodiversity and ecosystems and maintaining high levels of business ethics, while we are also working to create solutions that improve farmer livelihoods and strengthen local communities.



Revising our sustainability strategy

In 2023, we revised our sustainability strategy, Meeting tomorrow's demand, to reflect the results of our materiality study. Building on the concept of dynamic materiality, we incorporate materiality into our annual sustainability planning process by reviewing the environmental, social and governance topics relevant to our business. Every three years (or more frequently if there are substantive

changes in our business environment or operations), we redefine our list of potential material topics, including new and emerging topics that have not been covered in the most recent formal materiality assessment. We invite internal and external stakeholders to contribute to this process, contributing their perspectives on the importance of each topic.

We therefore ran various internal workshops to identify the key themes and patterns and arrange the material topics around our new focus areas. The result was the creation of a three-pillar framework with a basis in the COFCO philosophy, expressed by our company logo.



Our logo represents our new focus areas



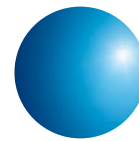
Protecting the Earth

The orange hexagon, representing the earth and its harvest, in harmony.



Empowering people

The Chinese 'ren' symbol in green, meaning human.



Championing values

The upper part of the logo in blue, symbolising sunlight set in blue sky, and representing our goals, ideals, and pursuits.

How our material topics fit within our strategy

Climate change:
Climate strategy, energy management.

Nature and biodiversity:
Non-deforestation and non-conversion, biodiversity and ecosystems, restoration and nature-based solutions, soil health.

Responsible use of resources:
Water management, waste management and material efficiency.

Human and labour rights:
Human and labour rights, diversity, equity and inclusion (DEI), employee wellbeing, occupational health and safety, rights of indigenous people and local communities.

Capacity building:
Talent attraction, retention and development, supplier engagement and capacity building.

Sustainable livelihoods:
Economic inclusion and sustainable livelihoods, community engagement and corporate citizenship.





Ethics:
Food security, public policy, business ethics.






Governance:
Responsible governance and compliance.

Policies and standards:
Product quality and safety.

How we engage our stakeholders

To best understand and respond to stakeholder needs and concerns, we strive to ensure meaningful dialogue with diverse groups. We use the most appropriate channels to engage with all our stakeholders, discussing shared challenges and how we can create value. Our teams consulted stakeholders from each stakeholder group during our recent materiality assessment. A full table of our partnerships and memberships can be found [here](#).

Stakeholder group	Areas of interest	Engagement method	Examples of interaction
 <p>Board of Directors and investors</p>	<ul style="list-style-type: none"> — Sustainability strategy — ESG performance and risk management 	<ul style="list-style-type: none"> — Board meetings — Leadership events — Regular management updates 	<p>We provide regular updates to our senior leadership and investors on ESG risks and actions, in line with our strategy. This includes our Board and Executive Team. Our CEO and Chairman hold overall responsibility for sustainability and approve our sustainability strategy (see 'Responsible governance and compliance').</p>
 <p>Financial institutions</p>	<ul style="list-style-type: none"> — ESG performance and risk management — Sustainable financing 	<ul style="list-style-type: none"> — Regular bank update meetings — Questionnaires 	<p>In 2023, we had two sustainability-linked loans for which we raised US \$2.3bn of commitments from banks (see 'Q&A: Towards nature positive agriculture' and our website here and here).</p> <p>Together with the Rabo Foundation and Cerrado Waters Consortium, we are supporting restoration efforts in the Cerrado by providing financing to acquire native tree seeds and seedlings (see 'Protecting nature to promote food security'). We have also completed a project with the International Finance Corporation (IFC) to understand how best to include more women in soybean farming (see 'Diversity, equity & inclusion').</p>
 <p>Customers</p>	<ul style="list-style-type: none"> — Supply chain sustainability — Product quality and safety — Certified sustainable products 	<ul style="list-style-type: none"> — Meetings — Questionnaires and response to consultations — Audits and external assessments 	<p>We seek to meet market demand for sustainably sourced commodities, with greater supply chain transparency levels, including certified products such as coffee, cotton, biofuels, corn and soybeans (see 'Protecting nature to promote food security', 'Conserving nature to promote biodiversity and sustainable agriculture' and 'Creating high quality products by upholding strong standards').</p> <p>We have also agreed deals with two Chinese customers to supply deforestation- and conversion-free soybeans. Meanwhile, in Brazil, we have partnered with coffee manufacturer JDE Peets to help 400 farmers adopt practices to mitigate and reduce the impacts of climate change, collectively investing \$1.2m in the initiative.</p>
 <p>Suppliers, farmers and cooperatives</p>	<ul style="list-style-type: none"> — Sustainable sourcing requirements — Traceability — Sustainable livelihoods 	<ul style="list-style-type: none"> — Meetings — Questionnaires — Audits and external assessments — Supplier training 	<p>We engage in meaningful dialogue with our business partners to understand and respond to their concerns effectively, engaging with diverse groups to discuss shared challenges and how we can create value (see 'Collaborating to feed the world responsibly').</p> <p>We are also supporting farmers' capacity-building and connect them to global markets (see 'Improving livelihoods by connecting farmers to markets').</p> <p>In 2023, we raised our ambitions on human rights due diligence by engaging a specialist consultancy to help improve our human rights management (see 'Respecting human rights').</p>

Stakeholder group	Areas of interest	Engagement method	Examples of interaction
 Sector peers and industry associations	<ul style="list-style-type: none"> — Collaboration on shared sustainable agriculture challenges 	<ul style="list-style-type: none"> — Meetings — Industry events and workshops — Joint reporting 	<p>To achieve sustained progress across our sectors, the industry is collaborating through platforms and sustainability initiatives. In 2023, we continued to work with our sector peers to accelerate action against deforestation in a way that contributes to food security, economic development and farmer livelihoods, as part of the Agriculture Sector Roadmap to 1.5°C (see 'Collaborating to feed the world responsibly' and our website). We also became a signatory to the Global Maritime Forum's Operational Efficiency Ambition Statement, joining forces with the world's leading maritime companies to reduce emissions.</p>
 Multi-stakeholder initiatives	<ul style="list-style-type: none"> — Environmental and social issues — Partnerships 	<ul style="list-style-type: none"> — Meetings 	<p>We contribute to solutions for systemic change in global agricultural value chains and logistics networks by participating in initiatives such as the Farmer First Clusters initiative to mobilise sustainable partnerships.</p> <p>In December 2023, we achieved our goal to monitor and disclose the deforestation- and conversion-free footprint of direct sourced soy in the Soft Commodities Forum's 61 focus municipalities. We also became a member of the Taskforce on Green Value Chains for China (see 'Collaborating to feed the world responsibly' and our website).</p>
 Policy-makers	<ul style="list-style-type: none"> — Legal compliance — Supply chain resilience — Food security 	<ul style="list-style-type: none"> — Response to consultations — Meetings 	<p>In 2023, we established an internal committee to prepare for compliance with the EUDR, remaining attentive to evolving regulations, relevant sector sustainability challenges, risks and opportunities. We support business-led initiatives for progressive policies (see 'Responsible governance and compliance' and 'Collaborating to feed the world responsibly'). We also expanded our Anti-Bribery and Corruption programme by launching a new Broker and Agent Policy, and providing employee training on business ethics compliance.</p>
 NGOs and non-profit groups	<ul style="list-style-type: none"> — Climate change — Biodiversity conservation — Human and labour rights — Sustainable agriculture 	<ul style="list-style-type: none"> — Response to consultations — Collaborations — Meetings — External assessments 	<p>We partner with NGOs and not-for-profit groups to improve our understanding of social and environmental risks in our supply chain and address these more efficiently (see 'Collaborating to feed the world responsibly'). In 2023, we engaged the international civil society organisation Solidaridad and specialists at ClimatePartner to validate our climate strategy and acted on improvement opportunities (see 'Q&A: Inside COFCO International's climate strategy').</p>
 Local communities	<ul style="list-style-type: none"> — Community health, safety and wellbeing — Education and training — Environmental stewardship — Economic inclusion and sustainable livelihoods 	<ul style="list-style-type: none"> — Community impact assessments — Social dialogue events — Community projects — Volunteering 	<p>We maintain ongoing dialogue and interaction with the local communities where we operate, listening to their perspectives and seeking to understand their needs. This enables us to invest in projects to help respect human rights, promote diversity, equity and inclusion, build capacity and attract and retain talent, and improve livelihoods. Overall, we seek to build stronger communities, while promoting environmental stewardship.</p> <p>In 2023, our community investment projects reached more than 42,000 people, with the support of our global network of Sustainability Ambassadors (see 'Protecting the rights of local communities' and 'Building stronger communities').</p>
 Employees and trade unions	<ul style="list-style-type: none"> — Human and labour rights — Employee wellbeing — Diversity, equity and inclusion — Occupational health and safety — Talent development 	<ul style="list-style-type: none"> — Internal communication channels — Safety and diversity committees — Employee training — Dialogue with trade unions — Collective agreements — Employee surveys 	<p>The health, safety and wellbeing of our diverse workforce sit at the core of our business priorities as well as respect for the human and labour rights of everyone in our operations and our supply chains. Our Human Rights and Labour Policy respects the ILO Conventions and the UN Guiding Principles on Business and Human Rights (see 'Respecting human rights' and 'Prioritising our people's health, safety and wellbeing').</p> <p>We provide every individual with regular learning and development opportunities, and strive to ensure that we provide a diverse workplace that promotes wellbeing and provides equal, inclusive opportunities (see 'Attracting and retaining talent and developing our employees').</p>



Meeting Tomorrow's Demand: Our strategy and objectives

The ongoing development of our strategy, Meeting Tomorrow's Demand, is vital in achieving our objectives. We follow a comprehensive process of reviewing and updating our priorities and plans, based on our materiality study, and regular engagement with stakeholders.










We review our strategy every five years or in the event of significant changes to our business and operating environments. This defines our key areas of focus and the most important topics for our business and stakeholders, confirming where we can best make an impact. Our robust set of sustainability policies provide more specific guidance and commitments on how we are implementing the broader goals and targets of the strategy (see '[Responsible governance and compliance](#)').

For each strategic pillar, we address various Sustainable Development Goals (SDGs) and divide our approach across nine areas of focus, each with its strategic objective. Please see '[Our contribution to the UN Sustainable Development Goals](#)' to learn more about how we are contributing to each SDG.

Material issues **p18**

Sustainability governance model **p92**

Sustainability policies **p93**

Strategic pillar	Areas of focus	Strategic objectives
 <h2 data-bbox="204 506 432 607">Protecting the Earth</h2>   	<p data-bbox="651 360 730 412">Climate change</p> <hr/> <p data-bbox="651 510 767 562">Nature and biodiversity</p> <hr/> <p data-bbox="651 663 746 714">Resource use</p>	<ul data-bbox="938 360 1469 714" style="list-style-type: none"> – Delivering an ambitious climate strategy with a focus on lowering GHG emissions in own operations and value chains, including by reducing energy use and increasing our use of renewables. – Taking action to prevent deforestation and conversion within our supply chains and plantations, supporting farmers in protecting soil health, promoting biodiversity, restoring nature and encouraging healthy ecosystems. – Managing water, materials and waste effectively in order to optimise our use of resources.
 <h2 data-bbox="204 976 491 1077">Empowering people</h2>  	<p data-bbox="651 813 778 864">Human and labour rights</p> <hr/> <p data-bbox="651 965 740 1016">Capacity building</p> <hr/> <p data-bbox="651 1117 767 1169">Sustainable livelihoods</p>	<ul data-bbox="938 813 1469 1193" style="list-style-type: none"> – Respecting the rights of employees, suppliers and communities, promoting employee wellbeing, and striving to maintain a safe, healthy and inclusive workplace where every individual can thrive. – Attracting and retaining talent, offering high quality learning and development opportunities, engaging with suppliers and building their capacity to adopt sustainable practices and raise productivity. – Promoting sustainable livelihoods and expanding access to markets and economic opportunities, listening to communities and responding to their needs.
 <h2 data-bbox="204 1411 507 1512">Championing values</h2>   	<p data-bbox="651 1265 715 1294">Ethics</p> <hr/> <p data-bbox="651 1417 772 1469">Policies and standards</p> <hr/> <p data-bbox="651 1570 772 1599">Governance</p>	<ul data-bbox="938 1265 1469 1619" style="list-style-type: none"> – Supporting global action on food security, ensuring high standards of business ethics and contributing positively to progressive public policies. – Striving to maintain high quality products and uphold rigorous policies and globally consistent standards. – Ensuring good governance and legal compliance in all our markets and countries of operation.



Expanding our operations sustainably in Brazil



Wang Yunchao

Managing Director Brazil, North America & Integrated Product Line Global Soybeans, COFCO International

As COFCO International grows its grains and oilseeds business in Brazil and expands its Santos port terminal, the company is ensuring that sustainability remains at the centre of its efforts. Here, Wang Yunchao, our Managing Director, Grains and Oilseeds, for Brazil and North America, explores how we are taking action to ensure that social and environmental priorities remain at the core of our strategy, as we strive to fulfil our mission to feed the world responsibly.

Could you describe the importance of Brazil and the port of Santos for your business?

Brazil is the world's largest producer and exporter of soybeans. It is strategically important for us as the origin of the majority of our commodities, and the country where we operate our own sugarcane plantations and mills. We are therefore present throughout the value chain, connecting Brazil's farmers with global markets. We manage port terminals, soybean crushing and biodiesel production and storage facilities. Within this, the port of Santos is fundamental to our business. It has expanded and diversified over the years and is now Latin America's busiest export hub, connecting over 600 ports in 125 countries. We use the port to export grains, oilseeds, sugar, coffee and cotton through our own and third-party facilities.

Could you briefly describe the evolution of your operations in the country, and provide an overview of your Port Santos expansion?

We have been present in Brazil since 2014, and now employ over 7,200 people in the country, the majority of our global employees. We have gradually evolved our operations, and continue to source significant volumes of soybeans and corn, in addition to cultivating and processing sugarcane. We have also developed our Rondonópolis processing plant in Mato Grosso state, which produces 1.3 million tonnes of soybean and 350,000 tonnes of biodiesel annually. The plant is linked directly to Santos by railroad, while a pipeline connects nearby biodiesel distributors. We innovate significantly in Brazil to raise social, environmental and traceability standards among our soybean suppliers, including through our own responsible sourcing efforts and industry collaborations.

What are the evolving sustainability challenges you face?

Social and environmental challenges in Brazil include deforestation and conversion, climate change and water scarcity. As one of its most productive agricultural regions, the Matopiba region, which spans 73 million hectares, is particularly at risk. However, gaining visibility over suppliers' activities, particularly indirect suppliers, has proven a challenge. We are taking definitive steps to address deforestation in the region and across Brazil, both as a business and collectively through initiatives such as the Agriculture Sector Roadmap to 1.5°C. This is particularly important in light of evolving regulations, such as the EUDR.

We have now analysed around 3.4 million hectares of our suppliers' farms and cross-referenced with sustainability risks in order to trace our commodities back to their source and identify opportunities for improvement. We will continue to improve traceability among our indirect suppliers (see 'Promoting responsible land use in agricultural value chains').

Why do you plan to grow COFCO International's operations in Brazil and how?

Brazil remains an important agricultural centre for COFCO International. With our strong presence and farmer relationships, we recognise the country's significant potential as a global agricultural hub. We are keen to support sustainable business and agriculture.



Why will sustainability and farmer partnerships be fundamental to achieving successful growth?

Our mission is to feed the world responsibly, uncoupling growth from GHG emissions, and therefore sustainability sits at the core of our strategy. Raising our social and environmental standards will help us to meet our public aspirations on preventing deforestation, sourcing more sustainably, and reducing our GHG emissions. Importantly, it will also contribute to our industry's efforts to decarbonise agricultural value chains, and enable us to meet evolving regulatory requirements, while fulfilling the increasing market demand for sustainably sourced products, in particular deforestation- and conversion-free products.

For example, we have recently signed agreements with two Chinese customers to supply deforestation-free soybeans from Brazil. Supporting farmer adoption of more sustainable practices will be central to achieving a transition to sustainable agriculture, including by implementing our Responsible Agriculture Standard, a voluntary certification scheme that provides guidelines to the farmers on the best sustainable practices, including environmental and social aspects, expanding access to markets.

How will you ensure that social and environmental considerations remain at the core of business strategy? Please share any key measures that you are taking.

By 2025, we aim to halt deforestation from soy supply in line with our commitment in the Agriculture Sector Roadmap to 1.5°C. We also aim to achieve a conversion-free soy supply chain by 2030 in sensitive regions of Latin America. In order to achieve these goals, we are taking steps to improve our suppliers' performance. In particular, in order to improve traceability and better manage the risks associated with indirect suppliers, we are further investing in relevant systems and activities and expanding our coverage of environmental and social risk assessments. We are helping to ensure that our origination and commercial teams remain equipped with the latest knowledge and tools to support farmers in complying with these new requirements.

We are also targeting our community investment in priority areas, allowing us to further mitigate supply chain risks, through targeted efforts to support smallholders, for example. In 2023, we sourced 213,000 tonnes of soybean through Brazil's Social Fuel Stamp programme from around 45,000 smallholder farmers. We are also beginning our decarbonisation journey for Brazilian soy and corn and participating in sector-wide initiatives. Finally, we are stepping up our restoration efforts, in partnership with other stakeholders.

Could you explain the role of your new port terminal in Santos in growing the business? How have you sought to ensure sustainability in this venture?

Our new terminal at Santos, for which we have a 25-year concession, will be one of the largest at the port, once it goes into operation. This will support the expansion of our export activities, as demand for commodities, particularly grains and oilseeds, continues to rise. The expansion of our activities is central to delivering our commitment to supply more sustainable commodities. We have taken environmental and social impacts into consideration from the outset, engaging in dialogue with local communities and stakeholders, and visiting the port's operations and surroundings in order to form a clear understanding of how best to create new structures responsibly. In particular, we have sought to respect local communities and heritage, protect port workers' employment, lower any environmental impacts and create economic opportunities.

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With our strong presence and farmer relationships, we recognise the country's significant potential as a global agricultural hub.”





Our progress

28	2023 highlights
30	Progress against our targets
32	Protecting the Earth
64	Empowering people
86	Championing values

Our 2023 highlights

Managing sustainability



\$2.3bn

Met all supply chain traceability and socioenvironmental risk targets under our two sustainability-linked loans (US \$2.3bn = commitments raised from banks)



Received industry leading Sustainalytics ESG risk rating

3 new strategic pillars created, clustering material topics identified in the latest double-materiality assessment



[Read more p18](#)

Protecting the Earth



Developed

near-term, science-based GHG emission reduction targets and submitted to the SBTi for validation

Full traceability

to farm achieved for directly sourced soybean in Brazil



8%
year-on-year reduction in Scope 1 and Scope 2 GHG emissions

22%
year-on-year reduction in water intensity of industrial operations, surpassing our 2025 target ahead of time

82%
of waste was recycled, reused, composted or recovered (up 20 p.p. from 2022), with over 13,400 m³ of demolition waste reused in the construction of the STS11 port terminal in Santos, Brazil

42%
of our total coffee exports were certified or verified as sustainable

[Read more p32](#)

Empowering people



51% reduction in the lost-time injury frequency rate for employees



Launched a project to further develop our human rights due diligence system

5,150

students impacted by our Guardians of Tomorrow programme in Brazil, while expanding it to Argentina

213,000

tonnes of soybean sourced through the Social Fuel Stamp programme to support some 45,000 smallholders' access to market

Zero

employee and contractor fatalities

Read more **p64**

Championing values



Established

a committee to address the new EU Deforestation Regulation (EUDR)



First-of-its-kind

agreement for the delivery of DCF soybeans from Brazil to China, as part of the Taskforce on Green Value Chains for China

24%

increase in employee learning time dedicated to business ethics and policies

89%

of Integrity Hotline cases closed before year-end, with 19% reduction in average closure time






Read more **p86**

Progress against our targets

To make progress on our sustainability strategy, we have defined multiple targets within our three pillars (Protecting the Earth, Empowering people, Championing values), with some targets spanning different pillars. These guide our efforts and help to ensure that we continue to focus on the topics that matter most to our business and stakeholders. Importantly, we regularly review our targets when reviewing and updating our strategy and priorities. Reporting our performance on these targets also helps to demonstrate accountability and delivers transparency to our stakeholders and markets.



Strategic pillar	Our targets	Our progress
 <h2 data-bbox="183 488 414 582">Protecting the Earth</h2>	<ul style="list-style-type: none"> <li data-bbox="544 369 1061 425">– Set science-based climate targets and implementation roadmap by 2024 <li data-bbox="544 432 1133 488">– Gradually improve data granularity and reporting processes for the most material categories within Scope 3 GHG emissions <li data-bbox="544 495 1085 551">– Full traceability to farm for directly sourced Brazil soybean by 2023 <li data-bbox="544 557 965 584">– By 2025, halt deforestation from soy supply <li data-bbox="544 591 1141 647">– Achieve a conversion-free soy supply chain by 2030 in sensitive regions of Latin America <li data-bbox="544 654 1157 732">– Monitor and disclose deforestation- and conversion-free footprint of soy sourced in the SCF 61 focus municipalities by June 2023 (to be audited by a third-party by November 2023) <li data-bbox="544 739 1085 795">– Achieve and maintain full traceability to mill level for global palm oil sourcing <li data-bbox="544 801 1029 857">– Reduce water intensity index by 10% by 2025 from 2019 baseline 	<ul style="list-style-type: none"> <li data-bbox="1182 369 1460 396">●●●●●○ In progress <li data-bbox="1182 432 1460 459">●●●●●○ In progress <li data-bbox="1182 495 1460 521">●●●●●● Target met <li data-bbox="1182 557 1460 584">●●●●○● In progress <li data-bbox="1182 591 1460 618">●●●●○● In progress <li data-bbox="1182 654 1460 680">●●●●●● Target met <li data-bbox="1182 739 1460 766">●●●●○● In progress <li data-bbox="1182 801 1460 828">●●●●●● Target met ahead of time
 <h2 data-bbox="183 1034 470 1146">Empowering people</h2>	<ul style="list-style-type: none"> <li data-bbox="544 916 917 943">– Zero employee and contractor fatalities <li data-bbox="544 949 1013 976">– Safety Index for employees and contractors ≤ 1.5 <li data-bbox="544 983 1029 1010">– 2% employee work time dedicated to EHS training <li data-bbox="544 1016 1045 1043">– 1.5% contractor work time dedicated to EHS training 	<ul style="list-style-type: none"> <li data-bbox="1182 916 1460 943">●●●●●● Target met <li data-bbox="1182 949 1460 976">●●●●●● Target met <li data-bbox="1182 983 1460 1010">●●●●○● In progress <li data-bbox="1182 1016 1460 1043">●●●●●● Target met
 <h2 data-bbox="183 1317 486 1429">Championing values</h2>	<ul style="list-style-type: none"> <li data-bbox="544 1198 853 1225">– Zero food/feed safety incidents <li data-bbox="544 1232 1029 1288">– 100% resolution of grievances received through our Integrity Hotline 	<ul style="list-style-type: none"> <li data-bbox="1182 1198 1460 1225">●●●●●● Target met <li data-bbox="1182 1232 1460 1258">●●●●●● Target met
<h2 data-bbox="183 1471 438 1538">Cross-pillar</h2>	<ul style="list-style-type: none"> <li data-bbox="544 1467 1101 1523">– Evaluate the sustainability performance of all direct palm oil suppliers with regular business relationships <li data-bbox="544 1529 1029 1585">– Ensure the completion of targets under the palm oil Implementation Plan 2022-23 <li data-bbox="544 1592 1061 1648">– Maintain ongoing social dialogue at all high community impact operations <li data-bbox="544 1655 1109 1711">– Conduct environmental and social impact assessment prior to all new site construction and acquisition 	<ul style="list-style-type: none"> <li data-bbox="1182 1467 1460 1494">●●●●●● Target met <li data-bbox="1182 1529 1460 1556">●●●●●○ Target met partially <li data-bbox="1182 1592 1460 1619">●●●●●● Target met <li data-bbox="1182 1655 1460 1682">●●●●●● Target met

Protecting the Earth



We rely on a good harvest to serve our customers. To continue delivering high quality commodities and meet the growing demand for food responsibly, we are taking action to continuously improve our environmental footprint. Our climate strategy sets the direction for ambitious climate action, as we strive to reduce our emissions and build climate resilience, including by preventing deforestation and conversion in our supply chains. Together with our suppliers, we seek to protect biodiversity and soil health, conserve water and encourage healthy ecosystems. Within our business, we consistently innovate to improve energy efficiency, optimise our use of renewables and manage resources effectively.

Our environmental management approach

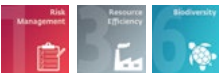
Contents

34	Developing our climate change strategy
39	Reducing our direct carbon footprint
43	Addressing carbon emissions in our supply chains and beyond
46	Conserving nature to promote biodiversity and sustainable agriculture
50	Protecting nature to promote food security
52	Promoting responsible land use in agricultural value chains
57	Improving resource efficiency, managing water, materials and waste effectively
62	Q&A: Inside COFCO International's climate strategy

UN Sustainable Development Goals



IFC Performance Standards



As a major agri-business, we strive to protect the environment and work towards sustainable agriculture, as represented by the orange hexagon in our company logo, in harmony. In particular, we focus on addressing climate change, helping to conserve nature and biodiversity, and optimising our resource use. Through our efforts, we contribute to Sustainable Development Goals 12 (“Ensure sustainable consumption and production patterns”), 13 (“Take urgent action to combat climate change and its impacts”), and 15 (“Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss”).

We are working to take climate action by lowering our GHG emissions throughout our global footprint. Within our operations, we are implementing energy efficiency measures and increasing the use of renewables. Meanwhile, in our supply chains, we are helping to eliminate deforestation and promote responsible agriculture. Our ambitious climate strategy encompasses both climate change mitigation and adaptation measures. As part of our climate change mitigation efforts, we are working to reduce our GHG emissions through improving the granularity of our inventory, committing to science-based targets and implementing targeted actions. Importantly, climate adaptation strategy guides our understanding of climate-related impacts on our assets, operations and supply chains, and helps us build resilience and avert any potential disruption to our business.

To prevent deforestation and conversion (profound changes within a natural ecosystem) within our supply chains and plantations, we support farmer efforts to protect soil health, promote biodiversity, restore nature and encourage healthy ecosystems. We prioritise higher risk commodities and regions, particularly soybean in South America and palm oil in Southeast Asia. We continuously seek to raise supply chain traceability, assess environmental and social risks and conduct targeted supplier engagement efforts, informed by respected sustainability certifications and our own [Responsible Agriculture Standard](#). Importantly, we engage in sector-wide efforts to protect, restore or manage ecosystems, with a focus on improving livelihoods and in collaboration with communities and indigenous people.

We understand the value of promoting biodiversity – the myriad of living organisms and the interactions between them – to healthy crops and the future of agriculture. Similarly, better soil health is an essential component of raising yields sustainably. We strive to adopt innovative practices in our sugarcane plantations and encourage standards that respect and conserve nature within our supply chains through our sustainable sourcing efforts.

To optimise our resource use, we seek to understand water risks and manage water resources effectively, leveraging the latest technology and best practice to optimise our use of freshwater, reuse processed water and manage wastewater adequately. We also collaborate with stakeholders and invest to improve access to water in regions experiencing higher levels of scarcity. We have strict policies on waste management and aim to make the best use of materials, prioritising environmentally responsible treatment and disposal options, for example, by reusing by-products to generate energy on-site.

Developing our climate change strategy

The Forest, Land, and Agriculture (FLAG) sector is inherently vulnerable to climate change, while also contributing nearly a quarter of GHG emissions, as the second largest emitter. Present throughout agricultural value chains, we have significant leverage to influence climate mitigation efforts in our sector and support the transition to responsible agriculture through our operations and supplier and customer partnerships. Adopting a low-carbon business model will be central to making this a reality.

Developing a climate strategy will help to ensure that we navigate challenges and leverage opportunities effectively, creating a clear pathway for the forthcoming years, and establishing how best we can prioritise our emission reduction efforts to support our journey. Defining clear milestones and mechanisms to track performance also helps to manage resources, report progress transparently, and identify opportunities for improvement.

Launched in 2023, our climate strategy sets the direction for our global GHG emission reduction efforts. Based on an in-depth study of our direct and indirect (Scope 1, 2 and 3) GHG emissions and a comprehensive understanding of the risks

and opportunities for our business, the strategy provides a robust, consistent framework for action on reducing energy use and promoting energy efficiency, while increasing our use of renewables. In particular, it includes plans to mitigate and adapt to climate change across our operations and supply chain, and provides guidance to develop further initiatives across our business.

For more on how we govern climate action in relation to mitigating our climate change impacts and adapting to physical and transition climate-related risks and opportunities, please see '[Responsible governance and compliance](#)'.

To create our strategy, in 2022, we completed a full GHG inventory for our baseline year, 2021, which will serve as a starting point from which to set our targets, take action, and monitor and disclose progress. We have since replicated the calculations for 2022 and 2023, gaining a clearer picture of how our emissions have progressed since 2021. Throughout this process, we have followed the methodology defined by the GHG Protocol. We have also completed a climate risk assessment to identify risks and opportunities, exploring climate-related hazards and opportunities in two scenarios reflecting high physical impact and rapid transition.



Importantly, in order to contribute to global climate action consistent with a 1.5°C pathway, we also committed to establishing [third-party validated science-based emissions reduction targets](#), in line with our own ambitions and public commitment through the Agriculture Sector Roadmap to 1.5°C. In 2023, we advanced the process of modelling the required emission reductions for FLAG and non-FLAG emissions and submitted our targets for validation, in line with the applicable criteria of the Science Based Targets initiative (SBTi). Validation is pending as of the report publication date.

Meanwhile, we determined potential emission reduction opportunities, analysed the extent to which these could contribute to progress towards our targets, and gained further knowledge of where we could prioritise our efforts in the coming years. We have subsequently developed a high-level reduction roadmap, with the support of South Pole consultants, in order to guide our journey.

In 2023, we also completed our work with Solidaridad and expert consultants at ClimatePartner, who independently reviewed the steps we took to develop our climate strategy. For more information on this work, please see, '[Q&A: Inside COFCO International's climate strategy](#)'.

Understanding our GHG emissions footprint

To calculate our GHG emissions, we followed the GHG Protocol Corporate Standard, the draft GHG Protocol Land Sector and Removals Guidance to account for emissions from land use, and guidance on FLAG Science Based Target Setting. This helped to define emissions with FLAG and non-FLAG categories. We used the operational control approach with regard to the boundaries of our GHG inventory.

At a high level, our corporate GHG emissions are largely represented by Scope 3, which is responsible for around 99% of our total emissions. Emissions arising from FLAG

activities account for some 83% of our total emissions, of which the majority are derived from the agricultural commodities we source. Our own farming operations contribute just 0.2% of our FLAG emissions. At the same time, in 2023, emissions from land use change (LUC) amounted to 102,417,889 tonnes of CO₂eq and constituted around 69% of our total FLAG emissions.

As for the non-FLAG portion of our emissions, Scope 1 emissions, largely driven by mobile combustion (fuels used in machinery and maritime vessels) contributed slightly more than 5% of our emissions. Meanwhile, Scope 2 emissions (purchased energy) are the lowest of all the scopes at only 0.2% of the total.

Finally, our biogenic emissions amounted to 4,223,202 tonnes of CO₂eq.

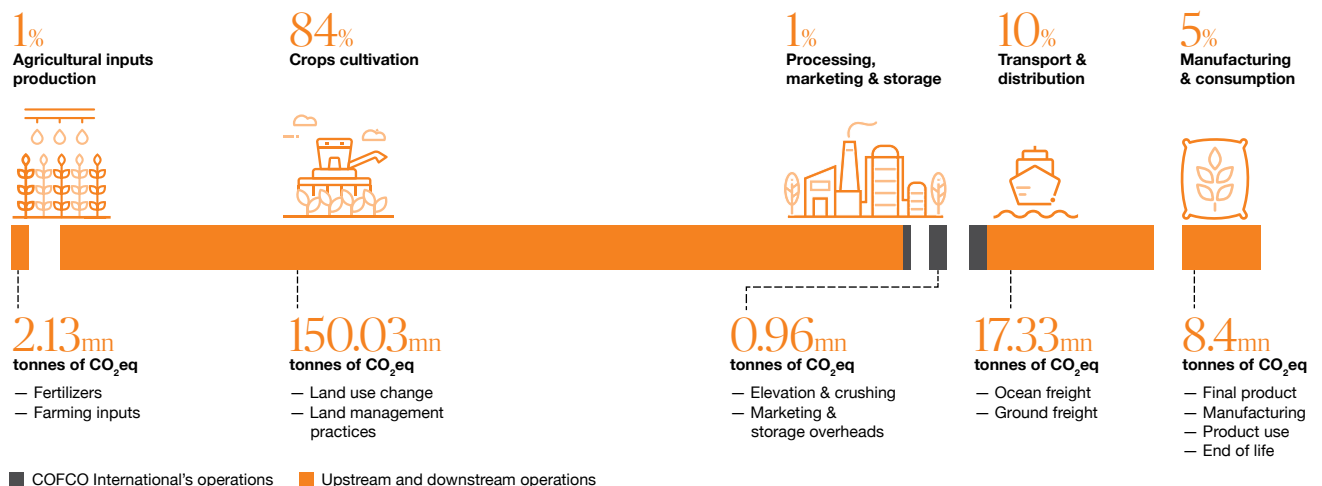
Our climate risks and opportunities

We defined our climate risks and opportunities in 2022 by undertaking a cross-functional workshop and study to shape our strategy for optimum impact. Led by our sustainability team and with the involvement of senior management, this project included a baseline assessment of risks and opportunities to understand our current exposure and vulnerability towards climate hazards, and based on stakeholder engagement, a review of internal documents and in-house expertise. This informed a summary of relevant risks and opportunities in line with the Task Force on Climate Related Disclosure (TCFD) framework (see '[Our TCFD index](#)'), from which we prioritised the most important 32 risks and opportunities. Building on this, we analysed our exposure towards 2030- and 2050-time horizons under two scenarios: global warming of 1.5°C and 4°C above pre-industrial levels respectively. This helped us to better understand, manage and communicate our current and future climate change risks and opportunities, deliver focused action at production level and build resilience for sustainable agriculture.

“Creating a robust climate strategy will enable us to systematically identify and address the most significant areas of risk in our global footprint and take action with our suppliers and partners towards emissions reduction.”

Khaja Qureshi,
Chief Risk Officer, COFCO International

Our value chain carbon footprint



High physical impact

The high physical impact scenario reflects global warming of 4°C above pre-industrial levels. It considers a continued rise in GHG emissions at current rates, leading to significant physical climate change impacts (rising temperatures, changing rainfall, extreme weather events). It also considers shared socio-economic pathways (SSP) 5-8.5, IPCC’s Sixth Assessment Report (AR6) and underlying Global Climate Models, together with regional and country level (downscaled) projections, where available.

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

Category	Type	Hazard	Physical impact	Financial impact	Cumulative risk rating		Methodology	Management response	
					2030	2050			
Physical	Risk	Drought	Transport disruption due to low river levels	▲ OPEX	U / L	U / L	We considered the river-based transport routes that have strategic importance for our company, particularly where we have experienced disruptions due to low river levels. We also explored the reasons for drought in order to forecast potential drought developments.	We will continue to monitor in order to make sure we are prepared to take action, should the risk status change. In 2023, we observed an example of this with a key stretch of the Mississippi River in the USA dropping to its lowest-ever level.	
			Negative impact on the crop quality and yields	▲ Commodity price	M	H	To understand how the production of agricultural commodities is influenced by weather events, we considered key sourcing country regions for the commodities representing the largest share of our operational portfolio. We performed a combination of climate modeling and scientific literature overview, depending on the risk indicators and geography.	Understanding where our supply chains are vulnerable helps us to develop contingency plans to address potential disruptions caused by irregular weather events, invest in technology and collaborate with farmers and other industry stakeholders to improve the resilience of our shared supply chains. In 2023, the drought in Argentina affected our grains and oilseeds volumes.	
			Frost and Freezing	Supply chain disruption	L	M			
			Heavy rainfall		M	M			
			Extreme temperatures		H	V			
			Wildfires		U	V			
			Tropical cyclones	Damage to assets and operations	▲ CAPEX ▲ OPEX Supply chain disruption	U	H	We have analysed in what respects our logistical and industrial operations are vulnerable to certain weather events, depending on location and transport flows.	The risk of tropical cyclones to some of our operations may represent a future challenge. We will continue to conduct regular risk assessments and follow risk protocols in case of disruption. A comprehensive global risk management strategy helps us to monitor and address this risk and minimise financial exposure. In 2023, we experienced no major damage to assets or operations as a result of this hazard.
			Riverine flooding			L	L		We will continue monitoring any risk in order to ensure we are prepared to take action if the risk status changes.
			Coastal flooding			L	L		

Rapid transition

The rapid transition scenario reflects global warming of 1.5°C above pre-industrial levels, considering government climate policies and action led by businesses and individuals to reduce global GHG emissions (halving by 2050), helping to limit physical climate change impacts. It also considers the International Energy Agency Net Zero by 2050 model and relevant regional and country-level and/or sector-specific scenarios, strategies and plans, where available.

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

Category	Type	Hazard	Physical impact	Financial impact	Cumulative risk rating		Methodology	Management response
					2030	2050		
Technology	Opportunity	Transition to low-carbon technology	Transition to more efficient, lower-carbon technology at the processing facilities	▲ CAPEX	H	V	We reviewed the outlook for growth of energy efficient and low-carbon technology in selected locations and compared it to technologies currently applied at our industrial facilities.	We may benefit from energy efficient and low-carbon heat generators, as the market is forecasted to grow. We will continue investing in more efficient energy sources at our operations. Please see ‘Reducing our direct carbon footprint’ for more on how we are addressing Scope 1 emissions and energy management.
				▲ OPEX				
Reputation	Risk	Negative investor perception	Negative financial positioning (lower rankings)	▲ Cost of capital	M	H	We reviewed the public commitments and strategies of our key investors to better understand their position on climate protection.	With investment commitments to reach net zero emissions increasing, it is important for our climate strategy to remain ambitious and comprehensive. Our science-based targets are being validated, and we will make progress guided by a detailed roadmap. We will continue to explore sustainability-linked financing opportunities related to the drivers of our GHG emissions.
		Negative stakeholder perception	Loss of competitiveness	▼ Revenues	M	H	U	We completed some research on the social and environmental impacts of key commodity cultivation in the most important locations.

Rapid transition (continued)

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

Category	Type	Hazard	Physical impact	Financial impact	Cumulative risk rating		Methodology	Management response
					2030	2050		
Policy/Legal	Opportunity	Bioenergy policy	Increased subsidies on bioenergy production	▲ Revenues	H	H	We completed an analysis of the legal/political landscape in key producer and consumer countries in order to understand the key trends and assess our exposure.	We may benefit from renewable energy production through our business in Brazil, as the bioenergy market is expected to expand in the future.
	Risk	Land use policy	Restriction of agricultural land use in key biomes	▼ Revenues ▲ OPEX	M/H	U		
		National net-zero policies	Global net zero	▲ CAPEX ▲ OPEX	H	H		
	Traceability requirements	Additional administration requirements	▲ CAPEX ▲ OPEX	H	H			
	Carbon pricing in South America	Emission-related restrictions and penalties	▲ OPEX	H	H			
	EU Emissions Trading System expansion			H	V			
	IMO ship decarbonisation	Stricter IMO requirements on ship carbon efficiency		M	H			

Reducing our direct carbon footprint

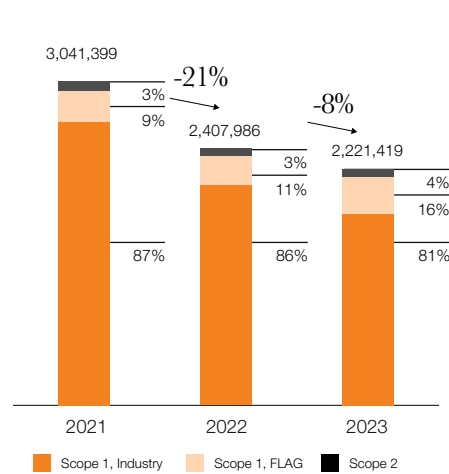
Within our business, we consistently strive to innovate to improve energy and fuel efficiency, prioritise the use of renewable energy, optimise the use of fertilisers, refrigerants and other GHG sources, manage crop residues and ensure responsible land management. We focus on the areas where we stand to make the greatest impact and leverage the latest technology and best practices to continuously improve our performance. Through our [Environmental Policy](#), we commit to measuring, managing and communicating our environmental impact, including our GHG emissions through the definition of Key Performance Indicators (KPIs), use renewable and non-fossil fuel energy wherever possible, and lower any potential negative effects of our operations in the form of air pollution.

Understanding our Scope 1 and Scope 2 GHG emissions

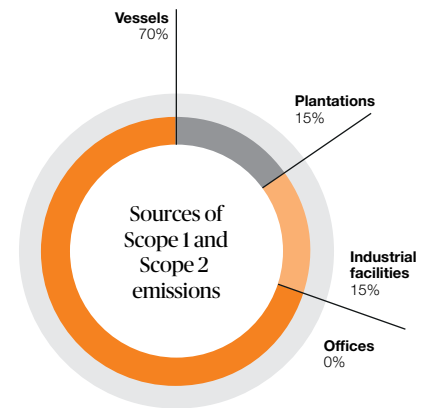
The scope for direct emissions covers all sites over which we had operational control during any period within 2023, including industrial assets, warehouses, port terminals, farming operations, and offices, as well as chartered vessels whose fuel consumption was under our operational control.

In 2023, our total Scope 1 and Scope 2 GHG emissions were 2,222,291 tonnes of CO₂eq. We observed an 8% year-on-year reduction (-185,695 tonnes CO₂eq), primarily driven by a reduction in emissions from chartered vessels and partly due to a lower consumption of natural gas at our assets.

Total Scope 1 and 2 emissions (tonnes of CO₂eq)



Sources of Scope 1 and Scope 2 emissions



Scope 1 and Scope 2 GHG emissions, in tonnes of CO ₂ eq	2021	2022	2023
Scope 1	2,946,369	2,339,717	2,139,751
Stationary combustion	218,908	162,227	155,124
Mobile combustion	2,495,496	1,977,101	1,738,599
Fugitive emissions	12,727	13,999	6,750
Plantations	219,238	186,389	239,278
Scope 2	95,030	68,269	82,540
Purchased electricity	77,968	53,049	61,723
Purchased heat	17,062	15,220	20,818
Total GHG emissions Scope 1&2 (market-based)	3,041,399	2,407,986	2,222,291
Outside of scopes	3,805,981	3,811,424	4,223,202
FLAG emissions, as a percentage of Scope 1&2	9%	11%	16%
Non-FLAG emissions, as a percentage of Scope 1&2	91%	89%	84%

We recalculated our previous years' emissions due to the accounting of emissions at ports. Initially, we included all port related emissions, however, it was later corrected to exclude time-charter out (TCOUT) voyages, which are not within our operational control, leading to a reduction.

Protecting the Earth

Decarbonising our maritime freight operations

The IMO's recently revised GHG strategy calls for full decarbonisation of the sector by around 2050 and sets indicative checkpoints that strive for a 30% absolute emissions reduction by 2030 and an 80% reduction by 2040 compared to 2008. In addition, in January 2024, the EU Emissions Trading System started covering CO₂ emissions from all large ships of 5,000 gross tonnage and above entering EU ports.

Chartered vessels account for the majority of our Scope 1 and Scope 2 emissions, representing over 80% of our non-FLAG emissions. We only have operational control over the fuel consumption of certain types of vessels whose activities are managed by our Freight team. Emissions from maritime freight over which we have no direct control are covered in Scope 3, categories 4, 9 and 13. Please see '[Addressing carbon emissions in our supply chains and beyond](#)'.

The emissions of our time-chartered vessels decreased from 1,814,484 (in 2022) to 1,551,263 tonnes of CO₂eq (in 2023) (-14.5%), driven by a reduction in the total volume of sea cargo handled. In 2023, approximately half of our time-chartered vessels had a carbon intensity rating between A+ and C as measured by the Carbon Intensity Indicator. We expect to increase the portion of chartered fleet with these ratings, as new IMO regulation related to carbon intensity of vessels becomes applicable.

Around a third of our chartered fleet is composed of ships with at least one fitted energy-saving device (propeller duct, rudder bulb, pre-swirl stator fin, bow enhancement, and/or hull fin). We confirmed this through a project with Lloyd's Register (see right). Elsewhere, to ensure our vessels run efficiently and with decreased emissions and comply with new legislation, we use specialised software for voyage optimisation and to verify Energy Efficiency existing ship Indexes before arranging time-chartered vessels.

Collaborating to improve freight emissions

We remain a member of the Getting to Zero Coalition, which is committed to supporting industry decarbonisation efforts. Through the Sea Cargo Charter (SCC), we annually report our chartering activities' alignment to the industry's decarbonisation trajectory, as measured by carbon intensity, using the methodology established by the Charter. Our 2023 climate alignment score was +11.5% (considering alignment with the minimum trajectory) or +16.9% (considering the striving trajectory).

This reflects a slight performance decrease compared to the 2022 score of +8.9%, primarily due to the fact that we stopped chartering vessels of more than 200,000 dwt (the category in which we had performed better). We remain committed to working towards our shared decarbonisation trajectory.

We also increased the portion of our activities that were reported under SCC, gaining improved visibility. This was achieved through charter party clauses for voyage data reporting, ensuring that ship owners provide us with fuel emission reports upon request.

In 2024, the data used to compile our 2023 SCC scores will undergo an external audit. Through this, we expect to identify possible improvements in the data management processes.

Further, together with other key maritime companies, we signed the Global Maritime Forum's Operational Efficiency Statement, identifying five action areas to rapidly improve operational efficiency and further support fuel consumption and emissions reduction efforts.



Partnering to reduce our maritime freight emissions

To develop options for a strategy to decarbonise our freight operations, we are working with Lloyd's Register, a professional services group specialising in marine engineering and technology, to identify the best-suited emissions reduction technologies for our maritime freight operations. The initial phase of the partnership involves a comprehensive assessment of COFCO International's chartered fleet and a thorough evaluation of the fleet characteristics, operational profile, and environmental impact of chartered vessels. We will explore energy-saving devices, considering our current technologies and build a comprehensive view of suitable devices for our bulk carrier fleet.

We will also conduct an impact assessment of each suitable technology for different vessels and trade routes, allocating a feasibility score to define the best options. In this way, we will gain insights into existing emission reduction technologies available in the market, as well as their potential impact on the company's emission profile.



As a major player in agricultural commodities, COFCO International's operations include transporting significant volumes of its goods across the globe. Together, we are identifying strategies to reduce its carbon footprint and contribute towards a more sustainable future for global freight transport. By targeting emissions reductions from these operations, the company will also support global sustainability goals."

Alberto Perez

Head of Maritime Commercial Markets, Lloyd's Register

89.2%
Of energy needs were met by renewables

7.2%
Reduction in energy intensity of industrial operations

Towards low-carbon farming operations

FLAG emissions linked to our sugarcane plantations and South Africa farming operations represented 16% of our total Scope 1 and Scope 2 emissions in 2023, compared to 11% in 2022. This reflects the growing farming output of our sugarcane plantations, which represent the most significant proportion of our Scope 1 and Scope 2 FLAG emissions. With stronger operational control over our sugarcane plantations, we have greater leverage over the opportunities to reduce emissions, and continuously implement more actions to drive progress.

Within our sugarcane plantations, we continued to expand our crop rotation project, planting soybean and other nitrogen-fixing crops, allowing for a more integrated farming system to improve potential sugarcane yield, while generating an additional source of revenue. To address the most significant source of emissions in our sugarcane plantations (the use of nitrogen-based fertilisers), we continue to invest in the use of microorganisms to fix nitrogen in the soils, optimise the use of fertilisers and gradually replace the mineral sources of this nutrient with organic sources (nitrogen from vinasse by-product and compost). In this way, we have gradually decreased the ratio of mineral nitrogen per tonne of sugarcane produced. For more information, see [‘Conserving nature to promote biodiversity and sustainable agriculture’](#). Elsewhere, we continue to invest in operational efficiency measures and optimising machinery use.

With our existing vinasse concentrators and new wastewater treatment plants becoming operational in Catanduva and Sebastianópolis in 2023 (see [‘Improving resource efficiency, managing water, materials and waste effectively’](#)), we expect to reduce our reliance on truck and tractor use for vinasse distribution. From the estimated million litre savings in diesel fuel, we expect to see a reduction of around 2,400 tonnes of CO₂eq per year in these sites (equivalent to 1.4% of the part of our 2023 emissions linked to diesel consumption in mobile combustion).

Improving energy efficiency to reduce GHG emissions

To better manage direct and indirect energy resources and lower related GHG emissions, we focus on improving the energy efficiency of operations, optimising consumption and reducing exposure to energy security-related risks. We are also committed to using renewable and non-fossil fuel energy wherever possible. In 2023, we achieved a 7.2% reduction in energy intensity for industrial operations, while 89.2% of energy needs were met by renewables, compared to 88.6% in 2022. This reflects the growth in our sugar operations against slower grains and oilseeds processing activity.

Sugar operations continue to be partly responsible for the majority of energy consumption across our operations (around 85%), while also meeting its energy needs almost entirely with renewable energy, primarily due to the use of bagasse, a by-product of sugarcane crushing with high calorific value.

Our assets’ total energy consumption increased from 50.9 to 54.1 million GJ, a 6.3% rise, year-on-year. This can be directly attributed to the increased energy consumption in our sugar production, driven by an increase in the volume of sugarcane processed and our growing farming operations. However, overall, the total energy consumption of our grains and oilseeds industrial operations decreased, reflecting decreased processing and the shutdown of a crushing plant in Ukraine.

The energy intensity of our industrial operations decreased by 7.2% in 2023, following a significant improvement in energy efficiency, primarily driven by our sugar operations. Despite the slower operational activity in our grains and oilseeds industrial operations (due to indirect effect of a drought in Argentina), we observed a small improvement in energy efficiency due to our sustained efforts over the past years.

Energy efficiency	2019	2020	2021	2022	2023
Energy intensity (MJ / tonne processed)	2,463	2,376	2,295	2,411	2,238

Protecting the Earth

We continued to take action to improve energy efficiency, lower our energy and fuel use, and reduce fugitive emissions. For example, in our Potirendaba sugar mill in Brazil, we launched a project in 2023 to install technology that will allow us to burn the methane resulting from wastewater treatment (converting it to less GHG-intensive carbon dioxide or carbon monoxide) and potentially use it as a fuel. Across all four sugar mills, we invested in equipment that allows us to reuse refrigerant gases during maintenance, reducing the need for new GHG-intensive gas.

At our Kandla refinery in India, we invested in automating electrical capacitors. The running hours of the capacitors are now under control, and these capacitors only operate when the pump of a particular area is in operation. We have also fitted all streetlights and high mast lighting with automatic timers. To promote better air quality, we also invested in retrofitting our diesel generators to reduce the emissions of air pollutants from diesel exhaust, including carbon monoxide and particulate matter.

We continued to roll out LED lighting in sites where we still had conventional lighting (for example, in some of our assets in Argentina, Colombia, Brazil, Romania, Ukraine and Spain). In Timbúes, Argentina, we invested in steam trapping systems to improve energy efficiency, while at our Santos port terminal in Brazil, we expanded our capacity to receive volumes via rail (a lower-carbon form of transport) and installed LED lamps.

At our Rondonópolis crushing plant, we invested in technology to improve boiler efficiency and reduce biomass consumption. Additionally, the site's new three-kilometre biodiesel pipeline opened in 2023. The pipeline compressor station is powered by 100% renewable biomass energy. The pipeline provides environmental benefits and cost savings, including the elimination of up to 12,000 truck trips annually, resulting in improved road safety and reduced traffic and emissions (up to 35 tonnes of CO₂eq savings annually).

In Standerton, South Africa, due to the increased use of our asset, we observed an improvement in operational efficiency, yielding a reduction of around 8% in energy consumption per metric tonne of product processed. At our Mishurin Rig in Ukraine, we installed a new boiler running on solid biofuel to heat the administrative building.



See '[Building stronger communities](#)' and '[Protecting nature to promote food security](#)' for further measures with an indirect impact on emissions, particularly those related to reforestation, environmental stewardship, employee awareness-raising and community engagement.

Within our Brazil sugar and coffee operations, to celebrate Environment Week, our Potirendaba team planted seedlings with the help of students from the Vitória Botaro School and local authority representatives. We also purchased vehicles with new technologies that emit fewer pollutants.

During Tree Week, we planted more than 1,000 native seedlings to help promote biodiversity in local industrial parks and schools, together with more than 130 students, teachers, the mayor of Meridiano, councillors and local government representatives. Overall, our reforestation teams have planted one million seedlings over the past five years.

“

Throughout our sites, we seek to improve our energy efficiency, innovating and investing in the latest technologies and processes to optimise our operations, save costs and lower our emissions.”

Yongjun Li,

Global Asset Management Director,
COFCO International

Addressing carbon emissions in our supply chains and beyond

Beyond our own operations, by engaging suppliers, farmers, producers and other supply chain partners, we consistently innovate to reduce our indirect Scope 3 emissions and address the related drivers. In particular, we seek to lower the emissions linked to the agricultural commodities that we source, and the emissions linked to transportation, distribution and consumption of products.

We have rigorous requirements in place for our suppliers and work with them to help continuously improve their performance, including through the requirements in our Supplier Code of Conduct and commodity-specific sourcing policies.

Wherever possible, suppliers must use renewable and non-fossil fuel energy, as well as climate-friendly products, contributing to the reduction of GHG emissions. They should also strive to implement measures that contribute to decarbonisation (this is also a requirement for soybean suppliers through our [Sustainable Soy Sourcing Policy](#)) and consider carbon capture options within their own operations and supply chain. We also require that they account for physical, transition, and reputational risks related to climate change, including those affecting water resources and the security of food systems, and use environmental practices that seek to minimise the potential impact of those risks.

Similar requirements are in place for volumes produced in line with our Responsible Agriculture Standard. The Standard itself also includes GHG emissions calculation aligned to the European Union Renewable Energy Directive (RED II).

Similarly, we procure products that have been produced under sustainability certification schemes or our own programmes. This helps to lower our Scope 3 emissions by addressing land use change (see '[Promoting responsible land use in agricultural value chains](#)'), promoting greater fuel efficiency in upstream and downstream transportation (for example with maritime freight-specific efforts, see '[Reducing our direct carbon footprint](#)') and encouraging biodiversity protection and soil health management (see '[Conserving nature to promote biodiversity and sustainable agriculture](#)').

We are gradually improving the quality of the data we collect and the way we report progress for the most material categories within Scope 3 GHG emissions. In 2023, we took action to improve some of the methods used to calculate these emissions, leading to improved data granularity, particularly for purchased goods and services and other product-centred Scope 3 categories. We did the same for upstream and downstream transportation and distribution, based on a more accurate, tailored transportation and distribution model reflecting country-by-country origination of raw commodities and product destination. We will continue to work on further improvements in our calculation methodology to better understand our most significant emissions sources.

We have also improved the methodological approach to Scope 3 GHG emissions calculation, resulting in the decrease of the baseline (2021) Scope 3 emissions from 303 to 172.5 million tonnes of CO₂eq, and updated values for Scope 3 FLAG emissions (144.6 million tonnes of CO₂eq) and Scope 3 LUC emissions (99.5m tonnes of CO₂eq). This enabled us to better respect the GHG Protocol, allowing us to achieve more accurate and precise results.



Protecting the Earth

Our absolute Scope 3 emissions for 2023 were 2.6% higher than our 2021 baseline year emissions. The primary driver for this small increase was Category 1, Purchased Goods & Services, for which we observed a 3.4% increase, primarily driven by the emissions linked to maize and soybean sourced from Latin America. The volumes for these emission-intensive commodities increased (while volumes for all commodities combined decreased), while their emissions intensity decreased driven by changes in our sourcing patterns. For instance, in Brazil, we sourced

more volumes from regions with lower emission factors, with the average factor declining both for soybean and corn.

The second most significant hotspot within our Scope 3 emissions (upstream and downstream transportation and distribution) decreased by 5.6% from 2021 to 2023, in line with the reduction in transported volumes. Elsewhere, our emissions for capital goods increased significantly (+291%) as a result of the investments we are making in relation to the new Santos port terminal (demolition, construction and technology).

Developing a plan to reduce our emissions

With the help of our trusted partners, we have developed an emissions reduction roadmap analysing the impact of 26 possible interventions (13 for Scope 3) that enabled us to understand the most important levers for decarbonisation and existing opportunities to be addressed.

The key hotspots for our business are Scope 3 FLAG emissions related to soybean and maize cultivation. As emissions from land use change represent the majority in this category, halting deforestation and conversion in our supply chains remains a key priority (see '[Promoting responsible land use in agricultural value chains](#)'), representing the highest emissions reduction potential. Beyond this, adopting regenerative agricultural practices could help to mitigate our FLAG emissions, and will help build more resilient soils, ensuring the long-term viability of farming systems.

Scope 3 category *	2023 emissions (tonnes of CO ₂ eq)	% of the total Scope 3 emissions
Cat. 1: Purchased Goods & Services	151,855,733	85.8%
Cat. 2: Capital Goods	66,284	<0.1%
Cat. 3: Fuel & Energy-Related Activities	406,969	0.2%
Cat. 4: Upstream Transportation and Distribution	8,741,377	4.9%
Cat. 5: Waste Generated in Operations	5,520	<0.1%
Cat. 6: Business Travel	1,402	<0.1%
Cat. 7: Employee Commuting	9,127	<0.1%
Cat. 9: Downstream Transportation and Distribution	7,079,749	3.9%
Cat. 10: Processing of Sold Products	3,118,695	1.8%
Cat. 11: Use of Sold Products	705,450	0.4%
Cat. 12: End of Life Treatment of Sold Products	4,661,311	2.6%
Cat. 13: Downstream Leased Assets	351,817	0.2%
Scope 3 Total	177,066,483	100.0%
Scope 3 FLAG	148,397,534	83.8%
Scope 3 LUC	102,417,889	57.8%

* Observation: Categories 8 (upstream leased assets), 14 (franchises) and 15 (investments) are not applicable to our business, thus not represented in this breakdown.

Emission reduction roadmap



To achieve our vision, we will invest in decarbonisation interventions in our operations and value chains.

Implement additional energy efficiency measures in our industrial operations.



Prioritise the use of less carbon-intensive fuels for the operation of machinery and stationary equipment.



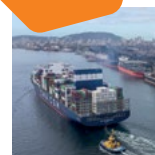
Improve the operational efficiency of our freight operations and help to facilitate a transition to alternative maritime fuels.



Leverage regenerative agricultural practices in our own plantations and strategic supply chains.



Contribute to eliminating deforestation and protecting native vegetation in key production areas.



747,600

CBIO decarbonisation credits sold



On Good Grounds: Climate-smart coffee farming project

To build climate supply chain resilience and ensure a high quality supply of coffee, COFCO International is partnering with its customer, coffee manufacturer, JDE Peets, to help 400 arabica and conilon coffee farmers in Brazil overcome sustainability challenges. To help promote climate-smart coffee farming, we will collectively invest \$1.2m in the initiative, which focuses on the three main social and environmental risks identified as important for the future of coffee production in Brazil by environmental NGO Enveritas. This will include helping farmers to prevent the risk of climate change to farmer livelihoods, alongside activities to improve soil health and improve responsible pesticide application. In 2024, COFCO International will implement, manage and oversee progress. The farmers are located in the south-eastern Brazilian state of Espírito Santo and nearby Sul de Minas, Matas de Minas and eastern Cerrado, important sourcing regions for our business.

COFCO International's field team aims to select and assess participants through its Coffee Responsible Origin Programme, prioritising small to medium farmers, and identifying some larger suppliers to demonstrate sustainable agricultural practices. In addition to monitoring the success of the programme, we will seek to amplify the positive effect by providing scholarships for universities students, and sharing best practices with local agriculture agencies.

Further measures and projects in place to reduce our Scope 3 emissions include sourcing more products that have been produced under sustainability certification schemes (see [‘Creating high quality products by upholding strong standards’](#)) and optimising employee commuting methods. For example, in Brazil, we operate buses transporting our sugar mill employees to work and optimise bus routes to reduce fuel consumption. We also strive to reduce the amount of waste and wastewater generated in our operations and emissions related to their treatment (see [‘Improving resource efficiency, managing water, materials and waste effectively’](#)). Finally, we are lowering the emissions related to business travel by promoting the use of less emission-intensive transportation modes. This is reflected in our updated Global Travel and Expenses Policy, through which we are incentivising rail over air travel, where possible, and striving to promote sustainability and employee wellbeing.

Leveraging carbon credits to improve performance in our value chain

To promote emission reduction efforts in the biofuel value chain, we continued to trade RenovaBio-certified sugar- and soybean-derived biofuel in Brazil, generating carbon credits. In 2023, we sold a combined total of more than 747,600 CBIO decarbonisation credits, 15 times more than in 2022 (49,300), due to higher biofuel sales. This created additional revenues of more than \$17 million. The credits help to ensure that biofuel is produced in line with high environmental standards, and requires that crops are grown without deforestation or conversion. Through these credits, we prevented some 747,600 tonnes of CO₂eq emissions (equivalent to 33.6% of our total 2023 Scope 1 and Scope 2 emissions).

Conserving nature to promote biodiversity and sustainable agriculture

We strive to conserve biodiversity in order to help ensure healthy crops, and a thriving agricultural industry. In particular, by improving our use of natural resources, increasing soil fertility and encouraging pollination, we are working towards improved yields and long-term productivity. Healthy soils bring essential nutrients and water to promote plant growth, while also improving the resilience of agricultural fields to irregular weather events or pest outbreaks. Importantly, they help to ensure more carbon remains in the ground, helping to prevent further climate change. Meanwhile, a thriving ecosystem provides the natural resources we need to create sustainable yields. For example, in Brazil, we innovate to improve practices in our sugarcane plantations, using biological pesticides and natural fertiliser from our mills, and using water more efficiently. We also partner with local beekeepers to bring more pollinators near our crops.

Understanding biodiversity and soil health

Topic	Our values
Biodiversity is the variability among living organisms, and includes diversity within species, between species and of ecosystems. Biodiversity is also vital to human health, food security, economic prosperity and preventing and building resilience to climate change.	Biodiversity, including on plant and animal species, genetic diversity, and natural ecosystems.
Soil health is the capacity of soil to function as a living ecosystem and to sustain plant and animal productivity, promote plant and animal health, and maintain or enhance water and air quality.	Soil health, including soil erosion, soil loss, and reduction in soil fertility and nutrient density.



Our approach to conserving biodiversity

We take action in our supply chains to encourage flourishing ecosystems and promote good soil health. This is particularly important where we face risks linked to deforestation, conversion and degradation of natural habitats. We strive to promote good standards through our sustainable sourcing requirements, particularly those within our Supplier Code of Conduct, Responsible Agriculture Standard, commodity-specific policies (for soybean and palm oil), and Coffee Responsible Origin Programme. We also engage in projects with farmers and producers.

Our commitment to biodiversity conservation within and near our own operations is guided by our Environmental Policy. In particular, we commit to ensuring no net biodiversity loss caused by our operations. We also conduct environmental impact assessments for all new operations, defining priority areas for targeted conservation efforts. We take environmental criteria into consideration from the outset, including for capital expenditure, acquisitions and disposals. Whenever applicable, and particularly where developments are planned near protected areas and places of recognised importance to biodiversity, we develop dedicated management plans to mitigate identified environmental risks, in compliance with local legislation. In 2023, in Santos, Brazil, where we are building a new port terminal, we provided training to our employees and contractors on synanthropic fauna.

The most important biodiversity conservation hotspot within our operational footprint is the 186,750 hectares of sugarcane plantations we operate in Brazil. Here, we strive to ensure the protection and conservation of biodiversity, as well as the adequate maintenance of ecosystems services, in and around our sugarcane production areas and sugar mills, in order to contribute to more sustainable sugarcane production. Our management procedures covering sugarcane farming operations have a focus on conservation and include three dedicated standard operating procedures for Biodiversity Conservation, Management of Ecosystem Services and Sustainable Management of Living Natural Resources. We updated all of these procedures in 2023.

The Biodiversity Conservation procedure defines the mitigation and compensatory measures or mechanisms we have in place to address direct and indirect biodiversity impacts of the various aspects of our sugar business operations, from origination and farming operations to transportation and industrial operations. Similarly, the Management of Ecosystem Services Procedure and the Sustainable Management of Living Natural Resources define measures to address our impacts in these topics.

Promoting biodiversity in our sugar operations

To better conserve biodiversity, and manage ecosystem services and living natural resources, we strive to build capacity among our farming teams and partners to improve their understanding and compliance with legal requirements. We also monitor fire safety and work with local authorities to minimise risks, including through our participation in mutual aid programmes (with shared firefighting capacities), investment in awareness-raising among diverse stakeholders, drills, risk mapping and in-house health and safety programmes (see '[Prioritising our people's health, safety and wellbeing](#)').

In the areas around our sugar mills, we monitor flora and fauna, as part of our Fauna and Flora Monitoring Programme. In 2023, our flora monitoring covered a combined area of 1,759 hectares. Flora monitoring campaigns are done once every year for three of the sugar mills and are used to measure the conservation status of native vegetation. We also conduct fauna monitoring campaigns in the years when each of our sugar mills undergoes a renewal process of its environmental license. In 2023, we implemented fauna monitoring in forest plots, permanent preservation areas and their surroundings, in addition to water streams in the basins where our Catanduva and Sebastianópolis mills are located.

To promote road safety, we provide training to truck drivers, installing road and traffic signs in strategic wildlife spots and road crossing points, reducing the risk of road accidents and other impacts such as to risks to animal life or soil contamination.

1,759
Hectares covered by
flora monitoring





To create sufficient volumes of food to nourish the world's growing population, we must amplify production sustainably. We can only do this by protecting the biodiversity we need to grow healthy crops and nourishing the soil that gives life to all our commodities.”

Marcelo de Andrade,

Global Head of Asset Management & Managing Director Softs,
COFCO International

We also protect the soil to help reduce soil erosion and the silting of freshwater bodies. We use microorganisms as biological pest control methods and to enhance nutrient fixation in soils, reducing the need for chemical fertiliser use.

Elsewhere, we optimise our use of agricultural inputs to minimise the contamination of soil and freshwater and eliminate risks to pollinators. We monitor fertirrigation systems to prevent leaking that could lead to contamination. We also conduct regular monitoring and analyses of the quality of freshwater within the direct and indirect areas of influence of our industrial operations, and raise awareness of the need to protect aquatic life in local freshwater bodies. In 2023, we inaugurated three environmental

education centres in Catanduva, Meridiano and Potirendaba, reaching more than 1,100 people. A fourth is planned for 2024. These centres will host some of the educational activities we provide to local school children, raising their awareness of the importance of protecting biodiversity and nature.

To protect wildlife, we strive to promote the safe capture and release of wild animals found in the industrial premises, using adequate methods that protect animal health.

Meanwhile, we engage in the reforestation and maintenance of protected preservation areas, using native tree seedlings, in order to enhance the natural restoration of degraded lands (see [‘Protecting nature to promote food security’](#)).

Building our Pollinate Programme

We continued to promote biodiversity and protect pollinating insects (mostly bees) on the land surrounding our sugar plantations, while also supporting the livelihoods of smallholder producers, including beekeepers. We provided capacity building for 41 beekeepers in 2023 across 27 cities, mapping and monitoring their 5,200 bee hives and ensuring the bees’ flight paths remain protected from agricultural inputs in our sugarcane plantations. We also expanded the Pollinate Programme to coffee farms in Brazil, running a pilot project with 70 beehives over 15 hectares, and performing studies on the potential links between coffee productivity and honey production.

Additionally, we continued to invest in community projects such as Project Kombee, which seek to raise children’s awareness on the importance of pollinators. In 2023, we reached more than 3,400 people from six cities through this project.



Working in partnership with farmers in South Africa

In South Africa, within the grains and oilseeds plantations that we operate together with local farmers in a partnership model, we also have a biodiversity management plan consistent with national legislation. This plan encompasses the management of biodiversity assets (with identified endangered species added to a dedicated biodiversity species management list) and species posing potential threats to biodiversity (alien and invasive species, for example).

Managing soil health in our own operations

In our Environmental Policy, we also commit ourselves to applying good agricultural practices to enhance soil fertility and minimise erosion, reduce water loss and use inputs efficiently, including the exclusion of products classed as hazardous by the World Health Organization.

To conserve soil health in the sugarcane plantations we operate, we take precision measures to avoid overburdening the soils. We lower the number of manoeuvres of agricultural machinery (while also reducing fuel use and related emissions and costs), and apply agricultural inputs precisely.

We also undertake a crop rotation programme (interspersing sugarcane with nitrogen-fixing legumes), which is particularly important with the continued expansion and increased volumes we produce. It also generates an additional source of income. This allows us to improve soil carbon and nitrogen retention, leading to a decreased reliance on fertilisers. Meanwhile, it enables a more integrated soil management system for our sugarcane plantations, bringing a range of other benefits, including soil preservation, decreased erosion, soil biodiversity (of microorganisms), physical and chemical properties, organic matter, water retention and improved conditions for sugarcane farming.

Elsewhere, we promote the valorisation of by-products vinasse, filter cake, soot and ash. We continue to use vinasse (a by-product of our sugar mills, which is rich in potassium) to improve the fertilisation of cropland and continue to study other ways of making the best use of this by-product. We also make use of filter cake (by-product of the clarification of sugarcane juice), soot (solid material captured in the boiler pollution control system) and ash (from biomass combustion), mixing them with compost fertilizer to improve nutritional properties.

In our South Africa farming operations, in addition to crop rotation and precision agriculture efforts, we regularly evaluate soil properties and optimise the application of fertilisers accordingly, while working with



farmers to reduce the need for tillage. We are also increasing the portion of organic fertiliser we use (instead of chemical fertiliser) and use some coated fertiliser to prevent nitrification and ensure a more gradual release of nitrate nutrients. In 2023, we took initial steps to run an intercropping (sowing diverse crops simultaneously) trial in one plantation.

Managing biodiversity, ecosystems and soil health in our supply chains

Beyond our operations, we work with suppliers, farmers and partners to ensure the products we source are produced with respect for biodiversity protection and using adequate soil management practices. We also take environmental criteria linked to biodiversity into consideration within our supply chain risk assessments of commodities such as soybean and palm oil, and through our due diligence efforts (see '[Supporting suppliers towards more sustainable production](#)'). In particular, we seek to address key origination regions in South America and Southeast Asia.

Through our Environmental Policy, we commit to encouraging good environmental practices throughout our supply chains that comply with all applicable environmental legislation and protect natural resources and biodiversity. Within our Supplier Code of Conduct, our suppliers must use environmental practices that avoid deforestation and protect against the conversion of natural and ecologically important habitats. They must also promote reforestation and/or in their local communities to promote biodiversity, and apply best agricultural practices to enhance soil fertility and prevent erosion.

In addition, we have commodity-specific requirements for palm oil and soybean. For these commodities, suppliers must –

Palm oil – Commit to the conservation of biodiversity and the respect of High Conservation Value areas and High Carbon Stock forests, as well as other protected areas.

Soybean – Achieve deforestation-free soy production and sourcing in Amazon, while striving to conserve landscapes of high biodiversity and ecological value, such as the Cerrado and Gran Chaco. They must also implement sustainable agricultural practices to enhance soil health.

Commodities produced under some sustainability certification schemes or in line with the requirements of our Responsible Agriculture Standard and Coffee Responsible Origin Programme must also meet specific criteria related to biodiversity protection and soil quality. For example, our Standard sets strict requirements for the conservation of native vegetation, the methods used by farmers to apply agricultural inputs, agrochemicals and soil management.

Some of our projects and partnerships with farmers and producers also contribute to stronger standards in biodiversity protection and soil management across and beyond our supply chains. For example, our On Good Grounds project for Coffee will include activities related to the implementation of cover crops, intercropping, integrated pest management, and the adoption of biological controls. This will also include activities related to the implementation of regenerative agriculture practices. Similarly, we support the AgroPlus programme in the Matopiba region, which seeks to achieve a more traceable and sustainable soy supply chain in the Cerrado biome, contributing to protecting the biome's biodiversity (see '[Q&A: Promoting sustainable farming in Brazil](#)').

Protecting nature to promote food security

Protecting nature and restoring natural habitats sits at the core of our efforts to support crop yields, farmer livelihoods, ecosystems and resource use, providing benefits for human health and biodiversity. Taking voluntary action to promote conservation and restoration also helps to improve the resilience of carbon stocks and sinks and protects ecosystems as the climate changes, while ensuring a more sustainable use of natural landscapes. Within our business, we are developing restoration and agroforestry projects around our sugarcane plantations. To encourage nature restoration in our supply chains, we prioritise investment in ecologically sensitive regions, partnering within the sector and beyond to address shared challenges. These solutions can involve efforts to protect, restore or manage natural and semi-natural ecosystems, and promote the sustainable management of agricultural plantations. We design and implement strategic, large-scale projects by engaging with local communities and indigenous peoples.

Protecting nature in our operations and communities

We strive to adhere to the responsible governance of land tenure and commit ourselves to and implement and establish mitigation or compensation action plans, should any negative impact on the environment or communities is identified for land acquisition or leasing decisions, within the confines of national legislation and the IFC Performance Standards. This is guided by our [Responsible Land Acquisition and Leasing Policy](#).

Our Management of Ecosystem Services Procedure (applicable to our sugarcane operations in Brazil) includes guidance on how our teams can incentivise and provide support to our partners in their reforestation efforts and maintenance of protection and preservation areas. They must follow this process in order for their lands to be fully registered as complying with environmental requirements. This is further supported by our formal programme to support partners in their regularisation of rural properties and through a partner booklet containing technical guidance, which is also distributed to partners.

Around our sugarcane plantations, we continued our reforestation efforts to conserve natural ecosystems. In 2023, we planted more than 222,200 native tree seedlings (compared to 132,140 in 2022), reaching the milestone of 1 million seedlings planted over the last five years.

We also obtained recognition from the São Paulo State Coordination Body for Inspection and Biodiversity that an additional 58 hectares of previously reforested area reached self-sufficiency, after a period of monitoring. These efforts contribute significantly to local ecological restoration of ecosystems, enabling better environmental conditions for the development of native species of fauna.



222,200+
native tree seedling planted around
our sugarcane plantations

Meanwhile, as part of our community investment, volunteering and environmental stewardship activities, we take part in tree-planting activities in some of the communities where we're based. Please see '[Building stronger communities](#)'. We also donated 10,000 tree saplings to the Miyawaki Forest project in the Gujarat region, in India.

Beyond restoring natural habitats through reforestation and afforestation (respectively, planting trees on land that has been deforested or had no tree cover), we also recognise the role that regenerative agriculture can play as a holistic farming approach that tackles many of the sustainability challenges of the agriculture sector (from natural resource use to climate change mitigation). Regenerative agriculture is an outcome-based farming approach that generates agricultural products while improving soil health, biodiversity, climate, water resources, and supporting farming livelihoods.

Finally, we continue to support the AgroPlus programme (see '[Supporting suppliers towards more sustainable production](#)') in its mission to reconcile agricultural production with conservation of natural resources. Similarly, many of our other supplier and farmer engagement efforts go in this direction, particularly the activities linked to sustainability certification schemes, given their advanced requirements in terms of sustainable agricultural practices.

Conserving nature in our supply chains

In order to address the challenge effectively and at scale, we partner with our peers in priority landscapes. Within our Supplier Code of Conduct, we require our suppliers to promote reforestation in the sites and/or in their local communities, in order to benefit natural habitats. We also have a requirement in our Sustainable Palm Oil Policy for sub-tier suppliers in sourcing regions to promote peat restoration, where possible.

Additionally, in 2023, we continued to support the roll-out of the SCF's Farmer First Clusters industry initiative, which aims to incentivise soy farmers in the Cerrado landscape to adopt sustainable practices over three years by offering practical, financial solutions based on local challenges. In this way, we will seek to protect nature and promote sustainable production, while improving livelihoods. For example, farmers will be able to raise productivity and improve compliance with local legislation through technical support and affordable loans with environmental targets. They will also be able to access compensation for legal reserve surplus, funding for nature restoration or the integration of livestock and expansion of soy production to existing pastures.

We collectively began implementing the FFC project in 2023, reaching 22 producers and covering 144,365 hectares. To play our part, we continued to identify producers and farms that fulfil the project's requirements and have begun working with farms in Western Bahia, the second-largest deforestation frontier in the Matopiba region. These projects are part of a restoration initiative with Project Conecta Cerrado.

Importantly, this project will also support our efforts to support our industry's Agriculture Sector Roadmap to 1.5°C, which seeks to achieve sustainable production systems by taking action in high-risk regions. In particular, we are striving towards our shared goal for commodity-producing landscapes to become forest-positive areas through sustainable land use.

In Argentina, together with a customer, we explored the potential to implement a regenerative agriculture model with a small group of soybean producers. Elsewhere, through our coffee business, we continue to support the [Viveiro de Atitude](#) conservation programme in the Brazilian Cerrado biome, organised by the coffee cooperative monteCCer. It makes 60,000 seedlings of native trees available to farmers and other stakeholders to plant in and around coffee farms annually. Farmers can also benefit from support in maintaining the trees. The funds raised are donated to local social support organisations. For cotton, in addition to sourcing greater volumes of sustainable certified bales, we also initiated studies on regenerative agriculture practices, however have yet to experience sufficient demand to drive progress.

We also continue to support the mission of the [Cerrado Waters Consortium](#), which encourages collective action towards conserving and preserving the Cerrado biome. Together with this organisation and Rabo Foundation, we are providing financing for restoration and climate-smart agriculture efforts. This includes funding to acquire native tree seeds and seedlings, and products used to adjust the physical or chemical properties of soils to help improve the resilience of coffee trees.

Promoting responsible land use in agricultural value chains



As an industry, we have a shared responsibility to halt deforestation, while using land more effectively to help promote global food security, prevent further climate change and protect biodiversity. That is why preventing deforestation and conversion in our supply chains sits at the core of our sustainable sourcing efforts and is an important part of our Scope 3 emission reduction efforts. We follow a risk-based approach and strive to promote supply chain traceability, prioritising the commodities and regions where risks are more significant, particularly soybean in South America and palm oil in Southeast Asia. We collect traceability information from our suppliers and analyse environmental and social risks in their location. Informed by this and tools such as satellite monitoring and sector reporting frameworks, we work with our suppliers in priority landscapes.

We also use product certification schemes and our own Responsible Agriculture Standard to help ensure more responsible and sustainable production of agricultural commodities. Throughout all our work, we seek to take action in a way that support farmers, improves community livelihoods, creates employment and supports production.

Understanding deforestation and conversion

Deforestation is the conversion of forest to other land use, including agriculture. Meanwhile, conversion refers to changing a natural ecosystem (such as the Cerrado's tropical savanna or peatlands in Southeast Asia, which act as important land for carbon capture) to another use. Overall, the IPCC considers that land use can be divided among six categories: forest, grassland, cropland, wetlands, settlements and other land (such as

deserts). In 2015, natural forests and other natural ecosystems represented around 16% of land surface, while around 12% of land surface was being used as cropland. This expansion to crop growing is developing in line with the rise in food demand and consumption.

We strive to prevent any impacts related to natural ecosystem conversion, including incidents of deforestation, land clearance, peat development, severe degradation, and/or the introduction of practices that lead to substantial change in natural ecosystems. Conserving natural ecosystems and habitats also helps to prevent further climate change, while protecting biodiversity and natural resources, which are central to our ability to continue producing crops and supporting food security. It is also fundamental to respecting the land rights of indigenous people and local communities.

We have identified the Amazon, Cerrado and Gran Chaco as areas of particular importance to our business. Deforestation in the Amazon rainforest continues to take place, despite decreasing slightly in 2023. While farmers in Brazil are legally required to protect 80% of their land in the Amazonian states, enforcing this requirement can be challenging. The mapping and registering of rural properties through the Rural Environmental Register is creating greater visibility, however, there is still progress to be made, particularly given the scale of the Amazon, which covers some 2.72 million square miles.

Similarly, the Cerrado tropical savannah covers two million square kilometres. Interspersed with meadows and woodlands, it is the most biodiverse savannah globally, with more than 10,000 species of plants and 1,200 species of animals. It is an important natural water system and in its natural state is an important natural climate solution. The region is also Brazil's largest production region for soybean, corn and cattle, and in 2023, some 7,800 km² were converted to agriculture, a 43% increase on the previous year. This is partly due to the Forest Code requirement for protecting surplus legal reserve being different to the Amazon. Within this region, 90% of Matopiba (home to the country's four important bean-producing states) is located in the Cerrado, covering an area of more than 73 million hectares.

Deforestation in the Gran Chaco Forest also remains a significant supply chain risk due to growing demand of soybean and beef in its host countries. This is the second biggest forest in South America, with two thirds of it in Argentina and the remaining area spanning Paraguay, Bolivia and Brazil. Its unique vegetation and wildlife includes 3,400 plant and 500 bird species. Some 25% percent of the Gran Chaco in Argentina has been cleared for agriculture, primarily in the last 20 years. Today, an area over 344 km² is converted every month.

Elsewhere, in Southeast Asia, particularly Indonesia and Vietnam, major producers of palm oil and coffee, deforestation of High Carbon Stock forests, conversion of High Conservation Value areas and development of plantations on peatland remain issues of concern.

Complying with no-deforestation regulation

Through the EUDR, which will apply to our EU subsidiaries (with major implications for non-EU subsidiaries) from 30 December 2024 onwards, we will need to provide evidence that all our products entering the EU have been produced in regions free from deforestation and conversion. This will raise the bar for supply chain due diligence for EU-bound products and set a precedent for global agricultural value chains. To ensure compliance, we have established a cross-functional global steering committee and taken steps to further align our systems and processes with its requirements.

How we manage deforestation in our supply chains

Our Supplier Code of Conduct defines the environmental practices that our suppliers must use to avoid deforestation and protect against the conversion of natural and critical habitats that could lead to a loss of biodiversity. Suppliers must also provide evidence of the journey their products have taken from the plantation to our production sites, to the extent to which the commodity value chain allows.

We follow a risk-based approach, focusing on the regions and commodities where we experience greater land use change related risks. For more information on our commodities, please see ['From farm to table: our range of commodities'](#), while for the Scope 3 emissions created from our commodities, please see ['Addressing carbon emissions in our supply chains and beyond'](#), and to learn how we are addressing some of these challenges collaboratively, please see ['Collaborating to feed the world responsibly'](#).

We certify products through certain schemes help us meet the demand for verified deforestation-free commodities (see ['Creating high quality products by upholding strong standards'](#)). In November 2023 and January 2024, we established two deforestation-free soybean deals with Chinese customers, Mengniu Group and Sheng Mu, agreeing to deliver 50,000 and 12,000 tonnes respectively to these companies. The first deal is valued at more than \$30 million, and represents the first soybean order in China with a clear deforestation- and conversion-free clause. The agreement was executed as part of the World Economic Forum's Green Value Chain Taskforce, which brings businesses together to address commodity-driven deforestation.

These agreements will follow our Responsible Agriculture Standard and help us to contribute to greater market-driven efforts to halt deforestation. We are looking into forging more similar agreements, recognising the important role we play in connecting supply and demand responsibly.

Improving our traceability performance

As we continue to prioritise traceability-related efforts, we are also forging a more comprehensive understanding of potential instances of deforestation and conversion. Traceability is the first step in this journey, enabling us to understand where to explore risks. It is central to our management approach to address deforestation and conversion. We prioritise efforts to improve traceability in commodities and higher risk regions, and work with our suppliers to trace commodities to the production site. Importantly, engaging with suppliers is fundamental to achieving change and achieving an effective no-deforestation and conversion strategy.

1st

Agreement for delivery of DCF soybean from Brazil to China



Protecting the Earth

Depending on the commodity, region and our position in the supply chain, our approach varies. We combine this information with publicly available information (for example, national databases and satellite imagery) to screen suppliers and establish whether the volumes we source could be directly or indirectly linked to cases of illegal land use change or comply with our supplier requirements or public commitments. We use this information to conduct social and environmental risk assessments to improve our knowledge of higher risk regions. In some cases, we also gather supply chain information through industry reporting frameworks (for example, the NDPE Implementation Reporting Framework for palm oil) to gather information beyond product origin.

To improve traceability standards for soybean (and, indirectly, maize produced in the same land) in South America, we require suppliers to comply with our Sustainable Soy Sourcing Policy. We expect suppliers to collaborate in increasing our soy supply chain traceability, eliminating deforestation throughout our supply chain and transitioning towards soy production free from conversion of other natural ecosystems, in order to protect critical biomes and landscapes of high biodiversity and ecological value such as the Amazon, Cerrado and Gran Chaco.

In Brazil, we promote traceability by using farm geolocation information (obtained through the farm's identify in the national Rural Environmental Register system) and the producer's details. Suppliers are legally obliged to register their lands through the system, linking each plot of land to a unique code. We analyse significant amounts of social and environmental information, including the boundaries of the farm, whether there were any recent cases of land use change (and whether these could be deemed illegal), and whether the area is on any public list of embargoed areas. We continue to work to expand the type of information that we can monitor, as new databases and geo-monitoring information are made available to the market.

Through these codes, we can also analyse information that is less easy to monitor using satellite imagery. For example, we crosscheck supplier names against public lists of companies involved in any instances of issues such as forced labour or corruption. This due diligence mechanism enables us to identify potential cases of non-compliance and prevent certain trades from happening, should there be a farm or farmer potentially not complying with our sourcing requirements.

In 2023, we analysed around 3.4 million hectares of soybean farms (an increase of 48% compared to 2022, due to a greater harvest) and conducted slightly more than 200 analyses for pre-financing. Importantly, our core financing mechanisms continued to be linked to sustainability and traceability performance on soy. We have met all soy-related targets, both for traceability and environmental and social risk assessments.

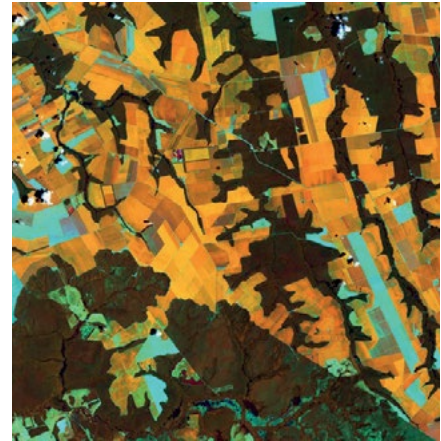
Within our supply base in South America, we buy products both directly from farmers and producers and indirectly through cooperatives and other traders. Achieving supply chain traceability is more straightforward with our direct suppliers, as we are closer to the origin and have a direct commercial relationship. Having achieved a mature level of performance for these suppliers, we are prioritising working with our indirect suppliers to increase visibility over small suppliers further up the chain.

Towards progress on preventing deforestation

In 2023, we achieved full traceability for our direct soy suppliers in Brazil. This is a crucial step towards our ambition of halting deforestation and conversion in our supply chains. Similarly, we moved further towards fulfilling our goal for a deforestation-free soy supply chain by 2025 and conversion-free by 2030 in sensitive regions of Latin America. The commitment, which includes third-party verification, applies to all directly sourced in Brazil. In the regions of Mato Grosso and Matopiba, we have increased the proportion of directly sourced soy, achieving full traceability to farm, while also working with third-party suppliers to improve traceability of indirect sourcing.

Through the Agriculture Sector Roadmap to 1.5°C, together with 12 other major agricultural companies, we have collectively committed to halt deforestation and conversion from direct and indirect supply of our soy products in the Amazon, Cerrado and Gran Chaco, preserving some 126 million hectares of forest. Our collective ambition to protect non-forest ecosystems in line with relevant local legislation could also help to protect a further 55 million hectares, potential avoiding 84 gigatonnes of CO₂eq.

In 2023, we retained full compliance with the Soy Moratorium (which applies to deforestation in the Brazilian Amazon) and Pará Green Grain Protocol, validated by external audit.



3.4mn
Hectares of soybean farms analysed

100%
Directly-sourced Brazilian soy traceable to farm

Working with soybean suppliers to promote sustainable practices

We also continued to take part in the Soft Commodities Forum, a collaborative effort convened by the World Business Council on Sustainable Development (WBCSD). In December 2023, we achieved our goal to monitor and disclose deforestation- and conversion-free footprint of sourced soy in the SCF 61 focus municipalities. Some 77.8% of 2022 soy purchased from direct and indirect suppliers in the 61 focus municipalities were verified deforestation- and conversion-free. Meanwhile, 100% of 2022 indirect supply was traceable to the first point of aggregation in the 61 focus municipalities (as audited by an external party). We also disclosed progress in mapping indirect suppliers to the farm in these municipalities.

In Brazil, we continued to engage with our direct suppliers by taking part in the efforts of the Land Use Monitoring working group. To ensure commitment to deforestation- and conversion-free standards, the group has established a three-step process for engaging indirect suppliers. We are raising awareness among indirect suppliers of the SCF's DCF objectives. We are also evaluating the capacity of indirect suppliers to establish traceability and monitoring systems based on a three-level maturity rating, developed in collaboration with auditor Instituto BioSistêmico (IBS). Finally, we are co-developing action plans to enhance traceability and monitoring capabilities.

Among the indirect suppliers assessed for governance, social, and environmental risks, 69% maintained a consistent score, while the remaining 31% showed improvement. We also developed training materials, including a manual and webinars to promote best practice in supply chain governance and sustainability risk management.

Our partners ABIOVE and IBS organised three webinars for 25 indirect suppliers in 2023, dedicated to traceability and socio-environmental criteria for soy acquisition, tools and databases available for supplier and farm assessments and practical advice on traceability, socio-environmental criteria and procedures.

The SCF successfully achieved its goal of engaging 21 indirect suppliers classified as Class A, B or C maturity levels (against a target of 20). Three of these suppliers were selected as Class A, with their traceability data expected to undergo third-party verification. All assessed indirect suppliers participated in developing action plans.

The SCF's process of engaging indirect suppliers supports the growing global recognition of the urgent need to protect native ecosystems from commodity-driven deforestation and conversion. This is further reinforced by recent legislation such as the EUDR for DCF verification and other upcoming laws, providing a solid foundation for effective engagement with indirect suppliers.

In 2024, the SCF will improve its DCF reporting and conduct an impact assessment of its indirect supplier engagement strategy, providing a foundation for future work.

In Argentina, while we continued to trade a significant amount of sustainable certified products (see '[Creating high quality products by upholding strong standards](#)'), we also remained involved in discussions of the ViSeC (the Argentinean National Platform that brings together all members of the soybean value chain to reduce environmental impacts) Technical Committee to help develop a protocol to ensure that all soy traded under ViSeC can be recognised as deforestation-free, in compliance with regulatory requirements of the EUDR.

Many of these efforts are also valid for our maize supply chain, given the links between soybean and maize production in South America (particularly with crop rotation). We are also growing our local team in South America to further expand our traceability and risk assessment efforts, increasing our due diligence capacity and improving risk visibility.

Overall, soybean and maize sourcing in Brazil and Argentina remain the most significant hotspots within our GHG emissions footprint for Scope 3 FLAG (driven by emissions linked to agricultural production). Please see '[Addressing carbon emissions in our supply chains and beyond](#)' for more information.

Improving palm oil supplier performance

Within the palm oil sector, deforestation and peat development continue to be the most important environmental topics. The pace has been slowing over the past decade, proving that NDPE (No Deforestation, No Peat and No Exploitation) policies and government and non-governmental efforts are delivering progress (for example, the [RSPO](#), [ISPO](#) and [MSPO](#) certification schemes).

Please also see '[From farm to table: our range of commodities](#)' for a full description of our role in the palm oil value chain. We do not operate any oil palm plantations and therefore have limited direct influence over its supply chain.

The main land use change-related supplier requirements in our Sustainable Palm Oil Sourcing Policy include not converting High Conservation Value areas and High Carbon Stock forests, as well as protected areas, and avoiding the use of fire for land preparation, replanting or other developments. We also prohibit any development on peatland and require that RSPO best practices should be followed for existing plantations on peat. Where appropriate, peat restoration should be considered and attempted.



Protecting the Earth

Suppliers must promote supply chain transparency and provide traceability of palm oil and derivatives to our production site, to the mill level as a minimum, while demonstrating clear efforts to improve traceability to plantation level over time, with a particular focus on regions with significant environmental and social risks. We monitor for known social and environmental risks in these areas and use this information as a basis for helping higher risk suppliers to improve their practices.

In 2023, our global traceability to mill-level was 81.6%, up from 74.5% in 2022. This metric is subject to external verification in 2024. The increase was due to enhanced efforts in the engagement of domestic suppliers in India and a decrease in the portion of volumes that were sourced from this type of smaller suppliers. We also publish our annual mill lists in [our website](#), and began consolidating information on the traceability to plantation-level for each traceable shipment and plan to further step this up during 2024. However, we continue to consider traceability to mill-level as the ground level for our additional supply chain transparency work in the palm oil.

Implementing a sector standard for reporting on NDPE progress

We are collaborating with the palm oil industry to help achieve the sector's NDPE ambitions, adopting a consistent, shared way to monitor and report progress on supply chain sustainability. Through the Palm Oil Collaboration Group, we have helped to establish the [NDPE Implementation Reporting Framework \(IRF\)](#) as the industry's standard reporting tool. This tool enables companies to improve their performance monitoring and identify opportunities for improvement. By monitoring the progress of the mills in our supply chain, we can better prioritise our efforts to support suppliers in raising their performance.

In 2023, for the first time, we published our no deforestation and no peat development IRF profiles for the 2022 volumes [on our website](#). These IRF profiles were externally verified, and help to show the portion of our volumes estimated to be DCF (41% in 2022). We continue to work with our strategic suppliers to expand the use of the IRF tool for the volumes we source and promote widespread adoption and mainstreaming of this tool across the sector.

To better manage risks for palm oil, we use our consolidated mill lists and, together with support from our partners at Proforest, conduct risk assessments once every two years to ensure we are prioritising our efforts effectively. We evaluate supply chain environmental and social risks through a jurisdictional approach (with the latest assessment in 2022). We also complement these efforts with supplier performance monitoring (see ['Supporting suppliers towards more sustainable production'](#)).

While palm oil production in Southeast Asia is linked to a more significant risk of deforestation and conversion, our palm oil business is relatively small, and therefore the related GHG emissions are very low (<0.5% of our total Scope 3 FLAG emissions). For this reason, palm oil is not reflected in our Scope 3 FLAG emission reduction targets.

Preventing deforestation in coffee, cotton and sugarcane production

Due to industry specificities, differences in quality from batch to batch, and physical differences in the way products are moved, stored or transported in bales or bags instead of in bulk, there is good traceability for products such as cotton and coffee.

Within our cotton operations, we are making progress in monitoring social or environmental supplier risks in Brazil, one of our strategic sourcing countries and a major producer of certified sustainable cotton. Our sustainability team investigate any risks to understand whether we can proceed with the supplier in question. We also conduct internal audits completed by our sustainability team and pre-harvest analyses to help predict potential issues with the cotton harvest. In Brazil, we also benefit from the robust traceability system operated by the Brazilian Association of Cotton Producers.

For coffee, we are conducting a due diligence process in Brazil similar to what we have in place for soybean. We run socio-environmental analyses for our direct suppliers (producers) using the platform developed by Serasa Experian, the technical partner for our Cecafo traceability project. We will follow the same process as for sustainable certified coffee, segregating validated coffee beans. For example, the supplier's farm must respect local social and environmental legislation and respect the rights of indigenous people. This will also help us to comply with the EUDR regulation.

While the sugarcane we source from other producers and farmers in Brazil originates from a region with very low deforestation risk, we monitor our direct suppliers through data obtained from the Brazilian Government's Rural Environmental Registry.

Our Brazilian sugarcane plantations and South African farming operations are deforestation-free. Please see ['Protecting nature to promote food security'](#) for more information on our nature protection and restoration efforts.

Improving resource efficiency, managing water, materials and waste effectively

To fulfil our commitment to protect the Earth, we continuously strive to improve our operational and sustainability performance by better managing water and materials, while preventing waste and managing it appropriately. We also engage our suppliers to raise standards in our supply chains.

Following our Environmental Policy, we use the latest technologies, best practice systems and production processes to comply with relevant legislation and improve the way we measure performance and progress. We seek to lower any negative impacts of our operations on the environment, including water resources, adopt sustainable practices to use water and agricultural inputs efficiently, and engage with stakeholders to share freshwater resources. Importantly, we raise awareness of protecting the environment among our employees, contractors and partners. Please see [‘We are COFCO International’](#) to better understand our asset footprint and [‘Our role in the global agricultural value chain’](#) for a description of our impacts and footprint in other steps of the supply chain.

The Policy is complemented by other procedures to help ensure environmental protection within diverse aspects of our operations. This includes measures to identify hazards, assess risk and determine controls, and safety guidelines for contractors. 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. Our standard internal audit is based on the ISO14001 standard and World Bank EHS Guidelines. We monitor legislative changes to further ensure legal and regulatory compliance. In addition, our facilities are audited externally and we act on audit findings to foster continuous improvement.

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. These include our industrial operations (crushing facilities and refineries), storage facilities (including silos and warehouses), port terminals and transshipment units. Our global and regional EHS teams lead our progress and report to the Global Head of Asset Management.

In addition, we take environmental criteria (including climate, water and biodiversity) into consideration in major investments, including capital expenditure, acquisitions and disposals. We continue to invest further in technology that improves the efficiency of our operations, with some examples covered in the next pages and in [‘Reducing our direct carbon footprint’](#). The total budget allocated to capital expenditure for environmental and energy projects within the major industrial sites increased 55% year-on-year.





Managing water performance within our own operations

Nearly 70% of freshwater is used in agricultural production, globally. However, with water scarcity presenting an increasing challenge, particularly with the majority (72%) of crops nourished by rainwater – by 2040, the proportion of rainfed cropland exposed to seasonal variability may quadruple, [according to the World Resources Institute](#) – it is vital that water resources are used more precisely and efficiently than ever before.

We seek to manage water-related risks and water resources responsibly, including water withdrawal (surface water, groundwater, rainwater, and municipal water), prevent water contamination and promote best practice in wastewater. In particular, to manage water resources responsibly, we maintain a strong understanding of the water-related risks we face as a business, leveraging the latest technology and best practice to optimise our use of freshwater, reuse processed water and manage wastewater effectively.

Within our sugarcane plantations and sugar mills, where we consume the greatest amount of water, we have measures in place to help mitigate the impacts of agricultural production on water resources. For example, through our standard operating procedure for Sustainable Management of Living Natural Resources, we maintain close monitoring of the quality of freshwater resources within the areas of influence of our sugar operations, regularly analysing several physical, chemical and microbiological parameters of rivers and creeks. Several of our measures for biodiversity conservation and soil health in these areas also have an impact in water resources management. See [‘Conserving nature to promote biodiversity and sustainable agriculture’](#).

Exploring and managing water risk approach

We continue to consider the findings of our 2020 water risk assessment and the water-related risks identified in the climate risk assessment to help prioritise water stewardship efforts across our industrial operations and supply chains.

Overall, only one of our assets is located in a region with a very significant overall risk (Kandla refinery in India), with physical risk quantity and regulatory and reputational risk being the most significant risk hotspots. However, the refinery’s water withdrawal only represents 1% of our global water withdrawal, and it continues to be among the best performing industrial assets in terms of water use efficiency. We are also making further investments, for example with a zero liquid discharge plant under construction.

Only two other assets are located in regions with overall medium-high risk level (two of our sugar mills in Brazil, where we are investing in technology to improve water efficiency and remain engaged in multi-stakeholder water stewardship platforms). The remainder are located in regions with overall low-medium risk level, presenting diverse physical, regulatory and reputational risks.

Around our sugarcane plantations in Brazil, we continued to participate in River Basin Committee discussions, in order to help ensure we are sharing local water resources fairly and using them responsibly. Please see [‘Developing our climate change strategy’](#), for more information on supply chain water-related risks.

Improving our water efficiency performance

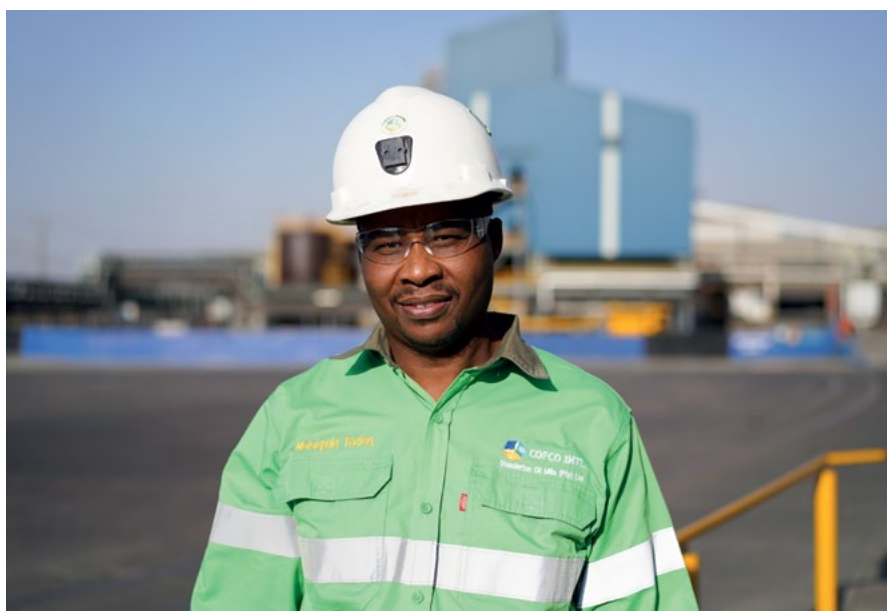
We seek to continuously improve our water consumption. In 2023, our total water withdrawal decreased 11%, from 13,234,708 to 11,840,374 m³. Our sugar operations continue to create the largest water footprint of all our operations (representing 72% of our global water withdrawal). The combined water withdrawal of our four sugar mills and sugarcane plantations experienced a 12% decrease in 2023 (compared to 2022). This was influenced by the higher than usual 2022 consumption (due to the sugarcane harvest season lasting longer, leading to greater irrigation needs, and one of our vinasse concentrators using more water), the three vinasse concentrators and new on-site wastewater treatment plants. Using our vinasse concentrators, we can simultaneously extract and reuse water from vinasse (a by-product of sugarcane processing), reducing water needs and making a better use of the nutrients in concentrated vinasse. This also lowers the need to transport greater volumes of ‘unconcentrated’ vinasse for fertirrigation of fields and related transport GHG emissions. With our wastewater treatment plants, we can reuse treated water and, through sludge filter cake resulting from one of the treatment processes, reuse even more nutrients for compost preparation. See [‘Conserving nature to promote biodiversity and sustainable agriculture’](#).

The 11% reduction in water use was also partly driven by a reduction of water consumption in our grains and oilseeds industrial facilities. This was due to halting operations at our Ukrainian crushing plant, and a significant reduction in the production-linked water needs of our San Martin industrial complex in Argentina. In 2023, Argentina experienced a general drought that was one of the most significant since records began. This resulted in a poor harvest, which caused a slowdown in this asset’s operations, influencing other environmental indicators, such as energy and waste. The majority of water withdrawn for industrial use continues to be drawn from surface water bodies (59%).

In 2023, we achieved our goal to reduce industrial water intensity by 10% by 2025, compared to 2019, reaching a 16% decrease, with half of our industrial assets going beyond our ambition. The water intensity of industrial facilities decreased by 22%, year-on-year (from 0.631 to 0.491 m³ per tonne of production), a value below the 2019 baseline of 0.583 (target is 0.525). Our Kandla refinery, the asset with the most significant water stress risk, is the industrial facility with the lowest water intensity.

Elsewhere, in Saforcada, Argentina, our operations were also affected by the drought, but the water consumption of that site remained similar to 2022, leading to an increase in water intensity. We achieved new crushing records at our Rondonópolis crushing plant and Standerton oil mills, resulting in an organic improvement of these assets’ water efficiency, due to the scale of these operations.

Water efficiency	2019	2020	2021	2022	2023
Water intensity (m ³ /tonne processed)	0.583	0.591	0.559	0.631	0.491
Freshwater withdrawal (m ³)	12,832,443	14,373,108	11,439,861	13,234,708	11,840,374



Responsible wastewater treatment and disposal

We comply with all national regulations and, in line with our Environmental Policy, commit ourselves to minimising any possible negative effects of our operations in the form of effluents and discharges. Our industrial operations rely on on-site wastewater treatment technology (coupling physical, chemical and biological treatment processes) and, where this is not possible, effluents are sent to off-site treatment.

We continued to apply the majority of wastewater (80%) in agricultural land, irrigation and fertirrigation, with water resources returning safely to their respective water basins. This percentage was slightly higher than in 2022 (78%) due to the increase in sugarcane processing. Water discharge per tonne of production decreased back to 2021 levels. In general, this indicator is directly linked to water withdrawal.

Improving water efficiency and optimising our use of water resources

In addition to our existing wastewater treatment plant at our Meridiano sugar mill, we established wastewater treatment plants in Catanduva and Sebastianópolis. These plants allow for the reuse of treated water resources and lead to a reduction in water withdrawal needs. Together with the vinasse concentrators, they are vital to improving water efficiency use at our sugar operations.

In Standerton, South Africa, we conducted an in-depth study on plant water consumption and waste prevention. Meanwhile, at our Kandla refinery in India, we have nearly finished constructing our zero liquid discharge plant for recycling of treated wastewater. It is expected to be commissioned by March 2024. Through this technology, we will be able to recycle water and use it in the cooling tower.

Within our Brazil grains and oilseeds operations, we have installed technology to reuse water from the air conditioning drain in the Santos port terminal. We have also established individual short-term water intensity targets for all these assets.

At our San Martin and Timbues port terminals, in the Parana River, we conducted annual spill response exercises to improve our level of preparedness in the case such type of pollution event happens. In San Martin, we invested in automating our water treatment plant and installed equipment to improve the efficiency of the treatment process, improving surface water and electrical consumption. In Saforcada and San Martin, we also increased the tightness of the wastewater aeration lagoon, helping to prevent and lower the risk of unwanted leaks in the ground.

At our Timbues industrial complex, we repaired containment dams, placing secondary containments in the area where we keep storage tanks of liquid products. This prevents unwanted infiltrations, in addition to allowing time to better control the rainwater prior to disposal. Meanwhile, we recovered treated water from the effluent plant to be reused in the water network for plant cleaning. We also automated the biodiesel wastewater treatment plant to enable more precise management of wastewater generated by plants, while optimising the consumption of substances for treating effluents.

In Constanta, Romania, we held water efficiency training with employees and contractors and, in Paraguay, to help employees use water more sustainably, we installed water dispensers in different sectors in all assets, in order to help avoid the purchasing of water in plastic bottles.

Managing water in our supply chains

We collaborate with stakeholders through platforms such as River Basin Committees, regional partnerships, including the Cerrado Waters Consortium, and invest in communities to improve access to water in regions experiencing higher scarcity.

Through our Supplier Code of Conduct, we require our suppliers to use water efficiently by minimising withdrawal, preventing pollution, avoiding downstream adverse impacts on communities and ecosystems, and taking additional resource efficiency measures in water-stressed areas.

As far as possible, we seek to address climate change-related risks, including those affecting water resources and the security of food systems, and use environmental practices that lower the potential impact of those risks.

Through our Responsible Agriculture Standard, any volumes produced in line with this standard's requirements must also meet water management criteria, including the implementation of good agricultural practices to lower the impacts of agricultural inputs on freshwater resources, and precautionary measures related to the application of pesticides nearby water bodies. Similar requirements also exist for coffee produced under our CROP programme, and all other products produced under sustainability certification schemes.

Since 2021, we've been a member of Cerrado Waters Consortium, a collaborative platform bringing companies, governmental organisations and civil society together to promote environmental conservation efforts in water basins in the Cerrado biome. In 2023, we stepped up our efforts by partnering with Rabo Foundation to promote restoration. Please see '[Protecting nature to promote food security](#)'.

Preventing waste and improving material efficiency in our operations

Managing materials responsibly is important within agricultural production in order to help conserve resources and prevent pollution. To manage our waste adequately, we have strict policies on waste management and strive to make the best use of materials, prioritising environmentally responsible treatment and disposal options, for example, by reusing by-products to generate energy on-site. We strive to prevent waste as far as possible, otherwise prioritising reuse, recycling, recovery (of material or calorific value) and finally disposal (incineration or landfill). Importantly, we also require our suppliers to minimise, re-use and recycle waste where possible and dispose of waste in a responsible way.

Understanding our waste performance

In 2023, our total amount of waste increased to 55,649 tonnes (+12%, compared to 49,874 tonnes in 2022), driven by an increase in operational activity, with new records achieved for some of crushing plants. The total was also influenced by the construction and demolition waste from the new port terminal we are constructing in Santos.

Some 82% of all waste was recycled, reused, composted or recovered (compared to 62% in 2022), a record for our sites. A significant portion of this waste relates to demolishing non-hazardous waste at the Santos port terminal, around 26,000 tonnes of which was recycled. In this location, we also reused concrete waste generated in the demolition process, transforming it into crushed stone for use in new buildings. In total, more than 13,400 m³ of concrete waste was reused. Overall, 22% of our assets sent zero waste to landfill.

In 2023, the total generation of hazardous waste increased by 10% from 1,730 to 1,897 tonnes, due to the construction of the port terminal, with more than 380 tonnes of hazardous waste generated in the process of demolishing old buildings. Hazardous waste intensity increased by 13% from 0.037 to 0.042 kg per tonne of production, also largely due to waste generation at the Santos port construction.

In Standerton, we cleaned away the effluent plant sludge and emptied the extraction plant waste storage containers. The recycling and reuse of hazardous waste also contributed to the increase, due to more frequent maintenance servicing for the generators.

Total generation of non-hazardous waste increased by 12% from 48,144 to 53,752 tonnes, with non-hazardous waste intensity increasing by 15% from 1.021 to 1.176 kg per tonne of production. Despite the shutdown of the Mariupol crushing plant in Ukraine (which had contributed significantly to waste generation in 2022), the increase in non-hazardous waste generated at the Santos port terminal demolishing works lead to an increase in non-hazardous waste intensity. Without this factor, waste intensity would have been lower than in 2022.



Improving material efficiency and safely disposing of waste

At the Santos port terminal, we implemented a zero waste to landfill policy. Meanwhile, in Constanta, Romania, we offered training on how to avoid waste generation to crane operators and recycled large bags. At our Kandla refinery, to reduce plastic waste, we have installed a carton sealing machine, eliminating the use of polypropylene tape. In this region, we also continue to take part in an extended producer responsibility scheme for plastic waste collection. In the UK, we began diverting dust to anaerobic digestion treatment, with the remaining waste sent for composting.

In Argentina (across Timbues, San Martin, Saforcada, and Lima), we launched a Zero Effluent project designed to address the management of organic waste. For example, we identified where products were lost, and reprocessing points were established. We take consistent action at all sites, implementing the same treatment for waste that can no longer be recovered. We have also developed an action plan for 2024, including projects to reduce losses in different transportation systems or operating instances. Further, we have invested in improvements in the efficiency of water treatment equipment to minimise the likelihood of fouling, equipment breakdown and waste in Timbues. In Saforcada, we installed three biodigesters in the dining room and locker rooms of transport workers to better dispose of organic food waste.

Promoting environmental stewardship among employees and local communities

As part of our efforts to raise environmental awareness among our employees, contractors, business partners and local communities, we conducted events and contributed to various projects throughout the year. For more information, please see [‘Building stronger communities’](#) and [‘Conserving nature to promote biodiversity and sustainable agriculture’](#).

Within our Brazilian grains and oilseeds operations, we held multiple campaigns, including our third grains and oilseeds Conscious Consumption Week, Environment Week, World Cleaning Day, World Water Day and Plastic Reduction Campaign. One of our assets achieved a 25% reduction in the use of plastic cups, with sustainable cups distributed to employees.

Within our Brazil sugar assets, we distributed reusable bottles and container, and installed notices and leaflets to reinforce efforts to reduce water and energy consumption, as well as safely disposing of waste. We also celebrated Environment Week with an event at a local farm, focusing on the generation and management of solid waste, in line with the UN’s 2023 plastic pollution theme, holding a series of events with some of our local stakeholders in the communities around our sugar mills.

Within our Colombian coffee assets, we have also taken action to help lower water leaks and raise employee awareness of the importance of saving water resources and safely disposing of waste.

Waste generation	2019	2020	2021	2022	2023
Hazardous waste (kg / tonne processed)	0.029	0.030	0.027	0.037	0.042
Non-hazardous waste (kg / tonne processed)	0.607	0.564	0.715	1.021	1.176



Inside COFCO International's climate strategy



Andrea Olivar

Strategy and Quality
Director, Latin America,
Solidaridad



Nicholas Daniel

Director of International
Business,
ClimatePartner

Making progress on climate action is fundamental to achieving a sustainable agricultural sector. Here, we speak to Andrea Olivar, Strategy and Quality Director, Latin America, Solidaridad, and Nicholas Daniel, Director of International Business, ClimatePartner, about their work in reviewing COFCO International's climate strategy and advising on important topics. These organisations consider challenges and opportunities for the company in fulfilling its ambitions, and recommendations for progress now and in the future.

Could you briefly describe your role in the project?

Andrea: We specialise in the sustainability of agricultural commodities, working with companies to develop, shape and deliver their climate agendas. We have conducted a third-party validation of COFCO International's global climate strategy and created a partnership with ClimatePartner to bring technical advice on carbon footprint calculation.

Nicholas: ClimatePartner supports companies in making voluntary climate action commitments and progress on their journey towards net zero. We cover the entire process from calculating a company's carbon footprint to setting targets and implementing reduction measures. We are supporting COFCO International in embedding climate action in its long-term corporate strategy.

Why is it important for agricultural commodities companies such as COFCO International to ensure their climate strategies are validated by independent experts?

Andrea: Global emissions from agriculture cannot be overlooked. Companies seeking to make progress on climate action should ensure that the strategies are compliant, holistic, ambitious and realistic at a supplier level. Importantly, these strategies must make economic sense to the business, its operations and suppliers.

Nicholas: The development of climate strategies is a complex process, particularly in the agricultural sector, with rigorous standards for setting FLAG targets, requiring collaboration throughout a company and beyond. Regular stakeholder dialogue is vital to developing effective, practical climate action solutions. Working with independent experts adds credibility to the process and helps to ensure compliance.

Could you describe the approach you took to advising on the company's climate strategy, roadmap and GHG reduction targets?

Andrea: We reviewed COFCO International's climate strategy in relation to corporate best practice and our experience of similar agricultural companies. This included helping to review modelled science-based targets and general carbon footprint calculations. We also conducted supply chain analysis from production to transport and distribution, including validating emissions and targets, identifying gaps and providing methodological advice to identify, and reduce risks and encourage implementation. Finally, we advised on communicating its climate strategy to increase awareness among employees.

Nicholas: We advised COFCO International on fine-tuning a holistic climate action strategy. This consisted of reviewing the calculation of the company's carbon footprint, analysing identified risks and suggesting risk management measures, sharing industry best practice examples, and validating target paths developed against the Science Based Targets initiative criteria. Finally, we evaluated mitigation assumptions and supported in prioritising reduction measures.



Please share any interesting findings or challenges, and how these might be addressed.

Andrea: We found it interesting that a conservative approach was taken for the calculation of the emissions of some commodities (soy and maize), based on our experience, and suggested that the calculation method shall be revisited as more primary data becomes available.

Nicholas: We identified a need to improve the overall quality of Scope 3 data, which can be addressed through close collaboration with suppliers and collecting more supplier-specific data. Specifically FLAG related Scope 3 data is a current pain point for many companies. We advised COFCO International in collaborating with databases to gain access to high quality emission factors. In addition, we suggested using different scenarios to produce more differentiated forecasts for the climate-related risks identified as relevant to the company.

Could you describe how you analysed COFCO International's proposed climate reduction activities within its supply chain?

Nicholas: Overall, we used a four-step approach to analyse and validate COFCO International's reduction activities and measures. Firstly, we analysed COFCO International's global carbon footprint, identifying emission hotspots with the greatest reduction potential in maritime freight transport and purchased goods and services for soy and corn. We also focused on priority actions with high adoption rates and considered how these could be implemented effectively. Reviewing the company's input, industry insights and scientific studies, we recommended seven reduction measures.

In general, what is your view of COFCO International's climate strategy, and how does it compare with others in the sector? How will it position the company to move ahead on its carbon reduction goals?

Andrea: We believe that COFCO International's strategy contains the key components of a climate strategy for an agri-business. We are particularly pleased that the company has made efforts to align its strategies to international recognised benchmarks and methodologies, such as science-based targets. COFCO International is well placed to deliver its climate agenda providing investments in specific supply chains, while transparently reporting progress to internal and external stakeholders.

Nicholas: COFCO International is one of the first companies in the agricultural industry to underpin its climate strategy with science-based targets, and work to achieve the necessary reduction measures. In doing so, it is demonstrating an ambitious commitment to climate action, sending a signal throughout its value chain, and encouraging other market players to follow.

What should the company consider, as it prepares to implement its strategy?

Andrea: Selecting a more granular emission factor for carbon footprint calculations in commodity supply chains could present a positive outlook in the next period of reporting, as emissions are likely to reduce significantly, compared to the baseline. The company should be transparent in communicating this, as it presents its results to external stakeholders.

Nicholas: It's important to consider that certain measures may have a different impact in diverse countries due to parameters such as feasibility and cost. Furthermore, some measures are dependent on third parties, over whom COFCO International has less direct influence, which could have an effect on targeted reduction potential.

Looking ahead, do you see any particular areas of challenge or opportunity? How might these be addressed?

Andrea: A key future challenge will be how to engage senior stakeholders to commit to delivering this strategy in the upcoming years.

Nicholas: Collecting primary data for Scope 3 emissions will remain a challenge and implementing FLAG-related reduction measures, particularly across the entire value chain. This will require resources and investment, stakeholder dialogue and collaboration in the supply chain. Overall, the opportunities for COFCO International outweigh the challenges, enabling the company to reduce risks, improve supplier performance and relationships, and address climate-related issues in its operations and value chain.

“

We believe that COFCO International's strategy contains the key components of a climate strategy for an agri-business.”

Empowering people

People sit at the heart of our business. We want to empower everyone in our operations and supply chains, respecting human rights, building the capacity of our employees and suppliers to raise our sustainability performance, and partnering with local communities. We seek to create a safe, diverse and inclusive workplace where every individual can flourish, attracting and retaining talent with high quality, equal opportunities.



Our social management approach

Contents

66	Respecting human rights
68	Diversity, equity & inclusion
70	Prioritising our people's health, safety and wellbeing
74	Attracting and retaining talent and developing our employees
76	Supporting suppliers towards more sustainable production
78	Protecting the rights of local communities
80	Improving livelihoods by connecting farmers to markets
81	Building stronger communities
84	Q&A: Promoting sustainable farming in Brazil

UN Sustainable Development Goals



IFC Performance Standards



Empowering our people to achieving our sustainability objectives is central to fulfilling our mission, and an important part of our responsibility as an employer. This is reflected by the Chinese 'ren' symbol of our logo in green, meaning human. To address the social topics that matter most to our business and stakeholders, we seek to respect human and labour rights, build the capacity of our employees, suppliers, farmers and partners, and promote sustainable livelihoods. In this way, we are contributing to Sustainable Development Goals 3 ("Ensure healthy lives and promote well-being for all at all ages") and 8 ("Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all").

We strive to respect the rights of employees, suppliers and communities, promote employee wellbeing, and maintain a safe, healthy and inclusive workplace where every individual can thrive. This starts with integrating our commitment to respect human rights throughout our operations and supply chains through policies based on internationally recognised standards. We take action informed by human rights due diligence and respond effectively to any grievances raised through the Integrity Hotline and other channels. We take a supportive approach to nurturing our employees, providing equal opportunities and promoting diversity (welcoming different backgrounds, perspectives and experiences) through robust policies, a corporate culture of positivity (our Sunshine Culture) and a dedicated Diversity Committee in Brazil, where the majority of our employees are located.

Our first priority is to keep all our employees and on-site contractors and service providers healthy and safe. With our global [Occupational Health and Safety \(OHS\) Policy](#), we implement high quality, consistent management systems at every site, supported by procedures, guidelines and information technology solutions. These systems respect local regulations and global guidelines. All sites have a dedicated Safety Committee, including representation of management, employees and/or unions. We also undertake internal and external audits to raise health and safety performance.

We understand our responsibility to respect the rights of indigenous people and local, particularly vulnerable, communities, including customary land rights and responsible governance of land tenure. Through our Responsible Land Acquisition and Leasing Policy, we respect legal and customary land rights throughout our business activities, and engage in meaningful and ongoing consultation before initiating any activities that might impact their rights.

Capacity building forms an important part of empowering our employees and suppliers. We seek to attract and retain individuals who share our values, offering them high quality training and development opportunities to help them thrive while contributing to our business. Similarly, we engage with our suppliers to improve their sustainability performance. Importantly, we support capacity building programmes for farmers, who play a fundamental role in the agricultural value chain, helping to build their resilience to climate change while raising productivity sustainably.

Beyond this, we promote sustainable livelihoods in the communities where we work and help expand access to markets and economic opportunities. Our community investment projects focus on health, education and wellbeing, and we prioritise initiatives with the potential for significant, measurable and lasting impact.

Finally, we seek to act as good corporate citizens, engaging with local stakeholders in all our major locations, listening and responding to their needs while creating shared value for our company and the community. This includes conducting social dialogue and assessing risks when acquiring new sites.

“

As a global company, we have a responsibility to empower people within our company and connected to our value chains, building their capacity to act more sustainably and help deliver our ambitions.”

Marcus Seelbach,
Chief Human Resources Officer, COFCO International

Respecting human rights

“

To better nurture our employees and protect vulnerable actors in our supply chains, we have strengthened our approach to respecting their human rights, helping to ensure we are taking care of people to the best of our ability.”

Julia Sampaio,
HR Director G&O Brazil,
COFCO International

We are dedicated to upholding the human and labour rights of everyone in our operations and throughout our supply chains. This commitment is underpinned by a set of policies aligned with internationally recognised standards, such as the ILO Conventions and the UN Guiding Principles on Business and Human Rights. To ensure that we address potential risks, we conduct human rights due diligence, and develop dedicated strategies to identify, prevent or minimize adverse impacts. Anyone working for us or within our supply chain is able to raise a grievance through our global Integrity Hotline (please see ‘Responsible governance and compliance’). We are committed to swiftly and effectively addressing all grievances raised, reaffirming our dedication to responsible governance and compliance.

Our Human Rights and Labour Policy describes our commitment to do business based on a consistent set of principles. It covers topics such as fair employment practices, human rights and labour due diligence, human resources practices, retrenchment, personal and professional development and open dialogue. Our employee [Code of Conduct](#) sets the standard of behaviour we require of our employees and promotes fair treatment, dignity, respect and legal compliance. Similarly, our suppliers are expected to uphold and encourage high standards in their own supply chains, as expressed in our Supplier Code of Conduct, together with requirements linked to commodity-specific sourcing policies. Our Responsible Agriculture Standard respects the highest international standards on human rights, and requires farmers to respect the rights of their workers and local communities.

We have implemented and are further improving our management process, building on our original global Human Rights Impact Assessment, conducted in partnership with BSR in 2020. For example, we implemented a human rights risk assessment process for third-party storage facilities in higher risk locations. In addition, our employees receive regular training on topics including discrimination, harassment and commodity sourcing policies.

Within our soybean operations, we include human rights criteria within the social and environmental risk assessments we conduct for the volumes we trace (see ‘[Supporting suppliers towards more sustainable production](#)’). Our palm oil refinery in India was audited in 2023 against the requirements of a customer’s sustainable sourcing programme, confirming strong social compliance. In Brazil, we audit all our sugarcane suppliers and third-parties, in order to evaluate the working conditions they provide to their workers,

conducting field inspections and ensures the working conditions are in line with relevant legislation. In all our contracts with suppliers, we specify requirements to protect and promote human rights and ethical conduct.

Preventing child labour

In some sourcing communities, child labour remains a reality for cultural, social or economic reasons, with an estimated 70% of all child labour occurring in agriculture, according to the [ILO](#). This particularly applies in West Africa and Latin America, as young workers can easily find employment as seasonal workers during harvest season. The commodities at higher risk of child labour are cotton and coffee, due to the high numbers of smallholder farms, labour-intensive work and lack of mechanisation in some countries. And with evolving regulations specifying the need for good human rights due diligence in Europe and Switzerland, it is important that agricultural commodities companies take action to protect children’s rights.

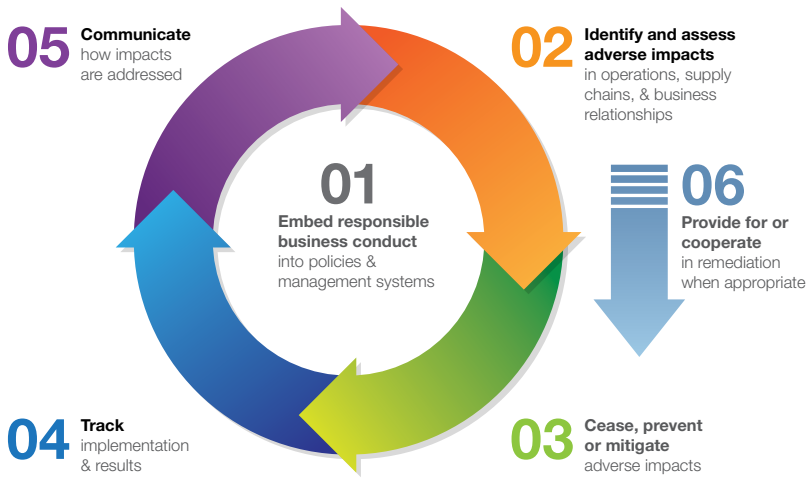
In addition to our core policies, we do not accept or tolerate any form of child, forced or involuntary labour, and expect our suppliers and business partners to adhere to the same principles. We also require our suppliers (and their upstream partners) to only employ workers and contract workers who meet the applicable minimum legal age requirement, and not tolerate any form of child labour.

To help mitigate the risks, large portions of the volumes we source are certified under responsible sourcing schemes that with robust human rights criteria (please see ‘[Creating high quality products by upholding strong standards](#)’). And in order to further prevent child labour, we are conducting targeted efforts to further improve due diligence in coffee and cotton value chains, particularly among smallholders. Further, we are investing in community projects to expand access to education (please see ‘[Building stronger communities](#)’).

Collective bargaining

COFCO International respects employees’ rights to freely associate, organise and bargain collectively in line with applicable laws and regulations. Some 67% of our employees are covered by collective bargaining agreements.

Our human rights due diligence system



Improving our human rights performance

In 2023, we raised our ambitions on human rights due diligence by engaging a specialist consultancy to understand and address evolving regulatory trends, reassess human rights risks in our operations, deliver training to our leadership and establish a stronger, cross-functional human rights governance structure, while improving processes for due diligence of commodities associated with higher risks.

We have developed our human rights due diligence system based on the OECD Due Diligence Guidance for Responsible Business Conduct.

01. As part of establishing this system, we strive to integrate responsible business conduct into our policies and management systems, respecting new regulations, developing a strong governance model and building internal capacity.

02-05. We continuously seek to identify any adverse impacts of our operations and supply chains through a human rights impact assessment, addressing impact hotspots, and tracking and reporting on implementation progress.

06. We maintain a centralised grievance mechanism, our Integrity Hotline, and take action to address any adverse impacts rapidly and effectively.

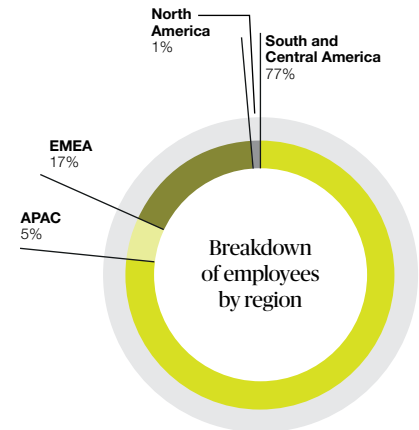


Diversity, equity & inclusion

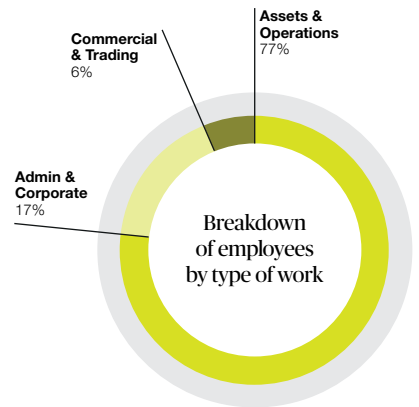
We strive to promote a diverse and inclusive workplace where everyone can flourish. Our Equal Opportunities Policy defines our approach to treating all employees fairly and with dignity, in line with the ILO's Decent Work Conventions. In Brazil, where more than 63% of our workforce is located, our Diversity Committee takes action at an operational level, supported by our leaders. It covers six diversity issues that are most relevant to our business and the communities where we are located.

Our diverse workforce includes 11,799 employees of 68 nationalities in 36 countries. Meanwhile, some 76% of our employees work within our assets and operations. Overall, women represent around 17.3% of our workforce. Within our commercial and trading functions, the proportion of women continued rose from 19.2% in 2022 to 22.3% in 2023, while the proportion of women in administrative and corporate teams was almost equal in 2023 (55% male vs 45% female). For more information, please see our [GRI index table](#).

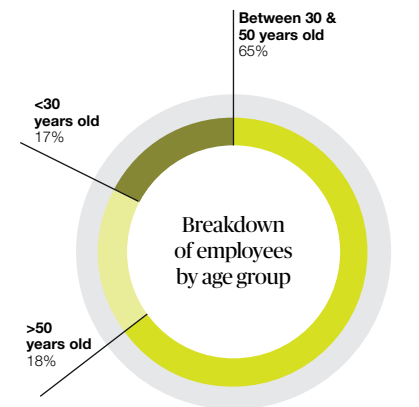
Breakdown of employees by region:



Breakdown of employees by type of work:



Breakdown of employees by age group:



Inclusiveness is one of our four company values (please see 'Business ethics') and fundamental to our Sunshine Culture, through which we seek to innovate, perform and create value for our business and stakeholders.



11,799

Employees

68

Nationalities

36

Countries

Understanding our diversity, equity and inclusion policies

We seek to promote diversity and inclusion both in our business and supply chains. Our Equal Opportunities Policy covers the attraction and recruitment of employees, and sets out how we support their personal and professional journey. We focus on what an employee can bring to the company and their individual merits, recognising the value of diverse perspectives. Importantly, we require that everyone supports an inclusive environment free of harassment and discrimination, providing training on these topics. Additionally, references to our commitment to diversity are included within our Human Rights and Labour Policy, Code of Conduct and Supplier Code of Conduct.

Diversity Committee

In Brazil, our Diversity Committee is composed of groups that raise awareness of and leads activities on age, gender, sexual orientation, people with disabilities, ethnicity, culture and religion and cross-functional relationships. In 2023, the highlights included a celebration of International Women's Day (which was also recognised globally), with a guest speaker delivering an event on gender equality and unconscious bias. The committee is developing a new strategy to improve the effectiveness of our diversity promotion efforts in 2024.

Promoting inclusion worldwide

We completed our project with the International Finance Corporation to improve the role of women in soybean production, identifying that we could create the most impact by offering selective training and capacity building opportunities, and coordinating with origination teams to reach women farmers more effectively, while improving outreach through local networks.

In our Brazilian coffee business, we are supporting a project convened by the Federal University of Viçosa that contributes to the promotion of gender equality in coffee production through seminars and events. In Argentina, we delivered a series of events designed to promote the inclusion of people with disabilities. Meanwhile, in Brazil, our teams organised a job fair for people with disabilities, while 3,714 employees undertook training on anti-discrimination and harassment. Employees in our Colombian offices also participated in training on workplace harassment, and engaged with a campaign on the importance of gender equality and preventing discrimination.

Within our sourcing communities, we continued to support the Buhle Farmers Academy, which helps to integrate people with disabilities in its farmer training programmes, in South Africa (see '[Improving livelihoods by connecting farmers to markets](#)'). We are also working with an institution in São José do Rio Preto, Brazil which aims to integrate people with disabilities and from disadvantaged socio-economic backgrounds.

Prioritising our people's health, safety and wellbeing

Promoting health and safety is an important part of respecting our employees' human and labour rights. To provide a safe workplace for our employees, partners and contractors safe, we operate a globally consistent Occupational Health and Safety Policy. Within our operations, we leverage high quality management systems, supported by a comprehensive set of instruments, including procedures, guidelines and innovative information technology solutions. This enables us to respect relevant laws and regulations, the ISO 45001 standard, IFC Performance Standards and World Bank Group environmental, health and safety Guidelines. Additionally, Safety Committees meet regularly at every site to consider relevant local issues, coordinated by managers, employees and/or unions. We provide continuous, in-depth training and conduct internal and external audits to improve health and safety performance.

Our OHS Policy guides our efforts to ensure health and safety, complemented by our Code of Conduct and Human Rights and Labour Policy. We also adopt Environmental, Health and Safety procedures and practices at all our assets. Beyond this, we have OHS requirements for our supply chains in our Supplier Code of Conduct and commodity-specific sourcing policies. This includes employees, suppliers, farmers, migrant workers and seasonal labourers.

In 2023, we conducted several corporate health and safety assessments globally. Among the identified measures for improvement, we will seek to improve the safety of key transmission components and flooring in production areas. We have also undertaken a safety survey in all our assets, in order to identify opportunities for improvement and implement corrective actions accordingly, with many of our most important assets already putting measures in place.

In particular, we seek to ensure that our suppliers offer safe drinking water, proper accommodation (where applicable), electricity, emergency healthcare, essential personal protective equipment and adequate sanitation facilities. In addition, fire safety equipment and machine safeguarding measures and training are made available to employees.

Health and safety governance

We have a strong set of internal procedures and work instructions covering all OHS topics relevant to our operations. In addition to our dedicated Safety Committees, through our centralised online system, in 2023, our local EHS teams addressed more than 60 new improvement opportunities, together with the opportunities identified in the previous year's self-assessment.

Employees play a central, proactive role in managing health and safety and are encouraged to report risks and concerns through our Eyes on Risk programme, our online system, and our Integrity Hotline (please see '[Responsible governance and compliance](#)').

Performance highlights

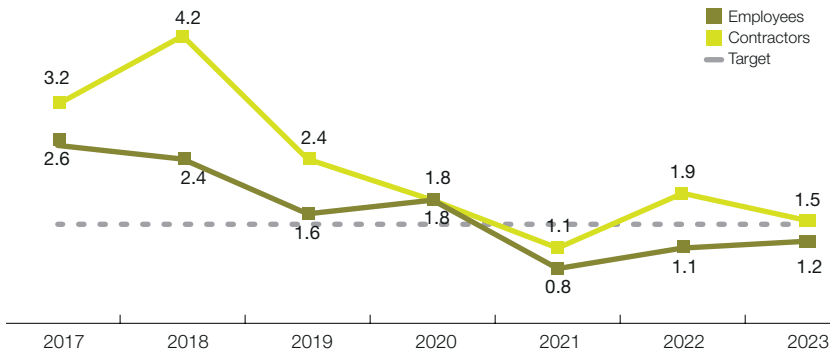
Local teams manage and record events such as near misses, accidents, injuries and illnesses. We follow progress, track risks and manage contractors, work permits and sustainability performance. Selected health and safety data is externally verified annually (see '[External auditor's independent assurance statement](#)').

We retained the same targets as in previous years and made strong progress, achieving all but one target:

Target	Progress
Zero employee and contractor fatalities	— Achieved
Safety Index for employees and contractors ≤ 1.5	— Achieved for employees: 1.2 (vs 1.1 in 2022) — Achieved for contractors: 1.5 (vs 1.9 in 2022)
2% employee work time dedicated to EHS training	— Improved but progress is still needed: 1.4% (vs 1.3% in 2022)
1.5% contractor work time dedicated to EHS training	— Achieved with significant improvement: 1.8% (vs 1.4% in 2022)

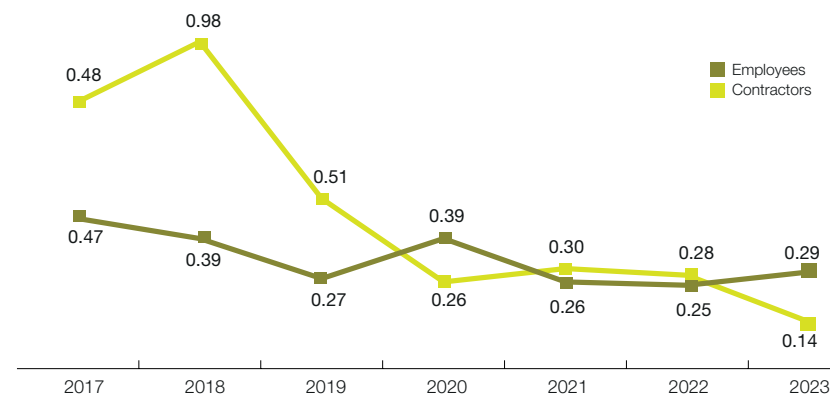
Safety Index

(per 200,000 work hours)



Lost-time injury frequency rate

(per 200,000 work hours)



Importantly, we experienced around half the number of employee lost-time accidents in 2023 (14), compared to 2022 (27), leading to a 51% reduction in the lost-time injury frequency rate for employees. We had the same number of contractor lost-time accidents compared to 2022 (9). Due to this and a decrease in total hours worked by contractors, we observed a 17% year-on-year increase in the lost-time injury frequency rate for contractors, despite maintaining a consistent performance since 2020.

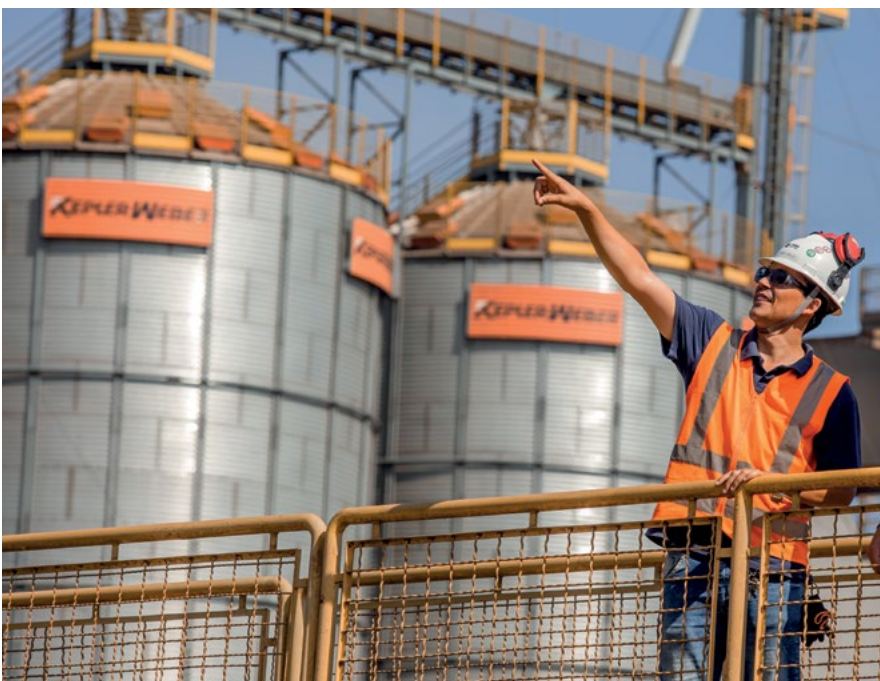
The proportion of working hours dedicated to EHS training rose by 0.1 p.p. for employees and 0.4 p.p. for contractors. Overall, the average number of employee work hours dedicated to EHS training increased from 27.9 to 31.3. However, we intend to conduct further training for employees to reach our employee-specific target.

We also met the Safety Index target for both employees and contractors (≤ 1.5), despite an increase in the index for employees (+15%), and observed a significant 22% reduction in the contractor Safety Index. Elsewhere, there was a 15% decrease in the number of smoulder and fire cases in our assets in comparison with 2022, building on the trend observed in the previous reporting cycle. 79% of our assets experienced zero lost-time incidents during 2023.

Observations:

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. ($100 \times 40 \times 50 = 200,000$).

Safety Index: $(\text{Medical Aid frequency rate} \div 7.5) + (\text{Total lost-time frequency rate}) + (\text{Severity Rate} \div 5)$.



51%
Reduction in lost-time injury frequency rate for employees



**Occupational and workplace
safety measures**

We continued to invest in regular campaigns, basic training, emergency drills and other activities, as part of our workplace safety management. In 2023, we provided specialised training for employees to decrease safety risk, such as the operation of heavy machinery, work at heights and in confined spaces. We also held daily safety dialogues in Brazil, Romania, Spain, Ukraine, South Africa, India, and in all South Cone sites.

We implemented further measures to improve safety in our assets, for example by continuing to add lifelines, height protection, handrails, better fire prevention equipment and other safety equipment across our operations, resulting in safety risk improvements, a decrease of chemical products consumption and avoiding the use of heavier equipment. We also sought to address leaks, improve lighting, decrease noise, prevent fires, and reduce the risk of working at a height.

For operations where we rely on road transportation, we maintained our efforts to ensure driver safety, while keeping our no-drinking policy and carrying out regular breathalyser tests. We also invested in dust collection technology to reduce the fire-related risks resulting from this, for example, in our port terminals in Santos, Brazil, in Necochea, Argentina, and in Constanta, Romania.

In our Brazilian grains and oilseeds assets, we continued to conduct regular safety campaigns. For example, in our Santos port terminal, we offered hazardous materials training, held simulations for environmental emergencies, and optimised fire-fighting systems. We also introduced our first Process Safety Week at our Rondonópolis plant, exploring topics fundamental to maintaining a safe and efficient working environment, including change management, classified areas and dust control. Plant leaders participated actively, playing a key role in sharing their knowledge and experience with employees, including through interactive workshops, including on pressure vessels and boilers. Elsewhere, we also held an Internal Accident Prevention Week in two grains and oilseeds warehouses in Sorriso, Mato Grosso state.

Within our sugar operations in Brazil, where nearly half our employees are located, we ran our Safety Tour programme. This involves on-site inspections conducted by site management at workstations to help ensure compliance with current regulatory requirements and monitor adherence and participation. This was coupled with regular safety inspections conducted by engineers, coordinators and OHS managers. The Safety Tour Programme involved 184 managers in the field, 733 visits to workstations and a total of 4,570 working hours dedicated to preventing incidents, with a 98% participation rate.

We also deepened our efforts through our For Whom You Do Security programme, recognising 75 employees for their contribution

and reaching more than 5,000 employees. Family members participated through video, while we also respected the area's outstanding employee, and conducted asset visits to the units.

We created internal local committees to better address topics like internal accident prevention, risk management in rural work, and lockout-tagout (LOTO) management. We also established a dedicated committee to support the launch of a specific procedure for the control of hazardous energy. As part of our Origination Safety Management Programme for sugarcane suppliers, we held workshops on the requirements of the national regulatory standard that covers health and safety in agricultural work.

To support our Safer COFCO programme, we held campaigns throughout the year, with themes chosen relating to accident profiles, environmental events and the national health calendar. In this way, we reached more than 5,000 employees through 24 campaigns.

We also ran training sessions dedicated to fire prevention in the use of machinery and safe reverse manoeuvre procedures. Within our Brazilian coffee warehouses, we maintained a daily dialogue with employees and provided some with defensive driving training.

In Standerton, South Africa, we delivered protective equipment, including custom-made ear defenders to all employees, who also received first aid and basic fire-fighting training. Our Kandla refinery in India celebrated National Safety Week, with various training conducted for employees and contractors.

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We sincerely thank everyone involved for their commitment and dedication to process safety. We will continue to work together to ensure that our plant is a safe and productive place for everyone and that the theme of process safety is present in the activities of each and every one of our employees and partners.”

Alessandro Cunha,
Plant Manager, Rondonópolis, COFCO
International Brazil

In the South Cone region, we delivered a Good Morning Safety programme in Timbúes, San Martín, Saforcada and Lima, with dialogues on safety-related topics. We also held Safety and Environmental Week celebrations for all South Cone assets, in addition to workplace risk management training. We also held an open doors event, whereby our employees' families could take part in plant visits, as part of Safety Week. Elsewhere, we held an annual inter-brigade meeting, with the participation of our brigade teams. At our San Martín industrial complex, some of our employees took part in simulator training for service providers of the mechanical loaders we use in grain and flour shipments.

Highlights

- We experienced a record 1,000 days without employee lost-time accidents at our Santos T-12A port terminal.
- Within our Brazilian sugar operations, we observed a 20% reduction in total events involving human and mechanical factors.
- In South Cone, we closed 2023 with 7,626 observations made by employees through the Eyes on Risk programme, an improvement compared to 2022 (6,624 observations).

Rewarding health and safety performance

We deliver awards to teams and individuals who have made a strong contribution to an improved OHS performance. For example, our Sebastianópolis sugar mill was recognised by our global team, winning the Safety Management Innovation Award. In Romania, we rewarded the employee of the month for their contribution to health and safety. Our Kandla Refinery received our internal Gold Award for its performance, while several employees in Brazil grains and oilseeds assets received the EHS 5 Stars award.

Promoting employee wellbeing

We strive to create a work environment that supports and prioritises the physical, mental, and emotional health of employees by providing comprehensive health benefits, flexible work arrangements and fostering an inclusive and supportive culture.

In our Brazil operations, we held various health campaigns, including on suicide prevention, breast and prostate cancer (similar campaigns took place in South Africa and Argentina), smoking and road flu at the Santos port. We also implemented a programme to improve employees' quality of life. At our Brazilian sugar mills, we also held a campaign to raise awareness of Rocky Mountain spotted fever.

Elsewhere, we delivered nutritional monitoring, quality of lifestyle assessment, and began standardising of healthcare processes and procedures.

Within our sugar operations in Brazil, we delivered an Ergonomics programme, with around 480 visits to work environments by physiotherapists, reaching around 5,000 employees. We also maintained Workplace Gymnastics across our Brazil and Colombia assets (within our sugar operations and coffee warehouses).

We also held vaccination campaigns in our Brazil assets and Argentinean warehouses, in order to prevent dengue fever. In Timbúes, Argentina, we also shared information and training on diabetes awareness and control. Our Colombian coffee warehouses held various training events with a focus topic per month, covering both health and occupational safety topics.

Across all European, African and Asian sites, we provided automated external defibrillators and delivered training in the use of a defibrillator in cases of life-threatening cardiac arrhythmias. In countries including Romania and the UK, we provided eye testing for all employees, as well as an annual medical check-up. We also provided emergency first aid training and certification, as part of our broader training campaign. In Standerton, South Africa, we held a World AIDS day awareness and provided testing, while also raising awareness of how to lead a healthy lifestyle.

Elsewhere, office-based employees have access to an online tool that provides them with tailored wellbeing insights to help promote a healthy work-life balance. Through our wider e-learning offering, they are also given access to on-demand training content for a wide range of topics, including productivity, wellbeing and workplace practices. In some offices, we also provide workplace ergonomic and gymnastic sessions to minimise long-term risks, in addition to regular health check-ups. In 2023, we offered CPR training in some offices and, in Porto, Portugal (where we have one of our largest offices), we expanded our Wellbeing Laboratory, an initiative to facilitate employee access to medical services, including physiotherapy, psychology and nutrition.

Attracting and retaining talent and developing our employees

To attract and retain employees who share our values and deliver outstanding performance, we seek to provide outstanding and equal opportunities for personal and professional development. In this way, we strive to promote human capital – the knowledge, skills and health that enable people to realise their potential at work and in society.

We aim to create an inclusive environment for all our employees to thrive, and recognise their individual merits. Our Training and Development Policy guides all our efforts, while our employees have access to our Learning Management System for online training and funding for courses on advanced agricultural technologies. In addition, our Commercial Graduate and NextGen Community programmes help us to develop talent internally. Beyond our company, we also seek to expand agricultural skills and develop talent for our business in our communities (see [‘Supporting suppliers towards more sustainable production’](#)).

Promoting training opportunities

Effective training and development benefits our employees and our business, contributing to the achievement of our goals. Our Training and Development policy provides a clear set of guidelines for employees and managers on available learning opportunities. We deliver technical and professional development for employees to complete their work competently and safely, while achieving higher standards of work performance. We also provide employees with a greater understanding of COFCO International’s business and operations, sharing best practice and innovative ideas for future efficiencies, including through a curriculum of learning solutions. For office-based employees, this comprises e-learning (including through LinkedIn Learning), virtual classrooms and instructor-led classroom training. For asset employees, this involves technical and EHS-related mandatory classroom training (please see [‘Prioritising our people’s health, safety and wellbeing’](#)).

In 2023, we reached 33,973 learning hours, compared to 22,896 in 2022. The significant 48% increase was partly due to strengthening our efforts, more training in our Brazil grains and oilseeds business, and enhanced monitoring. We also observed an increase in total mandatory training, reaching 7,753 hours, 24% more than in 2022 (7,753) (see

[‘Responsible governance and compliance’](#)). Office-based employees have access to an online learning management system and wide range of training content through LinkedIn Learning. In 2023, a total of 119,634 training videos were viewed by our employees.

Recognising employee performance

We regularly assess employees’ performance and review their objectives through a digital platform and meetings with respective line managers for office-based employees, and in-person assessments for asset-based employees, in order to promote continuous professional improvement. We offer new joiners core policy training and access to a digital, integrated onboarding system that enables them to adapt more rapidly to their new day-to-day, while enabling their managers to provide better support.

As part of our efforts to foster a flourishing and constructive learning culture, we regularly engage our employees through internal communications, including through our monthly learning newsletter and social networks.

Additionally, our annual Sunshine Awards recognise top performing employees, teams and leaders for contributing significant value to the organisation while modelling our core values, with the winners selected by our Executive Committee. We held the 2023 ceremony during our Global Management Meeting in Lyon, France, with our 100 senior leaders in attendance. We received more than 550 nominations from 26 countries, and awarded 36 individuals and 15 teams.

Developing talented graduates

We strive to provide promising graduates with outstanding opportunities to grow and develop by taking part in our [Commercial Graduate Programme](#). This provides classroom and practical training, with inter-generational mentorship from leaders, with participants also creating dedicated grains and oilseeds and freight trading projects designed to deliver value to the business. In September 2023, our second cohort, composed of 11 graduates from nine countries, completed the programme. The participants delivered their final project presentation on creating an inland logistics landscape review, identifying opportunities, risks and challenges for COFCO International. They also awarded the programme a 96% overall satisfaction rate.

48%

Increase in learning hours

96%

Commercial Graduate Programme participant satisfaction rate

We also focused on attracting, selecting and onboarding our third cohort, increasing the programme up to 18 participants in seven countries. We held in-person assessment centres in Brazil, South Africa, and Switzerland, and assessed virtually candidates in India, Romania, Singapore and the United Kingdom.

NextGen Community: Empowering tomorrow's leaders

Launched in 2022, our NextGen Community unites a global community of talented early career professionals with the potential to become leaders. The purpose of the network is to provide a sense of community and access to experienced leaders and learning through facilitated virtual workshops. It now has 165 members (104 male, 61 female) from 23 different countries. In 2023, participants attended two learning days to learn more about the global flows of soy products and COFCO International's response to social and environmental challenges, including climate change.

COFCO International Brazil honoured as outstanding employer

We retained the Great Place to Work (GPTW) certification in Brazil in 2023/24, which recognises employers who create an outstanding employee experience. The award is based on employee feedback and independent analysis, and helps to improve employee trust and retention, while also attracting further talent in the marketplace. In 2023, we undertook a simpler assessment and consultation process with a sample of 900 employees, following the extensive research that took place in partnership with GPTW Brazil in 2022, when we first received the certification. This included a comprehensive employee satisfaction survey to gain a better understanding of our Brazil employees' perception about the company, their managers, overall satisfaction and concerns.

Looking ahead, we will continue to develop talent and promote learning and skills to enable our business and employees to thrive.



Supporting suppliers towards more sustainable production

The growing global demand of agricultural products can only be met with collaboration throughout the value chain. Suppliers, and particularly farmers, play a pivotal role, yet face considerable pressure to meet numerous industry expectations. To strengthen our supply chains and help ensure food security, we seek to build long-term relationships with our suppliers, promoting efficiency while encouraging responsible and sustainable business practices. Importantly, we support our partners to build farmer capacity through collaborative field projects, offering resources, training and technology to help them raise productivity sustainably. By providing training, we are also helping to build human capital in the agricultural sector and address the challenge of labour shortages, creating talent for our business.

Our [Supplier Code of Conduct](#) defines the standards of social and environmental responsibility we require from all suppliers, promoting consistent sustainability principles through our supply chains. It is reinforced by commodity-specific sourcing policies. We expect our suppliers to uphold and respect these principles, sharing them among their own suppliers. These requirements cover topics including business ethics and compliance, trade sanctions, human and labour rights, occupational health and safety, community and land rights, environmental management, supply chain management and transparency, and sustainable agricultural practices.

Establishing farmer partnerships

We are committed to working closely with the farming community, providing finance and expertise to create long-lasting partnerships for mutual benefit. This will enable us to buy more sustainable commodities directly from farmers, while expanding their access to global markets and helping to improve livelihoods. We are investing to develop our presence in key sourcing regions such as South and North America and the Black Sea region, with China's Belt and Road initiative (designed to link the country with global trading routes) set to improve connections to the Chinese market. By supporting farmers with knowledge, networks and services, we will build strong foundations for future trading and benefit all parties.

Supporting suppliers in meeting our sourcing requirements

We engage with our suppliers following a risk-based approach. For agricultural commodities with prominent supply chain environmental and social risks, including soybean and palm oil, we also have commodity-specific sourcing policies to guide our direct suppliers (and their partners) in implementing sustainable and responsible production of their goods.

We also support suppliers individually addressing any grievances brought to our attention. Should a supplier fail to comply with our requirements, we reserve the right to request corrective measures.

Monitoring supplier performance and supply chain risks

When we are physically distant from the production stage (see ['From farm to table: our range of commodities'](#)), we rely on supplier performance and supply chain risk monitoring efforts to inform commercial activities and supplier engagement efforts. We also conduct regular environmental and social risk assessments to help raise standards.

In Brazil, we perform environmental and social due diligence and risk assessments in our supply chains, using a combination of traceability data of direct and indirect suppliers, advanced technology and publicly available information on compliance with relevant environmental and human rights regulations (see ['Promoting responsible land use in agricultural value chains'](#)). Within our Brazilian sugarcane operations, we also conduct inspections of working conditions (see ['Respecting human rights'](#)).

For palm oil sourced from Southeast Asia, we evaluate our strategic suppliers' supply chain management and performance, in order to ensure volumes received are responsibly produced and in compliance with our requirements on human rights and the environment. We regularly evaluate and monitor supplier performance through scorecards that we update every two years, or when a significant change in supply base justifies a re-evaluation. In 2023, we ran a new analysis covering some 95% of our 2022 volumes, and made adjustments to the list of criteria considered within the scorecards, working together with non-profit group Proforest.

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Partnership is fundamental to meeting tomorrow's demand for food sustainably. Within highly complex agricultural supply chains, this means working directly with farmers to support good agricultural practices, and collaborating with wider stakeholder groups to address systemic issues.”

Alfonso Romero Vedoya,
Managing Director G&O Southern Cone,
COFCO International

Incentivising sustainable agricultural practices

For commodities and regions where we are physically closer to the source, we aim to work directly with farmers to promote good agricultural practices and, where possible, help them to achieve sustainability certification. We do this through programmes such as those explored in '[Creating high quality products by upholding strong standards](#)'.

We also leverage our Responsible Agriculture Standard and Coffee Responsible Origin Programme as tools to equip suppliers in their own sustainability journeys, while enabling the verifiable sustainable production of agricultural commodities and improving market availability.

Promoting farmer capacity building

We offer training and capacity building to suppliers, including farmers. In rural communities where farmers (including smallholders) represent a greater proportion of local economies, we selectively invest in efforts to improve their technical capacities and yields, helping to improve their access to global markets. For example, we work with the Buhle Farmers Academy in South Africa and SENAR in Brazil (see '[Improving livelihoods by connecting farmers to markets](#)').

Further, in 2023, we completed our project with the IFC, focused on empowering women in soybean production, identifying that we could create the greatest impact by offering selective training and capacity building opportunities. We will also coordinate with origination teams to reach women farmers more effectively, while improving outreach through local networks. Please see '[Diversity, equity & inclusion](#)' for further information.

In South Africa, we have developed longstanding partnerships with local farmers with whom we work to reduce costs and boost grain and oilseed production efficiencies (in particular for maize, soybean, sunflower and wheat). This helps farmers to grow, harvest and merchandise their crops, while building their resilience to irregular weather and currency fluctuations. In 2023, we reached farms covering 71,600 hectares.

Within our coffee business, we strive to promote climate-smart farming in Brazil through our On Good Grounds project. We will launch this initiative in 2024, with agronomists providing technical sustainability support to participants (see '[Addressing carbon emissions in our supply chains and beyond](#)'). We also continued to provide support to coffee farmers in Vietnam and Colombia through certification programmes (see '[Creating high quality products by upholding strong standards](#)'). In Indonesia, we have a dedicated team of Research Agronomists who support farmers in improving production efficiency.

We also offer training to help ensure that our Commercial and Origination teams are able to provide suppliers with the support they need in upholding our sourcing requirements. In Brazil, we delivered training to 166 new employees on soy and corn sustainability, and provided refresher training to 109 employees for the 2023 corn harvest.

In Argentina, we conducted around 453 hours of employee training on sustainability certification schemes, in particular for 2BSvs (reaching 100 participants), US EPA (36) and RTRS (99).

Meanwhile, in India and Singapore, we launched a new e-learning module on the responsible sourcing of palm oil to help our Commercial and Operations better understand

environmental and social challenges and sector developments when engaging with palm oil suppliers, as well as the more technical details of our responsible sourcing programme.

Our Global Procurement Policy defines the processes and rules applicable to non-trade procurement activities and supports the implementation of the supplier requirements defined in the Supplier Code of Conduct, including those related to environmental, social and governance topics. In 2023, we strengthened our efforts to standardise procurement data management towards in order to ensure process consistency in different regions.



Improving sustainable soybean practices in Brazil

In Brazil's Matopiba region, between 2022 and 2023, and in partnership with ABIOVE and the IFC, we supported the expansion of the [AgroPlus](#) programme, the largest private technical assistance programme in Brazil's Tocantins state. Our aim was to promote more sustainable production practices and continuous improvement across 50 rural properties, covering more than 39,000 hectares of land (including soybean farms, legal reserves and preservation areas).

As part of this project, 15 training sessions were delivered to producers, benefitting 300 people and covering topics including grain classification, agricultural inputs, safe operation of machinery, and working at height and in confined spaces. We also visited the participating properties at the beginning and end of the programme to measure progress, observing an average 12% performance improvement. This also helps to ensure legal compliance among our suppliers, while creating the foundation for future projects to be implemented in collaboration with customers, in particular for sustainable sourcing. For more information, see '[Q&A: Promoting sustainable farming in Brazil](#)'.

Protecting the rights of local communities



Respecting the rights of indigenous people and engaging with communities is vital to conducting our business responsibly and maintaining our licence to operate. Ensuring secure and equitable rights to land and natural resources is also fundamental to promoting sustainable development and improving the livelihoods of rural communities.

Our [Stakeholder Engagement Policy](#) covers how we engage with our community stakeholders, while our [Responsible Land Acquisition and Leasing Policy](#) defines how we respect legal and customary land rights and govern land tenure responsibly. This is particularly important in the case of vulnerable communities, such as the quilombolas in Brazil, and people living near natural water sources. We follow the principle of Free, Prior, and Informed Consent (FPIC), and engage in meaningful and ongoing consultation with indigenous peoples and local communities, before initiating any activities that could impact their rights.

Overall, we strive to uphold strong standards, maintain a constructive dialogue with our stakeholders, and respond to their concerns and needs. We also conduct environmental and social impact assessments and social dialogues ahead of all new site construction and acquisition. This collaborative approach enables us to better understand and optimise the impacts of our operations in local communities and take action accordingly.

Our key policy commitments:

Stakeholder Engagement Policy –

This guides our management approach to maintaining high standards of behaviour and helping to create a positive impact. It guides our approach to promoting open stakeholder dialogue, striving to create shared value and helping to build strong communities, including by empowering and including underprivileged people within agriculture. All stakeholders can share concerns with us through our Integrity Hotline (please see [‘Responsible governance and compliance’](#)).

Responsible Land Acquisition and Leasing Policy –

We adhere to the responsible governance of land tenure and are committed to international human rights standards on the rights to land and natural resources, as well as the IFC Performance Standards on Land Acquisition and Involuntary Resettlement and Indigenous Peoples.

Supplier Code of Conduct –

We require our suppliers to obtain Free, Prior and Informed Consent from indigenous peoples and local communities for the use of their customary lands, prior to agricultural development and for all new developments that could affect these stakeholders’ rights, land, resources, territories, livelihoods and food security. They must also address abusive and/or illegal practices.

Sustainable Soy Sourcing Policy –

We expect suppliers to respect the rights of people and local communities, including indigenous peoples. For suppliers in Brazil, we require that soy suppliers respect protected lands as defined under Brazilian legislation, such as Conservation Units and Indigenous People lands.

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Our efforts to empower people include an important commitment to engage with local communities, listen to their needs and respect their rights. We strive to be a responsible corporate citizen, sharing land and resources fairly, and contributing to improving farmers’ livelihoods.”

Abdias Machado,
Sustainability Manager
Latin America,
COFCO International

Engaging with local communities

In the locations where we operate, we maintain ongoing dialogue with representatives of local communities, particularly where we may create significant social, environmental and economic impacts (such as in Brazil and Argentina). This dialogue informs our community investment programmes, highlighting local priorities, and covers aspects of our operations that may unintentionally affect the environment. We also maintain ongoing dialogue with other relevant stakeholders, such as farmers, industry associations, policy-makers, NGOs and trade unions (see ‘How we engage our stakeholders’).

In 2023, we made progress as follows:

Target	Progress
<p>Target 1</p> <p>Maintain ongoing social dialogue at all high community impact operations. This includes open communication channels and understanding the priority needs and concerns of the communities.</p>	<p>In Argentina, we took action across the locations our industrial facilities, including through dialogues with local authorities, worker syndicates, education institutions, chambers of commerce, and corporate responsibility projects with local schools and health services.</p> <p>In Brazil, we continued to hold social dialogue events in Votuporanga (where our transshipment facility is located) and Fernandópolis (close to our Sebastianópolis and Meridiano sugar mills).</p>
<p>Target 2</p> <p>Conduct environmental and social impact assessment prior to all new site construction and acquisition.</p>	<p>During the construction of our new Santos terminal, we maintained compliance with all regulations covering occupational health and safety, environmental protection, and management of wastewater and solid waste.</p> <p>To help protect the rights of local communities and create a positive impact, we have signed an agreement with the Santos Prefecture, committing to implement corporate citizenship activities. In particular, we are rehabilitating a warehouse on the same site and developing a cultural and leisure space in locations previously occupied by old warehouses. These areas will form part of a local park.</p>



Improving livelihoods by connecting farmers to markets

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To help smallholder farmers adopt sustainable practices and expand their access to global markets, we partner with customers and suppliers to promote capacity building and support sustainability schemes.”

Daniel Motta,

Responsible Sourcing Manager, Coffee,
COFCO International Brazil

To improve livelihoods, promote wellbeing and expand access to economic opportunities, we are helping to build farmers' capacity and connect them to global markets. Through our Community Investment Policy, we focus on targeted initiatives to create significant, measurable and lasting impact. We prioritise healthcare and education, while ensuring that any investments reflect the needs of local rural communities, particularly vulnerable groups. Economies in these areas are typically highly dependent on agriculture, yet many younger people are migrating to cities for work. Meanwhile, smallholder farmers often lack access to the tools and knowledge that could help improve productivity and profit, despite contributing significantly to global food security and regional economies. With demand for sustainable commodities rising, we have a real opportunity to help empower farmers and boost their economic prospects by adopting better practices, while helping to create skilled labour in our supply chains and ensuring the future success of our business.

Empowering smallholder farmers: Social Fuel Stamp programme

In Brazil, we take action to include smallholder soy farmers in our supply chains by sourcing a portion of our biodiesel from cooperatives participating in the Social Fuel Stamp programme. Organised by the Brazilian Ministry of Agriculture, Livestock and Supply, this offers agri-businesses an incentive for purchasing biodiesel and feedstock from organisations that promote fair prices and provide training for smallholders to produce oilseeds in a safe and sustainable way. In 2023, we sourced 213,000 tonnes of soybean through this programme, compared to 204,000 tonnes in 2022, from 21 cooperatives, benefiting some 45,000 smallholder farmers. By providing technical assistance and training services, the soybean farmers raised their revenues.

In 2023, COFCO International also acquired coconut for the first time from smallholder cooperatives eligible to participate in the National Programme for Production and Use of Biodiesel (PNPB) as suppliers in the Social Biofuel Seal programme in the state of Alagoas. We acquired 2,000 tonnes of dried coconut in the region. With premiums and technical support, we helped to contribute to improving livelihoods rural communities and supporting the local economy.

Investing in our communities

To support high quality education for all (SDG 4), we contributed to training young people and women, with a focus on developing skills for the job market in Argentina and Brazil. We also planted orchards in schools and near COFCO International's sites in Argentina and Brazil (Carlinda). In Argentina, we purchased a symbolic harvest of corn, with the funds being redirected to an organisation that works to improve the purchasing power of communities in multiple regions.

Elsewhere, in South Africa, we extended aid to local community gardens by supplying them with seeds, soil, fruit trees and vegetables. Additionally, we further developed our work with the Buhle Farmers Academy to offer enterprise development assistance to farmers in the Standerton area. In particular, we supported a project in Sakhile designed to empower 500 African women to enhance their skills and find employment, including by providing sewing machines and materials to start their own business.

In Brazil, near our sugar operations, we continued to support the Young Farmer of the Future programme in partnership with the national rural education organisation SENAR, directly sponsoring the training of 15 students. This delivers training to young people aged 14 to 17, preparing them for a future career in agriculture. In 2023, there were 175 participants, compared to 148 in 2022, and as part of this collaboration, we offered training to 68 local people.

Similarly, through our Pollinate Project in Brazil, we continued to support beekeepers by mapping more than 5,200 beehives, protecting the areas where bees pollinate, and building their capacity to help improve productivity and raise honey yields. In 2023, we held four workshops, reaching 41 beekeepers. We also extended this project to Brazilian coffee farms, with a first pilot reaching a total of 70 beehives and 15 hectares, leveraging the opportunity to study the relationship between honey production and coffee productivity.

Building stronger communities

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We strive to create stronger communities by engaging with local stakeholders and investing in projects that promote wellbeing, expand access to education and encourage environmental conservation. This work is also fundamental to the success of our business, developing robust relationships and sources of future talent.”

Luis Marcelo Spadotto
Operations Director,
COFCO International Brazil



We engage regularly with local stakeholders in every location where we create significant social, environmental and economic impacts, as we strive to create shared value. Our Stakeholder Engagement Policy guides our efforts, and when constructing or acquiring new sites, we conduct social dialogue and assess risks to inform our approach.

Investing in our communities is vital to our continued success and licence to operate, while complementing our stakeholder engagement efforts. We therefore continuously strive to build and strengthen constructive relationships with the communities where we work and live. In particular, we seek to be an active and supportive member of the community, contributing to local economic, social and environmental wellbeing, in line with our core values and sustainability strategy. We continue to build our community programmes, further targeting priority needs and focusing on projects that seek to contribute to building capacity, community wellbeing and good environmental management. In particular, we apply our skills and resources strategically to projects, programmes and initiatives with clear objectives, designed to create a positive, measurable and lasting impact on community development.

We adopt the same guiding principles as minimum standards for any project. This includes developing projects that respond to community needs and expectations, reflect our core values and business goals, and represent at least one of our investment focus areas. We often implement projects through stakeholder partnerships, and create opportunities for our employees to contribute.

Our community investment focus areas

Based on our unique position in the agri-business supply chain and our area of influence, our focus areas are:

Education and capacity building:

This includes efforts to contribute to local human capital development, in order to improve access to education, technical training and employment, and promote sustainable livelihoods.

Community wellbeing: We take action to improve access of underprivileged community members to food, housing, clothing and other basic products and services. We also support initiatives that advocate for human rights, social justice, and equality, focusing on risk groups including children, elderly people, women, minority groups, migrants and victims of violence. Elsewhere, we seek to improve people's health and strive to improve community safety standards, including through better response mechanisms and local infrastructure.

Environmental stewardship: We aim to promote environmental protection among our local communities, ecosystems or environments, including actions that lower GHG emissions.

Encouraging our employees to act on sustainability

To help support our local efforts, we count on the help of a global network of 163 sustainability ambassadors, located across 66 locations in 20 countries. These are employees who are empowered to identify and address local priorities, playing a key role in the development and implementation of projects.

Making an impact on the climate

Through our 2023 Impact Season, we focused our efforts on a topic of particular strategic relevance for our business – climate change and the impact that every employee can have on reducing carbon emissions through their daily work. We sought to create awareness among employees of the business case for climate action and encourage practical actions. We also engaged with local communities to deliver renewable energy projects.

Sustainability ambassadors partnered with a local not-for-profit renewable energy organisation to install solar panels to power school classrooms with clean energy. In Meridiano, Brazil, we engaged with three schools to raise awareness of the importance of home composting and encourage best practice in separating waste. Elsewhere, in Catanduva, COFCO International is offering 30 apprenticeships annually, providing its charity partner with solar panels. The related 70% saving in electricity costs will enable more investment to be directed towards education and training.

Across Brazil, the team is helping local schools to introduce local agroforestry projects, providing seedlings for fruit trees, while also exploring the installation of composting systems for organic waste. Finally, we sponsored the installation of solar panels in school classrooms in Argentina and in the As Valquírias institute in Brazil, helping to reduce its energy bills.

Overall, we reached more than 42,000 people in 2023 through our community investment activities. In Brazil, where the majority of our employees are located and we have a significant footprint, our 30 local committees reached more than 27,000 people through the Action for Impact programme and 64 individual projects, in 30 cities.

In 2023, we supported the following projects:



Improving access to education

Throughout 2023, we donated books and technological equipment to schools in communities where our assets and offices are located, including in Argentina, Brazil, Paraguay, Romania, Russia and South Africa. Our IT department developed a policy to define rules on the donation and reuse of old IT equipment, through which we hope to be able to make equipment available to schools.

We also supported the rehabilitation and improvement of schools in some regions, including Argentina, Paraguay and Romania, in order to provide a better learning environment. In Paraguay, we granted scholarships for university students.



Guardians of Tomorrow

In Brazil, the Guardians of Tomorrow programme seeks to teach school children about the importance of environmental and social topics in the agri-sector. Launched in 2018 it has grown from reaching 2,232 students at 33 schools (2018) to 5,156 students in 40 cities and 75 schools. The programme is supported by dedicated lessons and an educational booklet.

In 2023, Guardians of Tomorrow celebrated its fifth anniversary, covering new topics such as climate change, wildfires and diversity. We also expanded the programme to Argentina. In 2023, we reached students from five different schools in Buenos Aires, La Pampa and San Martin.

As we continue to develop the project, we are identifying children with high potential and considering the type of support that we could give to these students.



Empowering vulnerable populations

Through some of our community investment efforts targeting schools and education and human rights, we are acting on the underlying causes of child labour by defending children's rights and expanding access to good quality education.

Elsewhere, many children, primary school and university students were able visit some of our assets through our 'Open Doors' programme, learning about the importance of our industry and the company's role in the market. We held a celebration for Children's Day in various facilities, and partnered with community organisations to provide underprivileged families with food and toys in Argentina, Brazil, Paraguay and Uruguay.

In 2023, inclusion programmes for people with disabilities took place in countries such as Argentina and Brazil. In Stellenbosch, South Africa, through the Pebbles Project, we supported Children with Fetal Alcohol Syndrome Disorders in farming communities.

To improve the quality of living of children and elderly people from disadvantaged backgrounds, as well as female victims of abuse, we also donated construction materials and household products to charitable organisations in Paraguay, Brazil, Romania and Vietnam. In Brazil, we continued to support the ABRINQ Foundation in its mission to promote and defend the rights of children and young people.

Through the Promising Future Project, we supported the Little Child Shelter orphanage in Dong Nai, Vietnam, reaching more than 500 children by helping to ensure their safety and promote health and education, in order that they fulfil their potential and find independence and employment. The facility provides permanent shelter for 132 orphans under 18, while also supporting other children.

In Brazil, we maintained our partnership with the As Valquírias institute, which supports young girls, women and their children near our sugar mills in situations of social vulnerability in São José do Rio Preto. We also contributed to the Reading Chest project, encouraging more than 2,000 children to read from an early age. This included theatre activities, the donation of book collections and playing materials.



Supporting environmental stewardship

To improve community access to water, in Paraguay, we sponsored the installation of two water drinking points in a primary school and helped to replace water storage tanks in another school, to enable children to gain access to high quality, potable water. We also celebrated World Water Day in Brazil, with events aimed at raising awareness of water conservation.

To promote access to renewable energy, we supported projects in Argentina and Brazil (see 'Making an impact on the climate' in the previous page). Meanwhile, in Brazil, we continued to promote biodiversity and encourage bees on the land surrounding our sugar plantations, through our established programme, Project Pollinate, supporting beekeepers (see '[Protecting nature to promote food security](#)'), while also promoting bee conservation in our communities. In 2023, our workshops reached people from 12 municipalities across São Paulo state. In addition, we delivered training to pilots applying agricultural inputs within our sugarcane plantations, and members of the technical and coordinating teams.

We also taught children about importance of pollination through the Kombee Programme, reaching six cities and impacting more than 3,400 people.

We planted trees in and outside our premises in Buenos Aires, Argentina, Salsk, Russia, Kyiv, Ukraine, and Constanta and other towns in Romania where we have silos, and organised a clean-up day in Constanta, Romania. We also continued to expand our urban vegetable garden in Argentina.



Providing practical support to communities

We have supported communities affected by military conflict in Ukraine by contributing to repairing a local water supply system. We also donated medical equipment to a local hospital, renovated part of a sports stadium and constructed sports play areas, while helping to reconstruct housing with high quality materials. Additionally, we planted new trees in Kyiv and contributed to promoting arts, donating gifts to children and orphans, buying food packages and providing support to an educational institution and nursing homes.



Addressing local community needs

In 2023, we held multiple campaigns through which we collected and donated food and health products, clothing and toys for families and children in need, in partnership with foundations, associations and local organisations such as community soup kitchens, local food banks and school canteens. These actions reached people in countries including Brazil, Argentina, Uruguay, Paraguay, South Africa, Switzerland and China. This included the donation of wheat grain to the Uruguayan food bank, one tonne of soybean to a community kitchen, and a clothes donation programme in Brazil covering 40 cities.

Following the earthquake in Turkey, we provided funding to support affected communities on the ground and called on employees to support the cause. This helped the Swiss Red Cross in its mission to provide food and shelter to those who were impacted, as well as strengthen rescue efforts.



Promoting health and wellbeing

In 2023, we provided medical supplies to Aportar por la vida, a Paraguayan NGO providing medical support for oncology patients. In Constanta, Romania, we also supported an organisation that delivers home treatments and care to children diagnosed with cancer, and in Stellenbosch, South Africa, we supported the local Childhood Cancer Foundation, which supports disadvantaged families seeking cancer treatment for their children. We also provided funding for support given to patients with cancer in Chicago, USA, while continuing to donate electricity to a local cancer hospital in Fernandópolis, Brazil, near our Sugar operations.



Promoting sustainable farming in Brazil



Bernardo Pires

Sustainability Director, ABIOVE

To help improve sustainable practices among our suppliers' soybean farmers in Brazil, we are working with ABIOVE, the Brazilian Association of Vegetable Oil Industries, supporting its AgroPlus capacity building programme. Here, we talk to Bernardo Machado Pires, ABIOVE's Sustainability Director, about the programme's origins and objectives, its recent expansion to Tocantins state and how our partnership seeks to benefit farmers and protect the environment.

Could you briefly explain the purpose of this programme?

It's designed to raise the social, environmental and economic performance of rural soybean farms, serving as a rural property management programme, whereby producers and employees undertake training to adopt best agricultural practices. Additionally, it focuses on health, occupational safety, quality of life and human rights. The programme also guides producers on compliance with current legislation, particularly the Forest Code and health and safety regulation NR 31, and helps to promote good relationships with surrounding traditional communities.

How did the AgroPlus programme come into existence?

We launched the programme together with Aprosoja Mato Grosso in 2011, in recognition of the need to provide technical guidance and training to rural producers. Instead of pursuing a certification programme, we decided to establish a rural property management programme, which eventually became AgroPlus, initially in the states of Minas Gerais, Bahia and Goiás. The programme is now the largest private technical assistance project in Brazil.

How do you collaborate with your project partners, and with COFCO International?

The programme operates in collaboration with various partners, including agricultural federations, universities and associations, across Brazil. COFCO International, along with the International Finance Corporation, have been instrumental in supporting and expanding the programme, particularly in Tocantins. We have also established technical partnerships with the SENAR Tocantins learning centre and the State Federation of Agriculture to provide further support to help farmers adopt more sustainable practices.

Why is it important that agricultural commodities companies support this kind of initiative?

It's important to improve the performance of Brazilian agribusiness, particularly amid stricter international environmental legislation. The programme provides practical guidance to producers on complying with current socio-environmental legislation, preparing farms for sustainability certifications, and ultimately contributing to the positive perception of Brazilian agriculture internationally.

Why has the programme been expanded and why in Tocantins state? What were your ambitions?

The expansion to Tocantins was due to its significance within the Matopiba region, which is characterised by notable agricultural expansion and social and environmental challenges, such as deforestation rates and lack of technical assistance. We wanted to address these challenges and improve sustainability performance on rural properties. So far, we have reached some 60 properties, helping to improve COFCO International's relationships with these producers and their communities, promoting loyalty, improving livelihoods and reinforcing the company's licence to operate.

Could you describe the training that has been delivered to farmers?

The training covers various aspects, including adopting best agricultural practices, ensuring health and safety, compliance with legislation, fostering good community relations and financial planning. Farmers learn sustainable practices including soil fertility analysis, precision agriculture, water quality monitoring, compliance with environmental regulations and human rights considerations, such as gender equality, access to education and basic necessities for families residing on farms.



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The programme has been a significant driver in encouraging farmers to pursue sustainability certifications. By implementing sustainable practices and complying with social and environmental legislation, farmers are better prepared to meet the criteria for certification programmes.”

How are you measuring progress? Could you describe the visits you've made to farms to monitor performance?

We measure progress various indicators, including improvements in social, environmental and economic aspects of farm management, in order to continuously monitor and improve farm performance. A team of supervisors conducts visits to farms, with at least two visits annually to each farm. These visits involve assessing compliance with legislation, implementing better practices, and providing guidance and training.

Could you describe results to date?

We have made significant progress, expanding from serving 100 farms in 2011 to more than 10,000 farms across 12 states today. The programme has exceeded initial expectations, with positive results, particularly in Tocantins state, with a nearly 12% improvement in just one harvest. This could increase to around 60-70% in five years. For now, there is still a way to go, and we are determined to help more farmers respect the programme's social and environmental criteria.

How have farmers and their communities responded and benefited?

Farmers and their communities have responded positively to the programme, with nearly 100% satisfied with their participation. It has provided farmers with valuable training and guidance on best practices, improving farm management and productivity. Additionally, its focus on community relations has helped to foster better communication and collaboration between farmers and surrounding communities. Overall, the benefits include improved farm management, enhanced sustainability practices and strengthened relationships, which should contribute positively to their livelihoods.

How has the programme helped farmers to comply with social and environmental legislation?

We provide practical guidance and support, particularly training sessions, farm visits and ongoing assistance. Farmers learn about relevant laws and regulations, and receive guidance on land use planning, environmental conservation, water management and community relations, ensuring they meet legal requirements and avoid penalties.

To what extent has the programme encouraged farmers to take part in sustainability certifications?

The programme has been a significant driver in encouraging farmers to pursue sustainability certifications. By implementing sustainable practices and complying with social and environmental legislation, farmers are better prepared to meet the criteria for certification programmes such as the Round Table on Responsible Soy (RTRS). It serves as a foundation for farmers to achieve certification, and efforts are being made to further support and expand participation in certification initiatives.

How will you build on this project in the future?

In the future, we plan to expand its reach and impact by continuing to work with existing partners and potentially establishing new collaborations. Our efforts will focus on further enhancing sustainability practices, increasing participation in certification programmes, and addressing emerging challenges in the agricultural sector. Additionally, we plan to extend it to other regions and crops, such as soybeans, corn, coffee, cotton, wheat, cocoa and sugarcane, leveraging the success and experience gained from our current implementation. Overall, we will evolve and adapt the programme to ensure continued progress and positive outcomes for farmers, communities and the environment.

Championing values

With a mission to meet tomorrow's demand responsibly, we support global efforts to promote food security and enable the provision of affordable, nutritious food. Our leadership ensures that we uphold strong values and business ethics throughout our company, acting according to rigorous, consistent standards and an established code of conduct. To deliver our sustainability strategy and provide transparency to our stakeholders, we promote good governance and compliance, while leveraging technology and best practice to promote product quality and safety.

Our governance management approach

Contents

88	Collaborating to feed the world responsibly
90	Business ethics
91	Responsible governance and compliance
95	Creating high quality products by upholding strong standards
98	Q&A: Towards deforestation- and conversion-free supply chains
100	Our contribution to the UN Sustainable Development Goals
102	Our TCFD index

UN Sustainable Development Goals



IFC Performance Standards



We seek to champion our core values and operate ethically as a business, as reflected by the blue of our logo, symbolising sunlight set in blue sky, and representing our goals, ideals, and pursuits. We structure our approach in three focus areas: promoting good ethics, governing our activities and sustainability effectively, and upholding rigorous policies and standards. This enables us to contribute to Sustainable Development Goals 2 (“End hunger, achieve food security and improved nutrition and promote sustainable agriculture”), 16 (“Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”), and 17 (“Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development”).

We collaborate with stakeholders, governments, NGOs and local communities to help support global food security, whereby people have access to sufficient, safe and nutritious food. In addition, we uphold ethical sourcing practices that respect local communities, land rights and labour conditions, and promote decent work for farmers and workers throughout the supply chain.

We expect all our employees and partners to adhere to high standards of behaviour, defined by our Code of Conduct and sustainability policies. We provide mandatory training to all our employees on business ethics topics (such as anti-bribery and corruption, taxation and accounting, anti-competitive practices and intellectual property issues), as well as our impartial grievance mechanism, the Integrity Hotline. At an industry level, we work with stakeholders from across the public, private and NGO spheres to address shared sustainability challenges and help promote sustainable agriculture.

We strive to maintain safe, high-quality products and uphold rigorous policies and globally consistent standards by safeguarding the company's products through the entire value chain, monitoring suppliers and obtaining relevant certification. We seek to ensure good governance and legal compliance in all our markets and countries of operation by adhering to robust frameworks and practices, upholding ethical standards and promoting responsible business conduct. Our compliance programme includes regular monitoring, assessments and audits to ensure adherence to laws, regulations, and internal policies. In addition, we have established a strong governance structure with dedicated committees for oversight of compliance and ethical practices.



We are committed to supporting global efforts to promote food security and meet the growing demand for sustainably produced commodities. Throughout our work, we strive to uphold our core values and protect the rights of everyone in our business and supply chains.”

Wang Yunchao,

Managing Director Brazil, North America & Integrated Product Line Global Soybeans, COFCO International

Collaborating to feed the world responsibly

Partnerships, forums and collaborations are fundamental to addressing the social and environmental challenges that matter most to our business. We engage in meaningful dialogue with our stakeholders and partners to understand and respond to their concerns effectively, engaging with diverse groups to discuss shared challenges and how we can create value. We also consult all our stakeholder groups when conducting materiality assessments. See our [website](#) for a full table of our partnerships and memberships. When engaging in all sector activities, it is our permanent concern to be in full compliance with all relevant laws, including those related with anti-trust issues.

Together with 13 peer companies, the Tropical Forest Alliance and WBCSD, we took part in the development of the [Agriculture Sector Roadmap to 1.5°C](#), launched at COP27 in 2022, continuing to help accelerate existing action by the agri-commodity sector on deforestation and conversion to support global climate goals, while promoting food security and economic development, and improving farmer livelihoods. See '[Addressing carbon emissions in our supply chains and beyond](#)' and '[Promoting responsible land use in agricultural value chains](#)'.

We are a member of the [World Business Council on Sustainable Development](#), seeking to drive positive change in the business environment and the United Nations Global Compact, supporting its [Ten Principles](#) to drive sustainable development. We also support the World Economic Forum.

In 2023, we became a member of the Taskforce on Green Value Chains for China (see '[Q&A: Towards deforestation- and conversion-free supply chains](#)'). Launched at the World Economic Forum's Annual Meeting of the New Champions in June 2023, the taskforce encourages global supply chain actors supplying the Chinese market to alleviate deforestation caused by commodities including soybeans, palm oil, beef, pulp and paper. The participating consumer goods companies generate a combined annual revenue of over 300 billion CNY within the Chinese market, while the commodity traders account for over 80% of its grain trade.

To promote more sustainable soybean in South America, we are a member of the [Soft Commodities Forum](#), through which we are collaborating with five other leading agribusinesses to identify solutions that eliminate soy-driven deforestation and conversion of native vegetation in the Brazilian Cerrado. In 2023, we continued to take part in

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To address global challenges, we must collaborate across sectors and beyond to take action at the scale and pace required to achieve meaningful change. This is fundamental to transforming global food systems and achieving a stable source of supply for the world's population.”

Allan Virtanen,
Director Communications and Sustainability, COFCO International



the [Farmer First Clusters](#) initiative to mobilise partnerships that identify, invest in and scale solutions to halt deforestation and land conversion from soy production, and incentivise sustainable land use in Brazil and beyond (see '[Protecting nature to promote food security](#)').

We are also a member of the Platform for the Sectorial Vision of the Argentine Gran Chaco ([ViSeC](#)), a national platform that brings together all members of the soybean value chain to decrease environmental impacts in the Gran Chaco region (the second largest forest in South America), focusing on three areas: deforestation and land use change, strengthening governance and collective action in Argentina, and promoting an environmentally responsible and economically viable value chain.

To create more sustainable palm oil, we continue to be a member of the [Palm Oil Collaboration Group](#) (POCG), which brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of No Deforestation, No Peat Expansion, No Exploitation commitments. Through the POCG, we are taking part in the Implementation Reporting Framework Active Working Group (IRF AWG) and the Social Issues Working Group (SIWG).

Within our coffee operations, we remain a member of the [Global Coffee Platform](#), a multi-stakeholder membership association dedicated to advancing coffee sustainability towards the vision of a thriving, sustainable coffee sector for the next generations.

As we move towards more sustainable freight, we are a member of the [Getting to Zero Coalition](#), an industry-led platform for collaboration that unites leading stakeholders from across the maritime- and fuels value chains to help make commercially viable zero-emission vessels a reality by 2030, with full decarbonisation by 2050. We also support the [Sea Cargo Charter](#), which provides a global framework for ensure environmentally responsible chartering activities to help promote the decarbonisation of international shipping (see '[Reducing our direct carbon footprint](#)').

In 2023, we became a signatory to the Global Maritime Forum's [Operational Efficiency Ambition Statement](#), joining the world's leading maritime companies in defining a shared ambition to adopt vessel optimisation strategies to decrease annual fuel consumption and reduce CO₂ emissions, while enabling the uptake of more expensive, scalable zero-emission fuels.

Meanwhile, to respect human rights across our supply chains, we support the ABRINQ Foundation in its mission to defend the rights of children and adolescents in Brazil, with a particular focus on education, health and protection.

Supporting public policy

To help support the development of public policy within the agricultural commodities sector, we collaborate to better understand and address the diverse and complex sustainability challenges we face as a company and industry. We work with public, private and NGO stakeholders towards shared objectives for sustainable agriculture, as a member of various multi-stakeholder initiatives. Importantly, COFCO International does not make any political contributions.

Additionally, we take part in and support industry associations through which we collectively contribute to addressing some of the complex challenges facing our sector. For example, we have signed the [Grain and Feed Trade Association's Sustainability Pledge](#).

Promoting food security

To help ensure that people have access to safe, nutritious and sufficient food, as demand for agricultural commodities grows with the rising population, we collaborate with stakeholders, governments, NGOs and communities. In addition, we uphold ethical sourcing practices that respect local people, land rights and labour conditions, and safeguard fair treatment and compensation for farmers and workers throughout the supply chain.

We promote food security at a global level by striving to meet tomorrow's demand responsibly and taking action throughout the agricultural value chain to optimise our impact and operational efficiency (see '[Our role in the global agricultural value chain](#)'). This helps to reduce food losses as products travel to market.

We also strive to implement advanced farming models and the latest farming technology within the operations we manage (such as sugarcane in Brazil, grains and oilseeds in South Africa) to support continuous yield improvement, contributing to food security and supply for the markets we serve.

Meanwhile, through our Environmental Policy, we commit ourselves to protect and use all natural resources efficiently, and through our Supplier Code of Conduct, we require our suppliers of agricultural commodities to minimise waste generation where possible. Within our industrial operations, we also seek to improve resource efficiency and reduce waste, (see '[Improving resource efficiency, managing water, materials and waste effectively](#)').

Beyond this, we continue to invest significant funds to support rural economic development and producer livelihoods within the communities where we live and work, including capacity building and food donations to disadvantaged communities in the areas where COFCO International offices and operations are located (see '[Improving livelihoods by connecting farmers to markets](#)' and '[Building stronger communities](#)'). This activity is further supported by our participation in policy discussions and sector partnerships designed to improve the responsible production of commodities while also bolstering farmer livelihoods and local communities.



Business ethics

We take a rigorous, best practice approach managing ethical considerations and expect all our employees and partners to adhere to high standards of behaviour, defined by our Code of Conduct (which sets our business ethics and underpins our strategy) and sustainability policies. We provide mandatory training to all employees on business ethics topics, such as anti-bribery and corruption, taxation and accounting, anti-competitive practices and intellectual property issues. We also operate an impartial grievance mechanism through which stakeholders can submit any concerns, our Integrity Hotline.

Our Sunshine Culture

Our Sunshine Culture harnesses the power of positivity to inspire and enable our employees to collaborate towards achieving our mission and goals, while living our core values.

Our core values



Integrity

We seek to be open, honest and act with integrity at all times. We also hold ourselves and each other to account in the event that integrity is not demonstrated.



Inclusiveness

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



Innovation

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



Sustainability

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

Our Code of Conduct sets the tone for the behaviour we require from our employees, contractors and business partners, and is the vehicle through which we translate our values into Business Principles and how we behave as a company towards stakeholders. In particular, we comply with relevant legislation and conduct our business with transparency and high ethical standards. We treat people fairly and with dignity and respect, and act as long-term, trusted partners throughout our value chain. Additionally, we strive to conduct our business while contributing to sustainable development and making a positive difference in our communities, in line with the UN Global Compact principles.

Responsible governance and compliance

To uphold high ethical standards, meet legal requirements and maintain responsible business conduct, we have established robust frameworks and practices. Our compliance programme includes regular monitoring, assessments and audits to ensure adherence to laws, regulations and internal policies. In addition, we have established a strong governance structure, through which diverse committees with clear roles and responsibilities oversee compliance with all relevant laws and regulations and ethical practices.

Our Board of Directors and Executive Team are informed by our dedicated sustainability team on key sustainability topics, including climate change and nature. Additionally, our sustainability department is involved in internal discussion platforms such as regular management meetings.

Understanding our major compliance policies

Anti-Bribery and Corruption – The overarching framework governing our anti-bribery and corruption programme. It guides our efforts to conduct business fairly and with integrity, with practical advice for engaging with third-party intermediaries, and in relation to donations and sponsorships. The policy is complemented by two mandatory e-learning training courses.

Anti-Money Laundering – We follow a global mandate to prohibit and prevent money laundering and any activities that could facilitate illegal financial dealings. We commit to help detect, deter and report any suspicious activity.

Gifts and Entertainment – Business gifts and entertainment of modest value are acceptable to strengthen working relationships among business associates. However, where such items are unusual, frequent or of substantial value, they are prohibited. Employees are encouraged to consult with the Compliance Team to ensure they are acting within permissible boundaries.

In 2023, we launched a Broker and Agent Policy as part of our anti-bribery and corruption programme. It currently covers the EMEA region and will be extended to all our entities and regions. The policy defines increased due diligence for working with brokers or agents from high-risk jurisdictions, and specifies how to formalise contractual relationships. Additionally, we have launched a cybersecurity emergency hotline to enhance the company's readiness and reaction to potential cyber-attacks. In Brazil, our local Privacy Committee has created an internal website to help raise awareness on data privacy, and provided training to around 340 employees. We are also developing a Global Data Protection Programme.

Beyond this, we published a new internal procedure on the execution of corporate and board secretarial processes to ensure a more systematic, consistent approach and enable a more efficient deployment of resources.

Promoting employee training

We provide mandatory training for new employees on our Code of Conduct, together with training on other policies for both new joiners and other employees. Overall, we completed 26,684 mandatory training sessions in 2023, an increase of 20%, compared to the previous year. This corresponds to a total of 7,753 hours (a 24% increase compared to 2022), and may be partially attributed to the roll-out of the Anti-Bribery and Corruption training, which reached 3,524 employees.

Across our regions, we have held events on anti-bribery and corruption, including an in-person seminar in the USA with over 130 employees attending the event and an in-person training in Portugal with around 200 employees.

Championing values

How our business is governed

Our Board of Directors oversees the group's business, strategic decisions and performance, and is made up of five members, including three COFCO Corporation Directors and two Independent Directors, the latter being nominated by the Nomination and Corporate Governance Committee and appointed by the Board.

The Board consists of various committees: Nomination and Remuneration Committee, Audit Committee, Investment Committee, and Risk Control and Compliance Committee.

Our Executive Committee is appointed by the Board of Directors and led by our Chief Executive Officer. Its members are responsible for setting our strategic direction and delivering our strategy. They come from diverse backgrounds and combine complementary skills and a proven ability to lead with a deep commitment to our vision, values and culture.

Within our Corporate Governance framework, we have dedicated committees performing specific functions delegated by the Executive Committee. These are the Strategy Committee, Executive Risk Committee, and a Finance, Legal and Risk Committee.

How we manage sustainability

Our CEO and Chairman hold overall responsibility for sustainability, including climate and nature-related topics, and approve our sustainability strategy. Importantly, our senior leadership, including our Board and Executive Team, are regularly briefed by our dedicated sustainability team on sustainability topics. Our Business and Corporate leadership functions share responsibility for managing relevant material topics.

Our Director of Communications and Sustainability oversees our sustainability strategy at an operational level and manages a dedicated team of professionals based in strategic locations, reporting progress to leadership. Sustainability is also increasingly represented through internal discussion platforms, forums and events, such as our global management meetings. At the 2023 global legal team meeting, topics such as the new EU Regulation on Deforestation-free products (which we are also addressing through a dedicated cross-functional committee), sustainable financing, supply chain due diligence and modern slavery were included in the agenda.

Environmental, Social and Governance (ESG) risk management is also integrated within wider company risk management and corporate strategy. We engage the specialist ESG risk rating agency Sustainalytics to evaluate our progress on managing ESG risks and use the findings to guide our strategic planning.

To support local subsidiaries in championing our sustainability ambitions and deliver our global strategy at a local level, we leverage a global employee network of 163 Sustainability Ambassadors in 66 locations across 20 countries.

Climate strategy oversight and reporting

All relevant business and corporate leadership functions are involved in the processes through which we identify and tackle physical and transition climate-related risks and opportunities.

Our teams support our ambitions at an operational level by continuously improving the way we measure emissions, assessing the viability of GHG emission reduction interventions and implementing them on the ground.

- FLAG Scope 1 emissions – Brazil and South Africa farming operations.
- FLAG Scope 3 emissions – Origination and Commercial teams in the countries and for the commodities that represent the most significant share of emissions, particularly Brazil and Argentina for soy and maize.
- Non-FLAG emissions related to our industrial operations – Environment, Health and Safety and Operations teams across our asset footprint.
- Non-FLAG emissions related to transportation and distribution – Freight teams managing time- and voyage-chartered vessels.

Overall, responsibility for delivering progress against the climate targets sits with business leadership, while our dedicated sustainability team manages our annual GHG inventory calculation and progress reporting.

For more information on our climate strategy, please see '[Developing our climate change strategy](#)'.

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We expect all our employees to respect the standards we require through our Code of Conduct. And we seek to empower our leaders to set the example.”

Marcus Seelbach,
Chief Human Resources Officer,
COFCO International

Reporting sustainability progress

In 2023, we met all targets under our two active sustainability-linked loans, which cover the traceability and socio-environmental risk screening of Brazil soy supplies, and wider ESG risk management. The margin savings obtained from meeting these targets are used to fund further sustainability progress.

As we prepare to report in line with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD), and while we continue to voluntarily report with reference to GRI Standards, in 2023, we stepped up our reporting efforts by identifying ways to improve our ESG disclosure. We refer to the most up-to-date version of the GRI Universal Standards and the latest GRI Agriculture Sector Standards, which became effective in January 2024. We also expanded our climate change

reporting to meet the voluntary disclosure requirements of the Taskforce on Climate-related Financial Disclosures (see ‘Our TCFD index’).

Our sustainability policies

Our set of sustainability policies covers a wide range of topics, from climate change to human rights and business ethics, and guides our efforts to fulfil our sustainability strategy and continuously improve performance. The policies apply to everyone in our business. We have sourcing policies and a Responsible Agriculture Standard in place to guide our supply chain activities and supplier partnerships.



Our sustainability strategy is supported by robust policies and processes that guide our efforts to deliver our mission. This is a strong foundation from which to build a thriving future for our business and stakeholders.”

Helen Song

Chief Financial Officer,
COFCO International

Strategic pillar	Area of focus	Our policies
Protecting the Earth	Climate change	— Environmental Policy
	Nature and biodiversity	
	Resource use	
Empowering people	Human and labour rights	— Human Rights and Labour Policy — Occupational Health and Safety Policy — Equal Opportunities Policy
	Capacity building	— Training and Development Policy
	Sustainable livelihoods	— Stakeholder Engagement Policy — Responsible Land Acquisition and Leasing Policy — Community Investment Policy
Championing values	Ethics	— Code of Conduct
	Policies and standards	— Food and Feed Safety Policy
	Governance	— Anti-Bribery and Corruption Policy — Anti-Money Laundering Policy — Gifts and Entertainment Policy — Global Procurement Policy
Cross-pillar	Cross-area	— Supplier Code of Conduct — Sustainable Soy Sourcing Policy — Sustainable Palm Oil Sourcing Policy — Responsible Agriculture Standard

Championing values

Integrity Hotline

The Integrity Hotline is our global grievance mechanism. Launched in 2018 and based on the UN Guiding Principles on Business and Human Rights, it is overseen by the centralised Concerns Management Committee (CMC) and chaired by the Chief Audit Officer. The Hotline is open to all our stakeholders and available in 13 languages through multiple channels of communication. The Hotline is the channel through which cases of corruption must be reported by our stakeholders and, in 2023, no substantiated corruption case was reported. Looking ahead, we will seek to resolve all grievances received through our Integrity Hotline.

Since its implementation, we have sought to improve the efficiency of global grievance management, in order to further promote stakeholder awareness and ensure the accessibility of channels for vulnerable stakeholder groups. In 2023, we updated our Integrity Hotline Procedure, CMC Charter and internal guidelines for managing cases, including more data privacy requirements. We also developed a new Integrity Hotline Data Privacy Policy, which we expected to launch in early 2024, and conducted on-site awareness training, reaching over 530 employees across 24 sites in 11 countries. The Policy highlights the information we capture, why we collect it, how we use that information and how to access and update that information.

In 2023, we received a total of 177 concerns, closing 89% of cases during the year.

Approximately half of concerns were reported through the website or email, with the remaining concerns reported via phone.

The average closure rate was 48 days, 19% lower than the rate observed in 2022 (59 days), and well below the target of 90 days. Of the 177 concerns, the majority were related to cases of discrimination or poor behaviour (55%), followed by business conduct (35%) and environment, health and safety (10%).

Our Palm Oil Grievance Procedure is designed to manage how we review, analyse and act on any potential cases of non-compliance with our sustainable palm oil sourcing expectations and NDPE commitments. It relates to any groups owning oil palm plantations, mills or refineries that directly or indirectly supply palm oil to COFCO International.

Grievances can be reported online through our Integrity Hotline, or directly via email or phone. We engage with relevant suppliers to develop appropriate solutions and improve their practices. We also proactively screen other cases involving potential non-compliance with our NDPE expectations, treating these as grievances and following the same comprehensive process of supplier engagement.

In parallel with the Integrity Hotline, we also investigated 11 cases of potential non-compliance with our sourcing policies for palm oil (5 were closed before year-end and 6 are under monitoring) and soybean (4 were closed and 1 under resolution).



Creating high quality products by upholding strong standards

As a major agricultural commodity business, we seek to safeguard our products throughout the value chain and maintain high standards of product quality and safety. In particular, we source more sustainable products, uphold strong standards and systems, and pursue product certification schemes, where possible. This helps to ensure that the products we supply to global markets respect high social and environmental standards. For more information on our business, please see 'Our role in the global agricultural value chain'.

Promoting product quality and safety

We comply with all relevant laws and regulations to ensure we fulfil rigorous standards of food and animal feed safety, following the requirements defined by our [Food and Feed Safety Policy](#), and taking a consistent, standardised approach. As part of our continuous compliance monitoring, our suppliers must follow qualification processes, third-party inspections and on-site audits.

By following the requirements of our Food and Feed Safety Policy, our teams are able to identify, manage and prevent potential food safety hazards and avoid contamination. At every facility, our employees and contractors undertake relevant training. In 2023, we recorded zero food or feed health and safety incidents resulting in fines, penalties or warnings.

To promote improvement, we enhanced the corrective action tracking for instances of non-compliance identified in internal and external audits by communicating more within our teams and cross-referencing with another internal platform, and continued to provide training to employees and contractors in our assets (see '[Prioritising our people's health, safety and wellbeing](#)').



In 2023, we made better use of our global food safety alert system to gain further insights (on aspects such as contaminant limits, quality regulations and exporting country), having run an in-depth test in Argentina in 2022. The system covers more than 130,000 regulations in 140 countries, and over 175,000 substance limits in more than 60 markets, delivering a real-time, consolidated global view of food and feed safety requirements, specifications, compliance, alerts and recalls. We continued to use it, for example, to obtain more information on new contaminants limits and quality regulations in exporting countries.

As part of our efforts to monitor for viruses, we check for contaminants such as aflatoxins, pesticides, ochratoxin, botanicals, heavy metals and Salmonella. We also use advanced technology to help prevent risk, including a dedicated safety alert system and online Near Infrared Reflectance (NIR) technology to conduct rapid, effective product quality tests. In 2023, we conducted multiple internal and external audits in our industrial facilities, particularly for our quality management systems, in line with ISO 22000, ISO 17025, ISO 9001, HACCP and GMP+ standards. We address any findings, in order to avoid future risks.

Championing values

Meeting demand for sustainable products through certification schemes

We use sustainability certification schemes to address various material topics. Product certification schemes and programmes are also a valuable way of ensuring that we mitigate environmental and social risks at the sourcing or production level, and incentivise responsible agricultural practices. It helps to support supply chain transparency and enhance traceability, while addressing growing market demand for certified products. COFCO International approaches certified sustainable products in different ways.

Firstly, we have developed and launched our own standards and programmes, including our Responsible Agriculture Standard and Coffee Responsible Origin Programme. Secondly, we follow third-party supply chain and certification programmes at an operational level, including RTRS for our soybean crushing plant and port terminal in Brazil, RSPO for our palm oil refinery in India and BonSucro for one of our sugar mills in Brazil. We also source and market items produced under third-party certification programmes.

Responsible Agriculture Standard

The COFCO International Responsible Agriculture Standard is a voluntary certification programme for agricultural producers and other chain of custody suppliers, promoting the conservation and mainstreaming of sustainable agriculture in our supply chains (see our [website](#)). With this standard, we aim to reinforce and reward responsible farming and sourcing in our supply chains. The criteria for the products to be sold as certified under this standard include legal compliance, respect for human and labour rights, community relations and environmental responsibility.

The standard incorporates COFCO International policies, including our Supplier Code of Conduct and Sustainable Soy Sourcing Policy, responsible industry standards, primarily FEFAC Soy Sourcing Guidelines, and international principles such as International Labour Organization's Conventions and Recommendations, UN Guiding Principles on Business and Human Rights, and International Bill of Human Rights.

In 2023, we became the first company to pass an independent benchmarking process to supply soy in line with the European feed industry's requirements, as outlined in the European Feed Manufacturers' Federation (FEFAC) Soy Sourcing Guidelines. The process was run by the International Trade Centre (ITC), the United Nations' and World Trade Organization's joint agency.

We signed two Memorandums of Understanding with Chinese customers [Mengniu Group](#) and [Sheng Mu](#) in November 2023 and January 2024, agreeing to deliver 50,000 and 12,000 tonnes of deforestation- and conversion-free soybeans respectively. Both will follow the Responsible Agriculture Standard.

Coffee Responsible Origin Programme

Beyond this, we implemented our Coffee Responsible Origin Programme to help achieve sustainable, climate resilient coffee production, fulfil market demand for responsibly produced beans and create a stronger future for the sector. Please see '[Supporting suppliers towards more sustainable production](#)'. In this way, we are working with our suppliers and partners to develop and expand sustainability and climate resilience projects. With focus on traceability, human rights and gender equality, new technologies and sustainable practices, and reducing emissions through regenerative agriculture. In 2023, we started the implementation in Brazil and in 2024, we will implement the programme in Colombia.

We take part in certification programmes for different commodities at both the product and operational level:

Soybean

We retained the Round Table of Responsible Soy Association (RTRS) Chain of Custody certification in our Saforcada and San Martín plants in Argentina and Rondonópolis crushing plant, port and warehouses in Brazil. [RTRS-certified soy](#) is deforestation- and conversion-free and meets high environmental and labour standards. Elsewhere, we continued to trade [RenovaBio](#)-certified soybean-derived biofuel in Brazil, generating carbon credits (see '[Addressing carbon emissions in our supply chains and beyond](#)').

In Argentina, we supply EPA-, [2BSvs](#)- and RTRS- certified soy, trading a total of 268,000 tonnes of certified soy and soy-derived products (oil, biodiesel, meal) in 2023. These were all sourced from certified farms registered by COFCO International and third parties, and other third-party collection points. We also source Paraguayan and Uruguayan soy produced in line with the 2BSvs scheme.



Corn

We continued to take part in the 2BSvs sustainability scheme for corn in South America. In Brazil, we sold around 25,000 tonnes of 2BSvs-certified corn, compared to 97,000 tonnes in 2022. In Argentina, we expanded our 2BSvs certification to include corn and glycerine (in addition to biodiesel) and included corn within our RTRS certification.

Palm oil

We source RSPO-certified palm oil through our Singapore and India commercial offices. Our refinery in India continues to meet the criteria for processing certified products through the RSPO's Mass Balance supply chain model, and we obtained a renewed certification in 2023.

Grains and oilseeds

We hold an International Sustainability and Carbon Certification (ISCC) 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.

At our Saffordada plant in Argentina, we expanded the scope of our 2BSvs certification to incorporate sunflower.

Sugarcane (sugar, ethanol, energy)

Our four sugar mills in Brazil maintain the Green Energy Seal. This is a certification programme managed by UNICA (the Brazilian sugarcane and bioenergy industry association). Companies who meet the criteria established in this programme can be certified.

Our sugar mills also have Efficient Biofuel Production Certification that entitles our company to issue and sell CBIO decarbonisation credits under RenovaBio. In 2023, we continued to trade RenovaBio-certified sugar-derived ethanol in Brazil, generating carbon credits through (see "Addressing carbon emissions in our supply chains and beyond").

In 2023, our Sebastianópolis sugar mill in Brazil obtained the Bonsucro certification, through which we have a significant opportunity to reduce the socio-environmental impacts associated with the sugarcane production chain. We plan to expand this certification to another sugar mill in 2024.



Coffee

As we strive to source more sustainable coffee, we implemented the CROP programme (see the page on the left), and continued to trade coffee produced under sustainability certification schemes, including 4C, C.A.F.E. Practices, Certifica Minas, Organic, RAIZ, and Rainforest Alliance. By supporting these programmes, we are supporting farmers in adopting better practices and building climate resilience, helping to improve farmer livelihoods and protect coffee workers' rights, while ensuring the future of the sector. In 2023, 42% of our total coffee exports were certified or verified as sustainable, compared to 37% in 2022. In Brazil, we hold a 4C Chain of Custody certificate for our green coffee bean processing, storing and trading activities. Elsewhere, in Indonesia, we are also 4C-certified Buyer, and in Vietnam, we continued to support around 200 smallholder farmers through the certification management and sourcing of coffee. We manage two 4C certified units in the country, confirming our compliance with the requirements of the 4C Certification.

This helps us to promote ongoing supply, while meeting customer demand for responsibly grown, climate-friendly products and comply with legislation such as the EUDR.

In Colombia, we help to manage C.A.F.E. Practices verification and Rainforest Alliance certification of around 782 farms. By supporting these programmes, we continued to help farmers adopt the social and environmental practices required by these schemes, while encouraging the preservation of water resources, protected forests and native trees.

Cotton

In 2023, we continued to source cotton bales certified under sustainability schemes such as Cotton Made in Africa. In West Africa, we observed a stronger interest from buyers in buying certified cotton due to higher retailer demand. In the USA market, we plan to source and sell more certified cotton and will start participating in the US Trust Protocol. This initiative is designed to set a new standard in more sustainably grown cotton, ensuring it contributes to the protection and preservation of the planet, using the most sustainable and responsible techniques.

In Brazil, we observed a 60% increase in volumes of certified cotton bales originated in this country. Some 61% of the Brazilian cotton we sold in 2023 respected the requirements of a sustainability certification scheme.



Towards deforestation- and conversion-free supply chains



Dr. Zhu Chunquan

Head of Nature Initiatives for Greater China at the World Economic Forum (WEF)



Jack Hurd

Executive Director, Tropical Forest Alliance (TFA)

In 2023, COFCO International broke new ground by signing unprecedented deals for deforestation- and conversion-free soybean with two Chinese companies. Here, we speak to Tropical Forest Alliance's Executive Director Jack Hurd and Chunquan Zhu, Head of China Nature Initiatives at the World Economic Forum (WEF), to understand the importance of more sustainable soy for the Chinese market, and how the WEF is involved in achieving this ambition.

Why and how is the World Economic Forum acting on deforestation- and conversion-free supply chains?

The World Economic Forum is dedicated to promoting public-private cooperation for global public interests. Through the initiative of Tropical Forest Alliance, we bring together business, governments and civil society partners in the transition to deforestation-free supply chains for commodities such as palm oil, soy, cattle, pulp and paper. With a network of more than 170 partners from over 40 countries, TFA helps to identify challenges and develop solutions.

Why is this important for the Chinese soy market? Which stakeholders should be involved in these discussions?

The Chinese market plays an important role in global agricultural commodity trade, and has great potential to drive a green transition throughout value chains. This requires close collaboration between production and consumer countries, as well as business partners, financial institutions, academia and civil societies together to tackle this issue in a systematic approach.

Could you describe the Green Value Chain Taskforce, and explain how it brings businesses together to address commodity-driven deforestation?

We launched the Green Value Chain Taskforce at the Annual Meeting of the New Champions in 2023. The Taskforce encourages global supply chain actors that enter China's market to source deforestation- and conversion-free soft commodities. Now, together with COFCO International, nine market leaders operating in China have joined forces. We aim to strengthen cross-market collaboration, with a focus on fostering a common understanding across supply chains, helping to create an enabling policy environment, empowering consumers to make sustainable purchases and encouraging partnerships with producer countries.



Could you share any results or impact to date?

As an important milestone of the Taskforce last year, we launched a pilot project to facilitate the trade of deforestation- and conversion-free sourced soybeans from Brazil to the Chinese market. Together with COFCO International and Mengniu Group, the first soybean order in China with a clear deforestation- and conversion-free (DCF) clause was signed. This has proved to have both commercial and reputational value, through increasing recognition by investors, providing a business case to policymakers, and bringing confidence to peer companies, showcasing positive market signal to the producing countries.

How will the recently signed deals between COFCO International and Mengniu and Sheng Mu encourage further positive action, support sustainable market opportunities and contribute to raising standards across the sector?

COFCO International plays leadership role in China's food and agriculture sector. As a state-owned enterprise with global operations, it also shoulders the responsibility of leading the transition towards responsible sourcing and sustainable value chains. From a market perspective, COFCO International has paved the way for sustainable procurement at a larger scale. Building on this, it has the potential to cultivate more demand from the Chinese market and mobilise whole value chains to take action. From a policy perspective, COFCO International can also help to bridge the policy differences among the EU, China and other major markets, while connecting with the producer countries, in order to support policymakers with practical business solutions and facilitate an enabling policy.

How will this deepen cooperation between China and production countries, promote sustainable agricultural land use and protect natural ecosystems?

More than 70% of the food industry's emission sources are derived from land use, more specifically by agriculture and deforestation. With this large carbon footprint, decarbonising value chains in these sectors is a game-changer for achieving the net-zero goal. China can showcase its climate leadership by working closely with producer countries to catalyse more investment in sustainable agricultural land use and protect natural ecosystems. TFA is looking to work with partners to analyse the carbon contributions of deforestation to consumer goods, validate and quantify the impact and link to global climate change. These activities will enable China to effectively monitor its contribution and role in the fight against climate change.

How do you see the market evolving in the future?

Sustainable consumption and high quality development are important trends. We expect that the demand for more sustainable goods will increase steadily in the coming years. By taking action ahead of time, companies will benefit in the future.

“

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Our contribution to the Sustainable Development Goals (SDGs)

SDG	Priority target	How we are contributing
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 Achieve the sustainable management and efficient use of natural resources.	<p>We strive to manage energy and resources responsibly, as part of our commitment to improve the sustainability of our operations and supply chains. In 2023, we decreased our water usage in 10%, with a 25% water intensity rate, reaching our 10% reduction goal, compared to 2019. Some 65% of our waste was recycled, and we used 89% renewable energy. See ‘Protecting the Earth’.</p> <p>We seek to raise awareness and build capacity on environmental stewardship across our workforce and local communities, while also encouraging our employees to act on sustainability. See ‘Building stronger communities’ and ‘Improving resource efficiency, managing water, materials and waste effectively’.</p>
	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.	
	12.8 Ensure that people have the relevant information and awareness for sustainable development and lifestyles.	
 13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	<p>Our climate strategy sets the direction for our global climate adaptation and mitigation efforts, guided by science-based targets. We are reducing energy use, lowering GHG emissions, increasing our use of renewable energy, preventing deforestation and conversion, while understanding the value of promoting biodiversity, with a comprehensive understanding of the risks and opportunities for our business. We also run awareness campaigns for employees and communities, such as the 2023 Impact Season. See ‘Protecting the Earth’ and ‘Building stronger communities’.</p> <p>We helped to develop the Agriculture Sector Roadmap to 1.5°C, launched at COP27 in 2022, continuing to help accelerate existing action (see ‘Collaborating to feed the world responsibly’). In 2023, we continued to trade RenovaBio-certified sugar-derived ethanol in Brazil, generating carbon credits in the process (see more in ‘Addressing carbon emissions in our supply chains and beyond’).</p>
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	
	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems, in line with obligations under international agreements.	
 15 LIFE ON LAND	15.2 Promote the sustainable management of forests, halt deforestation, restore degraded forests and increase afforestation and reforestation.	<p>Our efforts to conserve natural resources continue. In 2023, we achieved a 22% reduction of water intensity in our industrial operations and 11% of total water withdrawal, and implemented several measures to improve our performance. We also collaborate with stakeholders through platforms such as River Basin Committees, regional partnerships, including the Cerrado Waters Consortium, and community investment, in order to improve access to water in regions experiencing higher scarcity. See ‘Improving resource efficiency, managing water, materials and waste effectively’.</p> <p>We also continue to prevent deforestation and conversion in our supply chains, particularly in sensitive regions, following a risk-based approach and maintaining strong supply chain management. See ‘Promoting responsible land use in agricultural value chains’.</p>
	3.4 Promote mental health and wellbeing.	
	3.6 Halve the number of global deaths and injuries from road traffic accidents	
 3 GOOD HEALTH AND WELL-BEING	3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	<p>Promoting health, safety and wellbeing is an important part of respecting our employees’ human and labour rights. We provided specialised training for employees to decrease safety risk, and continued to conduct regular safety campaigns, reaching more than 5,000 employees through Occupational Health and Safety campaigns, including our Safer COFCO programme. We also ran various events focused on promoting employee wellbeing throughout our global footprint. See ‘Prioritising our people’s health, safety and wellbeing’.</p> <p>To promote road safety, we kept our no-drinking policy for drivers, carried out regular breathalyser tests and provided training to truck drivers, installing road and traffic signs in road crossing points, reducing the risk of road accidents. See ‘Prioritising our people’s health, safety and wellbeing’ and ‘Conserving nature to promote biodiversity and sustainable agriculture’.</p> <p>We continue to make efforts to optimise the use of chemical products and use our resources efficiently, reducing pollution and minimising the risk of contamination. See ‘Protecting the Earth’.</p>

Through our mission to feed the world responsibly, support the transition to sustainable agriculture and help promote food security, we are committed to helping to achieve the SDGs.





Link to our strategy

- Environmental pillar (Protecting the Earth)
- Social pillar (Empowering people)
- Governance pillar (Championing values)

SDG	Priority target	How we are contributing
	<p>8.5 Achieve full and productive employment and decent work for all.</p> <p>8.7 Take measures to eradicate forced labour, end modern slavery and human trafficking, and eliminate child labour.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers.</p>	<p>We seek to attract, retain and develop talented people, providing outstanding and equal opportunities for personal and professional development (see ‘Attracting and retaining talent and developing our employees’). In 2023, we reached 33,973 learning hours, compared to 22,896 in 2022, regularly assessing employees’ performance. We support talented graduates by providing them with specialised learning courses. We also continued to invest in farmers training and support (see ‘Improving livelihoods by connecting farmers to markets’).</p> <p>With regards to human and labour rights, we follow recognised standards, such as the ILO Conventions and the UN Guiding Principles on Business and Human Rights. In 2023, we raised our ambitions on human rights due diligence by engaging a specialist consultancy to further improve our processes. See ‘Respecting human rights’.</p>
	<p>2.3 Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers.</p> <p>2.4 Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production and help maintain ecosystems.</p>	<p>We help to build farmers’ capacity and connect them to global markets. In 2023, we sourced 213,000 tonnes of soybean through the Social Fuel Stamp programme from 21 cooperatives, benefitting some 45,000 smallholder farmers. We also contributed to capacity building, with a focus on developing skills for employment, and providing seeds and vegetables to local community gardens. See ‘Improving livelihoods by connecting farmers to markets’.</p> <p>To help ensure that people have access to sufficient and nutritious food, we collaborate with stakeholders and take action throughout our value chains to implement advanced farmin models, minimise food losses and use all natural resources efficiently. See ‘Collaborating to feed the world responsibly’.</p> <p>We apply our skills and resources to projects, programmes and initiatives with clear objectives, designed to create a positive, measurable and lasting impact on community development. In 2023, we also held multiple campaigns through which we collected and donated food and health products. See ‘Building stronger communities’.</p>
	16.5 Substantially reduce bribery and corruption in all its forms.	<p>We have zero tolerance for fraud, bribery and corruption and seek to prevent these issues through our Code of Conduct, Supplier Code of Conduct, Anti-Bribery and Corruption Policy, and Anti-Money Laundering Policy, and in 2023, we launched a Broker and Agent Policy as part of our anti-bribery and corruption programme. Our global grievance mechanism remained available for stakeholders to confidentially report potential cases of non-conformity. See ‘Responsible governance and compliance’.</p>
	17.2 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.	<p>Partnerships, forums and collaborations are fundamental to addressing the social and environmental challenges that matter most to our business. We collaborate with stakeholders, governments, NGOs and communities. We are members of several councils, having become, in 2023, a member of the Taskforce on Green Value Chains for China, and a signatory to the Global Maritime Forum’s Operational Efficiency Ambition Statement, while also maintaining collaboration with previous associations. Please see ‘Collaborating to feed the world responsibly’ and our website for a full table of our partnerships and memberships.</p>

Our TCFD index

In 2023, we took steps to further ensure that our climate change reporting respects the voluntary disclosure requirements of the Taskforce on Climate-related Financial Disclosures (TCFD). The index table below references the relevant sections for each of the recommended TCFD disclosures.

Core element	Recommended disclosure	Reference
 Governance	a. Describe the board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.	See 'Managing and reporting on our climate ambitions' in the 'Responsible governance and compliance' section.
 Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c. Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	See the entire 'Our progress: Protecting the Earth' section, particularly 'Developing our climate change strategy' .
 Risk management	a. Describe processes for identifying and assessing climate-related risks. b. Describe processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	See 'Managing sustainability' , 'Developing our climate change strategy' , and 'Managing and reporting on our climate ambitions' in the 'Responsible governance and compliance' section.
 Metrics and targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks. c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	See 'Progress against our targets' , 'Developing our climate change strategy' , 'Reducing our direct carbon footprint' , 'Addressing carbon emissions in our supply chains and beyond' , and our GRI index .



Independent Assurance Statement

Statement number: DNV-2024-ASR- C690307

DNV Business Assurance Avaliações e Certificações Brasil Ltda. ('DNV') has been commissioned by COFCO International (hereafter referred to as 'COFCO INTL' or 'the Company') to undertake an independent assurance of a sub-set of data and information disclosed in COFCO International Sustainability Report 2023 and GRI Content Index Table for the year ended 31st December 2023.

Assurance approach

Our assurance engagement is conducted in accordance with the Verisustain Protocol, which is based on our professional experience and international assurance best practice, and the International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. These documents require, inter alia, that the assurance team possesses the specific knowledge, skills and professional competencies needed for an assurance engagement regarding sustainability information, and that the team complies with ethical requirements to ensure its independence.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 - Conformity assessment, whose general principles are requirements for validation and verification bodies. Accordingly, DNV maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We performed the activities applying a limited level of assurance for a selection of indicators, as described in the following sections.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than, those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our conclusion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on COFCO INTL website for the current reporting period.

Reporting criteria for selected information

The scope and boundary of our work is restricted to the indicators included within the Report (the "Selected Information"). The selected indicators can be found on the GRI Content Index Table:

- GRI 302-1 Energy consumption within the organization;
- GRI 303-3 Water withdrawal;
- GRI 305-1 Direct (Scope 1) GHG Emissions;
- GRI 305-2 Energy Indirect (Scope 2) GHG Emissions;
- GRI 403-9 (a.i.ii.v.; b. i.ii.v.; e. f. g.) Work Related Injuries.

Responsibilities of the Directors of COFCO International and of the assurance providers

The Management of COFCO INTL has sole responsibility for:

- Preparing and presenting the selected information;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the selected Information that is free from material misstatements;
- Measuring and reporting the selected information.

DNV's responsibility is to plan and perform the work to obtain assurance about whether the selected information has been prepared with reference to the reporting requirements and to report to COFCO INTL in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

Scope of assurance

The scope of our engagement includes the following disclosures ('Selected information'):

- ESG Selected Indicators disclosed in COFCO International Sustainability Report 2023 and GRI Content Index Table for the year ended 31st December 2023.

The assurance provided by DNV is limited to the selected indicators and information specified in the scope of the engagement. DNV has not conducted an assessment of the reporting organization's overall adherence to reporting principles or the preparation of the report. Therefore, no conclusions should be drawn regarding the reporting organization's compliance with reporting principles or the quality of the overall report. The assurance provided by DNV is



based on the selected indicators and information made available to us at the time of the engagement. DNV assumes no responsibility for any changes or updates made to the indicators or information after the completion of the assurance engagement.

Our competence, independence and quality control

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with COFCO INTL.

Our multi-disciplinary team consisted of professionals with a combination of sustainability assurance experiences.

Inherent limitations

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and are free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected.

The engagement excludes the sustainability management, performance, and reporting practices of the Company's suppliers, contractors, and any third parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data, governance and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

The assessment is limited to data and information in scope within the defined reporting period. Any data outside this period is not considered within the scope of assurance.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Basis of our conclusions

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of COFCO INTL. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. Our limited assurance procedures included, but were not limited to, the following activities:

- Review of the disclosures according to reporting requirements. Our focus included ESG disclosures and management processes;
- Peer and media review to identify relevant sustainability issues for COFCO INTL in the reporting period;
- Understanding of the key systems, processes and controls for collecting, managing and reporting disclosures and selected indicators in the Report;
- Walk-through of key data sets. Understanding and testing, on a sample basis, of the processes used to adhere to and evaluate adherence to the reporting requirements;
- Collect and evaluate documentary evidence and management representations supporting adherence to the GRI requirements on the selected data;
- Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data consolidation and reporting of the selected information.

Our conclusions

Limited Level of Assurance

On the basis of the work undertaken, nothing came to our attention to suggest that the Selected Information as described in 'Scope of assurance' is not fairly stated and has not been prepared, in all material respects, in accordance with the Reporting Criteria specified in this Statement.

For and on behalf of DNV Business Assurance Avaliações e Certificações Brasil Ltda.

Sao Paulo, Brazil

April 26, 2024

Oliveira,
Mayara

Digitally signed by
Oliveira, Mayara
Date: 2024.04.26
17:13:02 -03'00'

Lead Verifier

Arias,
Paulo

Digitally signed
by Arias, Paulo
Date: 2024.04.26
17:24:02 -03'00'

Technical Reviewer

DNV Business Assurance Avaliações e Certificações Brasil Ltda. is part of DNV - Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

Join the conversation

cofcointernational.com/sustainability



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Disclaimers

The information provided in this Sustainability Report reflects COFCO International's approach to ESG as at the date of this Sustainability Report. Our approach to inclusion of disclosures in this Sustainability Report is informed by the GRI Standards and TCFD. Any references to "ESG" or similar terms in this report are intended as references to the internally defined criteria of COFCO International only and not to any jurisdiction-specific regulatory definition. This Sustainability Report is not intended to, nor can it be relied on, to create legal relations, rights or obligations and/or construed as a COFCO International commitment to undertake any legal obligations. Any legal obligation and/ or commitments referenced in it shall be interpreted and construed in the context of the relevant applicable legal instrument(s). Nothing in this Sustainability Report shall be regarded as a representation, fact or accurate description of past and/or present events, except to the extent where those are public or common knowledge, the sole direct responsibility or property of COFCO International and are not

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