

Sustainability and Social Inclusion

RAD2402 – Strategies in Agribusiness

Chapter 27, 29, 30, 66, 67 e 68

Prof. Dr. Marcos Fava Neves

Faculdade de Administração (FEA/RP) – Universidade de São Paulo, desde 1995

Escola de Administração de Empresas (EAESP/FGV), desde 2018

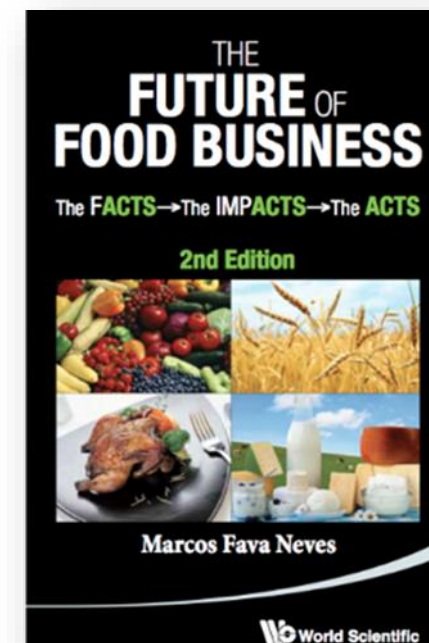
Center for Agricultural Business - Purdue University (Indiana/USA), desde 2013

PAA – FAUBA – Universidade de Buenos Aires, desde 2006

Criador da Markestrat (www.markestrat.com.br) em 2004

Especialista em planejamento estratégico no agronegócio

www.doutoragro.com



What is Corporate Sustainability? Evolution

A **classic view** on corporate sustainability developed by Elkington (1998) who argued that companies cannot separate three dimensions: social, environmental and economic, or called Triple Bottom Line (TBL).





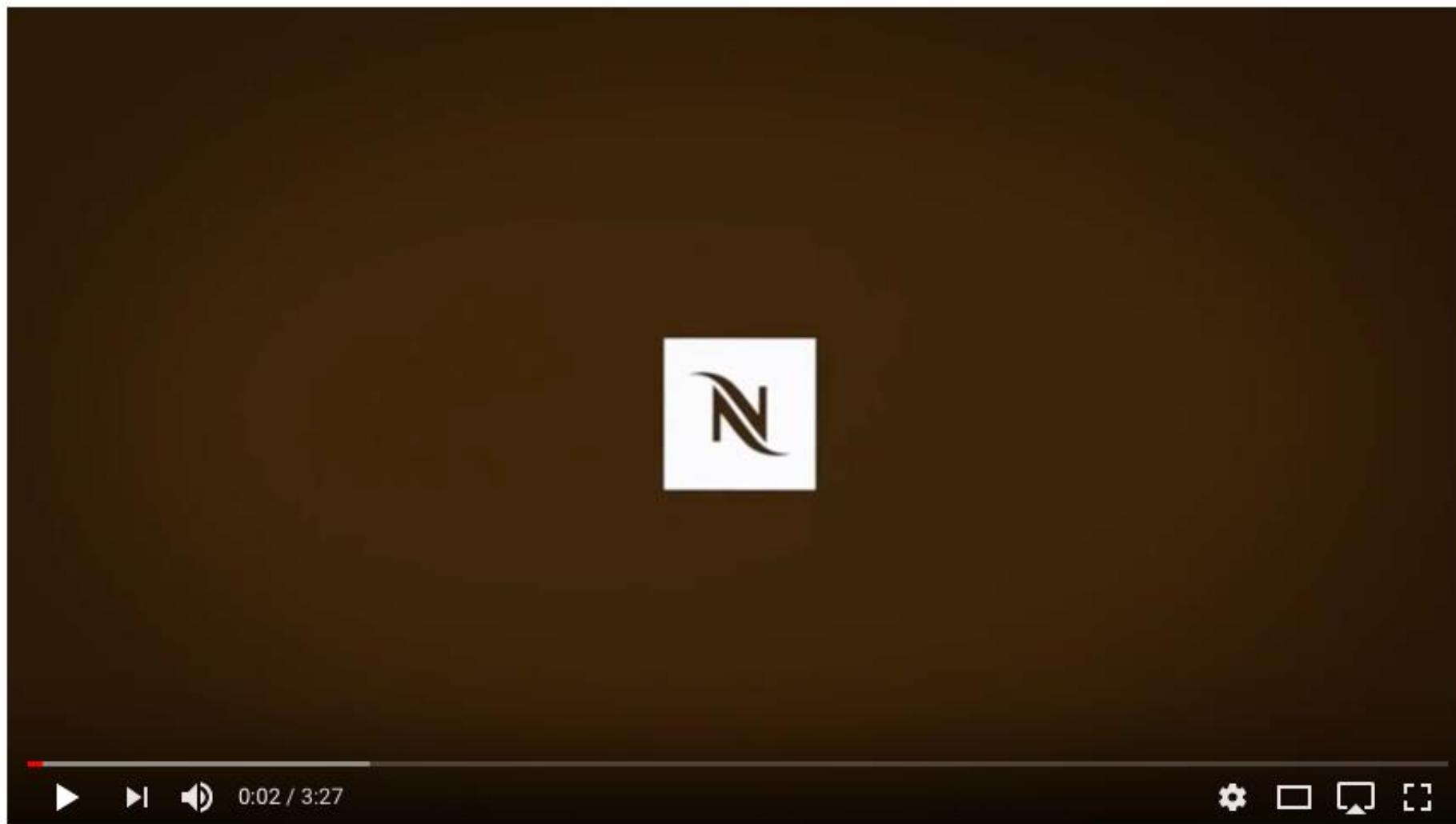
TRIPLE BOTTOM LINE

Resume of Sustainability – Prof. Dr Marcos Fava Neves

Profit Issues (Economic Development, Income)	Planet (Environment)	People (Social)
<ul style="list-style-type: none"> ▪ Promoting economic development; ▪ Targeting social equity; ▪ Promoting opportunities (amount of salaries paid); ▪ Providing a respectful product or service for the consumer; ▪ Taking good care of all the stakeholders; ▪ Providing improvements in infrastructure (ex: roads); ▪ Adequate pricing of products; ▪ Long term purchase agreements for suppliers; ▪ Buying in the community (how much is spent in purchasing every month); ▪ Working with transparency; ▪ Supporting small holders with technology; ▪ Enhancing skills for stakeholders; ▪ Build stakeholders' engagement process; ▪ Ethics and integrity; ▪ Improve the use of technology for the company and suppliers ▪ Amount of taxes paid; ▪ Amount of sales and contribution to local GDP; ▪ Economic situation before and after the investment (number of companies, and 	<ul style="list-style-type: none"> ▪ How to produce with efficiency and responsibility towards environment; ▪ Follow environment rules; ▪ Protect biodiversity; ▪ Protect forests/reduce deforestation and recovery of degraded areas (amount of trees planted...); ▪ Improve soil quality/ reduce degradation; ▪ Use sustainable sources of energy, increased share of renewable energy; ▪ Improve the self-generation of energy; ▪ Waste reduction; ▪ Recycling; ▪ Produce without polluting; ▪ Coordinate the protection efforts of the suppliers of the company; ▪ Increase water use efficiency in direct operations and supply chains; ▪ Water discharge quality; ▪ Measure water, carbon, energy (for an item) footprint; ▪ Improving natural methods of pest control; ▪ Reduce vulnerability to climate risk in the supply chain; ▪ Taking care with impacts of chemicals and others; 	<ul style="list-style-type: none"> ▪ Good working conditions (health, water and sanitation infrastructure); ▪ Follow labor laws; ▪ Adequate salaries; ▪ Good health and well-being for stakeholders; ▪ Gender equity and women empowerment ▪ Elimination of child labor; ▪ Community improvement; ▪ Ethics and integrity (rights, safety, efficiency, support, human resources, infrastructure, eliminate work incidents, improve healthy programs, and implement a program to respect differences...) ▪ Improve knowledge to the farmers, the supply chain in general; ▪ Build a supplier's code of conduct regarding to people; ▪ Helping to develop skills, labor; ▪ Investing in educational programs; ▪ Safety issues for employees;



Triple Bottom Line/ 3 Pillars of Sustainability 2



Nespresso Sustainability Approach Across Its Coffee Value Chain | Nestle

Mondelēz
International



This project is sponsored by Mondelēz Egypt Foods
implemented by Care
in partnership with the Ministry of Agriculture



Our Children's Wheat Sustainability Project in Egypt (Global)

Agenda



➤ P's of Sustainability – Cases of Nutreco

1

➤ Country Turnaround and Inclusion: Colombia

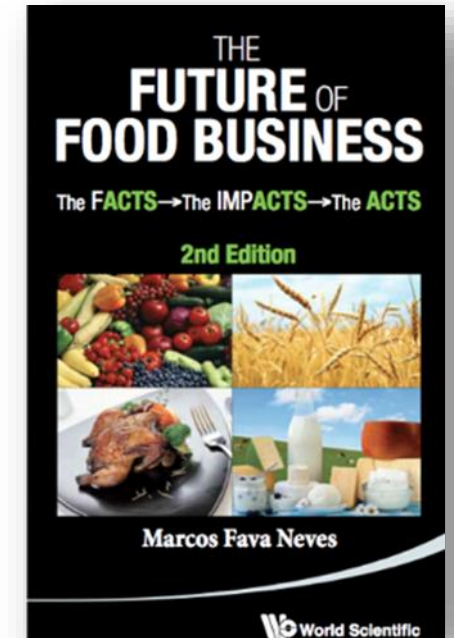
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➤ The PINS Concept for Including Smallholders

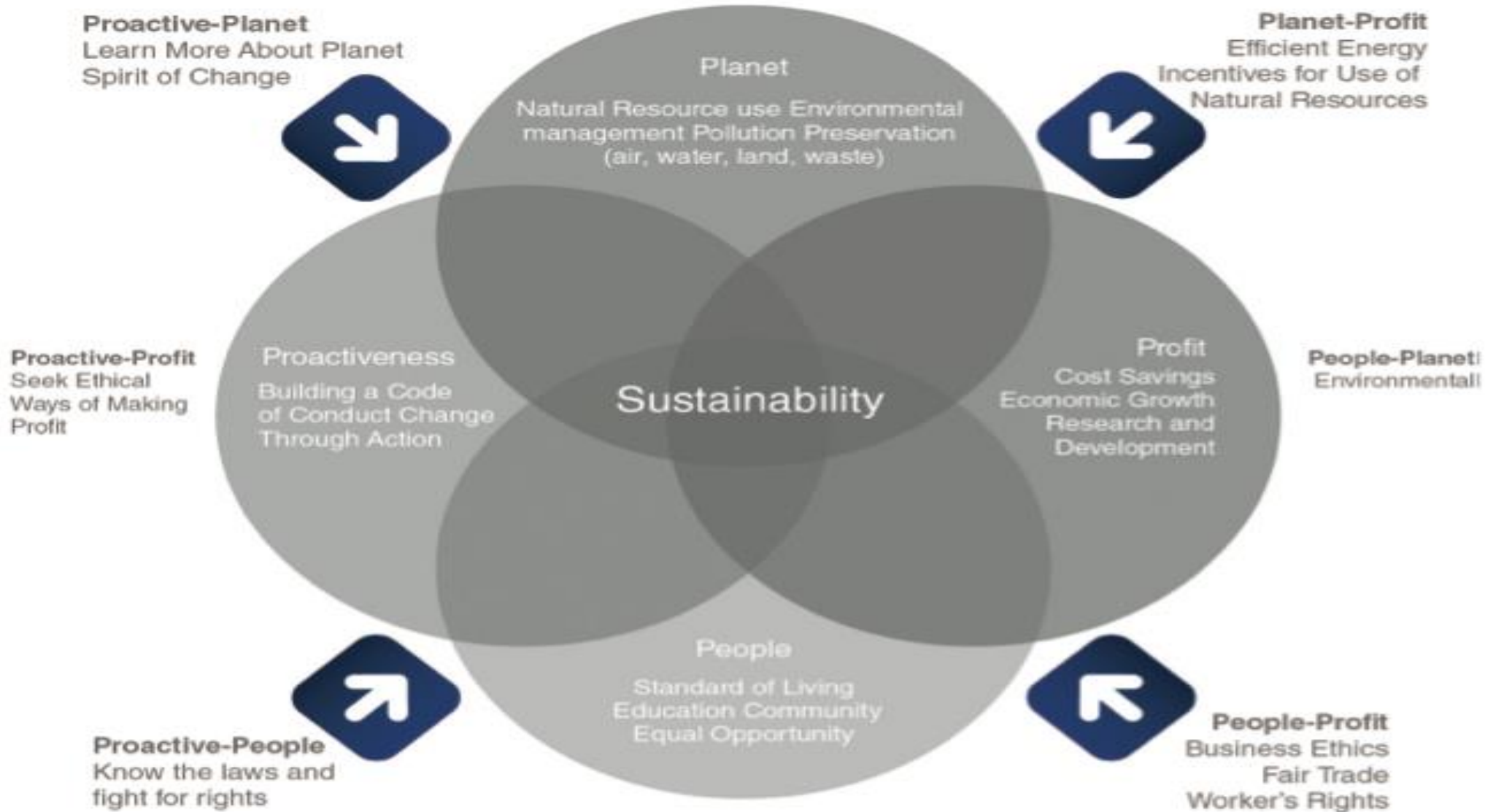
3

➤ General Frame for Inclusion in Agriculture

4



The 4 P's of Sustainability





34.5g e

working with the Carbon Trust



Visit us at: www.walkers.co.uk

working with the Carbon Trust



We promise to continue working with the Carbon Trust and our suppliers to further reduce the carbon footprint of our crisps.

It's very rare that our spuds don't make perfect crisps, but if it ever happens then they're on us! If you don't think these crisps are top taters, tell us why, where you bought them and send them back to us (with the bag) to: Consumer services department,



CONSERVATION
INTERNATIONAL

FROM THE FOREST,
FOR THE PLANET.



18/06/2010 12:46



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Agribusiness



FGV EAESP

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5 P's of Agenda 2030

- The Agenda was discussed at the UN assembly in 2015
- It is “**plan of action for people, planet and prosperity which seeks to strengthen universal peace in larger freedom**”.
- In 2015, 17 goals were set to be achieved by the year 2030. **An ambitious agenda that can lead humanity to another level of development.**
- The goals and targets are intended to “**stimulate action over the next 15 years in areas of critical importance for humanity and the planet**”.
- Achieving these goals requires involvement and commitment.
- Seeks to strengthen universal peace with more freedom.



“Meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987)

The Sustainable Development Goals



SUSTAINABILITY FOCUS AT NUTRECO





SDGs	Nutreco objective	Progress
3 GOOD HEALTH AND WELL-BEING	By 2018 we will contribute to a 50% reduction in antibiotic use in Chile through our involvement in the Pincoy Project	25%
	By 2018 we will have a portfolio of examples from farmers that have reduced their reliance on antibiotics through the implementation of our Healthy Growth Initiative	50%
8 DECENT WORK AND ECONOMIC GROWTH	By 2020 we will have an additional eight community development projects (total of 10) set up in emerging markets that transfer knowledge and best practice to subsistence farmers	25%
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	By 2020 we will have Nuterra Product Assessments for at least four of our new global products (total of six)	10%
13 CLIMATE ACTION	By 2018 we will launch a Nutreco wide efficiency programme to encourage OpCos to reduce energy and water consumption	0%
	In 2017 and beyond, we will continue to monitor, record and encourage operational action to reduce the impact in our five KPI monitoring programme across all of Nutreco companies in scope	100%

14 LIFE BELOW WATER	By 2017 we will implement a multi-stakeholder fishery improvement project in Peru together with our industry and government partners	100%
	By 2020 we will successfully complete the fishery improvement project in Peru	20%
15 LIFE ON LAND	By 2020 we will contribute to the development of an industry based solution to reduce deforestation associated with the primary production of crops	50%
17 PARTNERSHIPS FOR THE GOALS	By 2020 we will be functionally engaged with external partners and platforms addressing specific sustainability issues in Nutreco's value chain	50%



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VISION 2020 - At a Glance



Since 1994



Crossing



A medium coffee that would suitly are taste the good without the salt more & less



KICKING HORSE C.O.F.F.E.E

FAIR TRADE



NOT AID



CERTIFIED ORGANIC CERTIFIÉ BIOLOGIQUE

Net Wt. 1lb (454g) Poids Net
Product of Canada / Produit du Canada



The best horses of the West... (text partially obscured)



KICKING HORSE C.O.F.F.E.E

FAIR TRADE



NOT AID



CERTIFIED ORGANIC CERTIFIÉ BIOLOGIQUE

Net Wt. 1lb (454g) Poids Net
Product of Canada / Produit du Canada
Whole Bean Coffee / Café en Grains Entiers

Z Wrangler



The best horses of the West... (text partially obscured)



KICKING HORSE C.O.F.F.E.E

FAIR TRADE



NOT AID



CERTIFIED ORGANIC CERTIFIÉ BIOLOGIQUE

Net Wt. 1lb (454g) Poids Net

Agenda



> 4 P's of Sustainability – Cases of Nutreco

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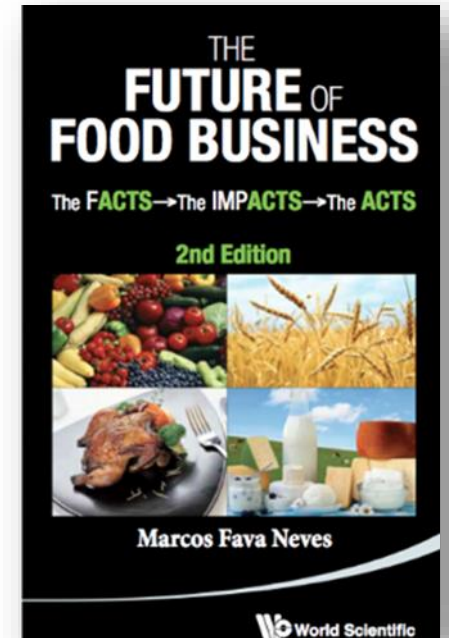
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> The PINS Concept for Including Smallholders

3

> General Frame for Inclusion in Agriculture

4





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Forbes

Colombia

In Prime Time



Key Ally and Fast Emerging Global Player

Last year, for the third year in a row, Colombia's economy grew by 5% and registered a surge in investment. This is the most achievement given that the Andean country of 43 million people has had to endure Latin America's longest-running insurgency. For that decade, it has suffered countless armed conflicts, assassinations and kidnappings. In that time it has become the world's leading source of illegal narcotics, recorded the world's highest toll of land-mine casualties and had more than a million of its citizens driven from their homes.

Colombia has experienced a reversion in the level of violence faced by both terrorist and paramilitary groups in the past two years. It has seen a 27% decrease in kidnappings and assassinations have dropped. While other Latin American states experienced a rise in crime linked to left-wing guerrillas, Colombia has achieved its battle under a center-right coalition of forces led by Álvaro Uribe Vélez. In 2002, Uribe's 54% support in the 2002 election and larger victory later won the country's 2005 election. 20 years to reunite. The nation's...

BusinessWeek

What's the Most Extreme Emerging Market on Earth?

A) ROMANIA B) EGYPT
C) VIETNAM D) COLOMBIA



If you guessed D, you're probably already investing there. Behind the unlikely rise of the cocaine capital of crime.

By ROBIN FARZAD
(PAGE 56)

JAPAN: How a Generation of Workers Got Left Behind (PAGE 40)

Inside Colombia

A change in the newsweek

Winning

The war on drugs

ASIA COLCO

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CSIS REPORT

BACK FROM THE BRINK

Evaluating Progress in Colombia, 1999-2007

A Report of the Americas Program Center for Strategic and International Studies



INTERCONTINENTAL HOTEL

25/06/2010 16:28



25/06/2010 17:36



venidos al Metro de Medellín
sted se encuentra en la estación Aguacatala

24/06/2010 18:06

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ERES POR

NT

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RESPECTAS EL TURNO DEL OTRO Y CUIDAN EL TUYO

COLABORAS Y TE COLABORAN

SONRÍES Y TE SONRIEN

SALUDAS Y TE SALUDAN

LLEVA LA CULTURA METRO A TODA TU CIUDAD



24/06/2010 19:32

SERVIS MAS

COMISSIÓ



il mondo ricopre altri, il mio è
solo 25 a gita 7
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24/06/2010 18:08



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Microcables

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Agenda



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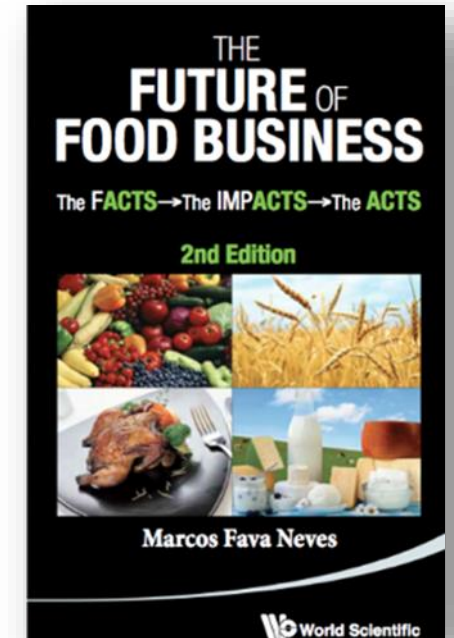
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> **The PINS Concept for Including Smallholders**

3

> General Frame for Inclusion in Agriculture

4





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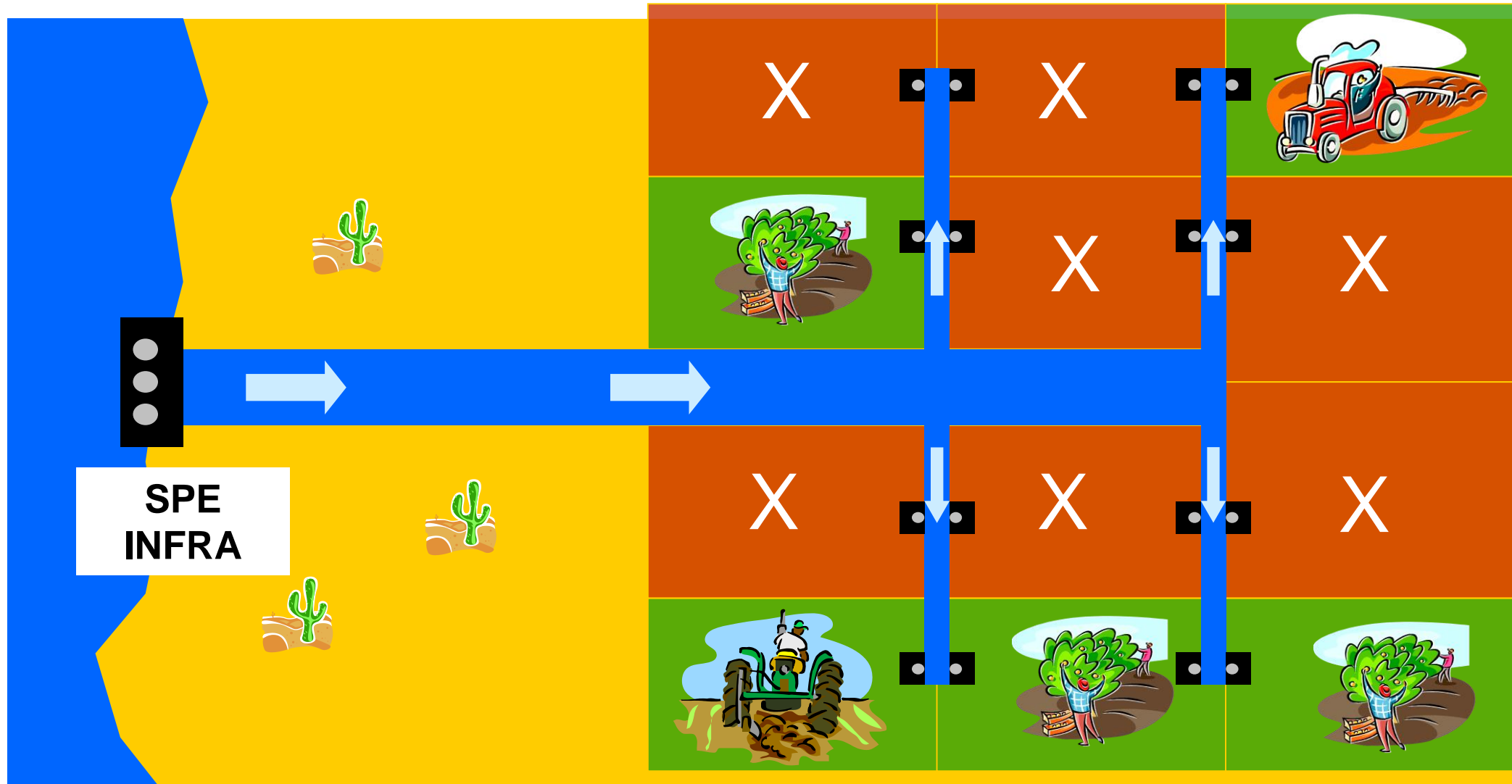
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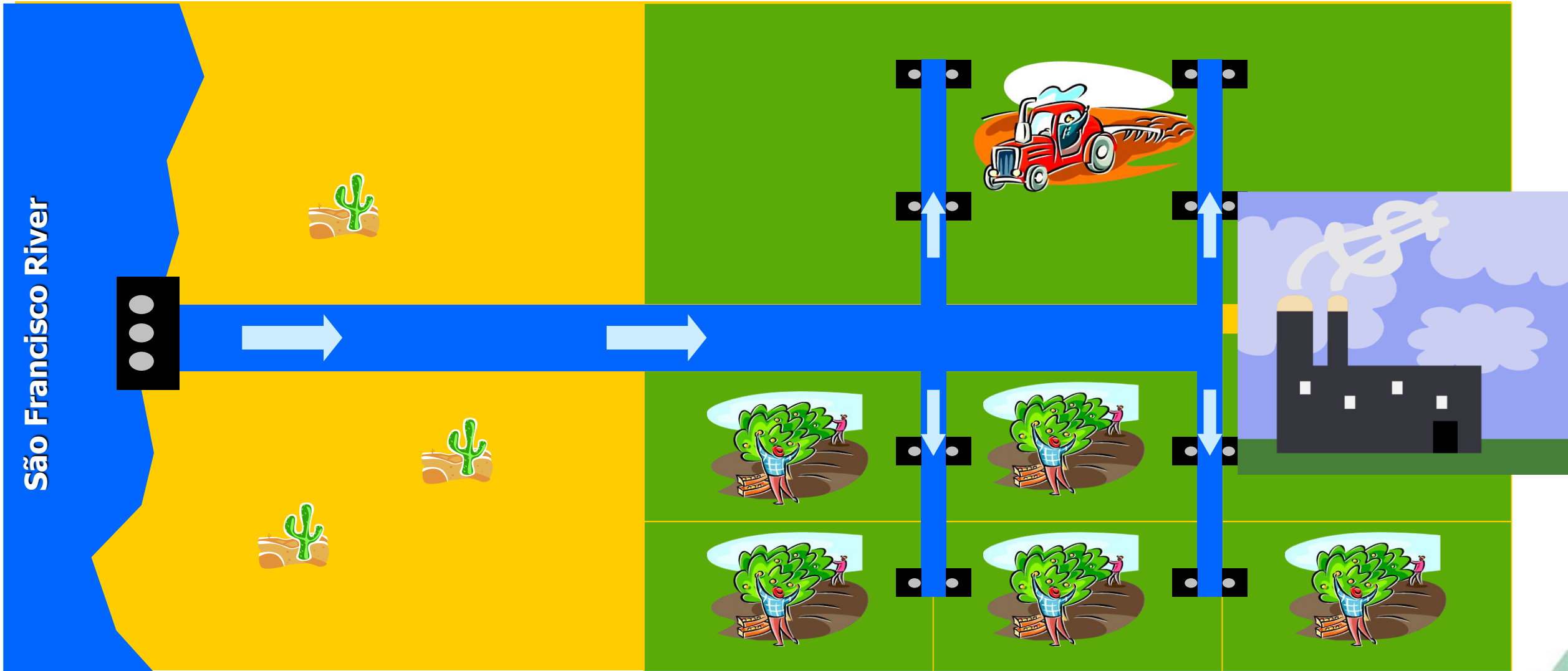


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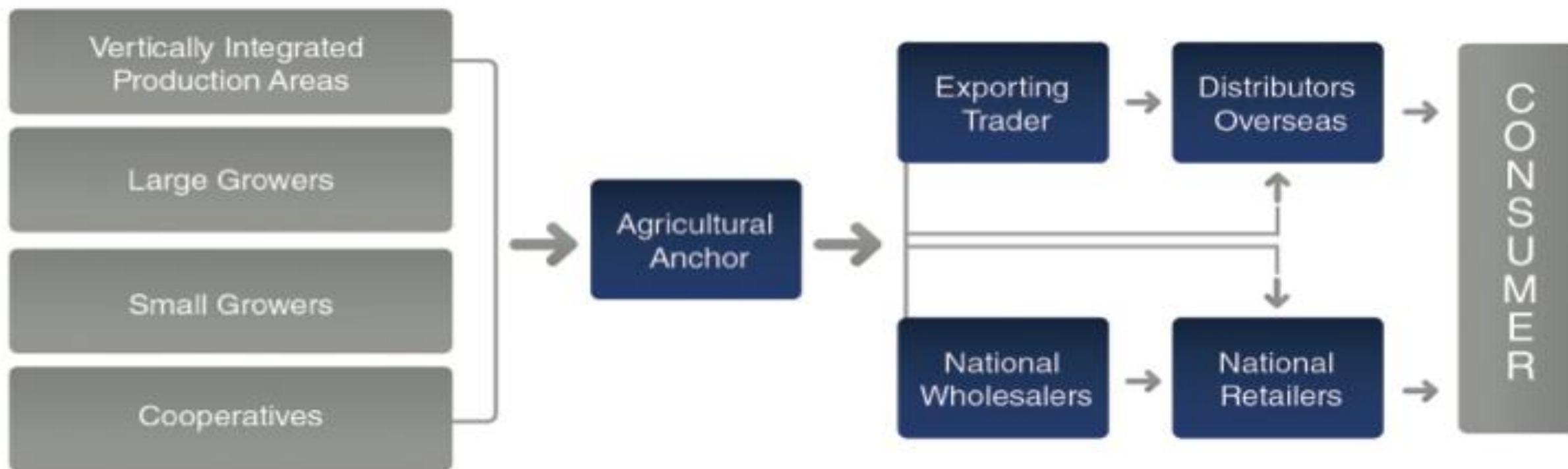
The Integrated and Flexible Business Model



New Concept



Incorporating Small Holders into Modern Food Chains



Dimensions of the Pins Method – Integration Of Smallholders

INTEGRATED

- Inter-organizational
- Chain and Network perspective
- Technological and other specificities transfer
- Building Cooperatives
- Forming Associations
- Government participation
- Public banks participation

SUSTAINABLE

- Environmental friendly
- Fair trade segments
- Organic segments
- Job creation
- Increase social development
- Promote regional development
- Working conditions of labor and chain participants

BUSINESS

- Designed for profit
- Strict cost controls
- Innovation driven
- Continuous search for competitiveness
- Strong coordinated quality improvement

PROJECTS

- Rigorous financial and market/demand analysis
- Chain based on project management
- Implementation – make it happen

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Creating Shared Value

[Creating Shared Value at Nestlé](#)[About our reporting](#)[Reporting performance](#)[Nutrition](#)[Water and environmental sustainability](#)[Rural development](#)[Our people](#)[Case Studies](#)

“ Creating Shared Value is a fundamental part of Nestlé’s way of doing business that focuses on specific areas of the Company’s core business activities – namely *water*, *nutrition*, and *rural development* – where value can best be created both for society and shareholders. ”



Live webcast: Creating Shared Value - Forum in Focus

On 22 November 2010 at 15:00 CET, Nestlé, with the participation of the Centre for International Governance, Graduate Institute of International and Development Studies, will hold a Creating Shared Value – Forum in Focus: *Ensuring Food Security: What Role for Business?*

VIDEO HIGHLIGHT



REPORTING

Creating Shared Value Report 2009

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»

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ABOUT US

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Strategic Framework

Milestones

Foundation Board

Foundation Staff

Job Opportunities

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Executive Director's Corner

Our Mission

To create value for resource-poor small farmers in developing countries through innovation in sustainable agriculture and the activation of value chains.

Our Strategy

The operational strategy of the Syngenta Foundation focuses on **smallholders, productivity and markets.**

The Foundation works with partners in developing countries and emerging markets. Our aim is to help small farmers become more professional growers. We do this by extending science-based know-how, facilitating access to quality inputs, and linking smallholders to markets in profitable ways. This adds value for rural communities, and sustainably improves food security.

Where we work

Click on map to explore our projects



The Foundation and Syngenta

We are a non-profit organization established by Syngenta under Swiss law. The Foundation can access company expertise, but is legally independent and has its own Board. We focus on "pre-commercial farmers"; Syngenta works primarily with commercial growers.

The Foundation is free to choose the most suitable products and methods for its projects. Syngenta is just one of many potential partners.



It's all good™

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For A Better Life

Community Involvement

Not only is our vision of *It's All Good.* about our products – it's also about our commitment to give back to the communities in which we live and work.

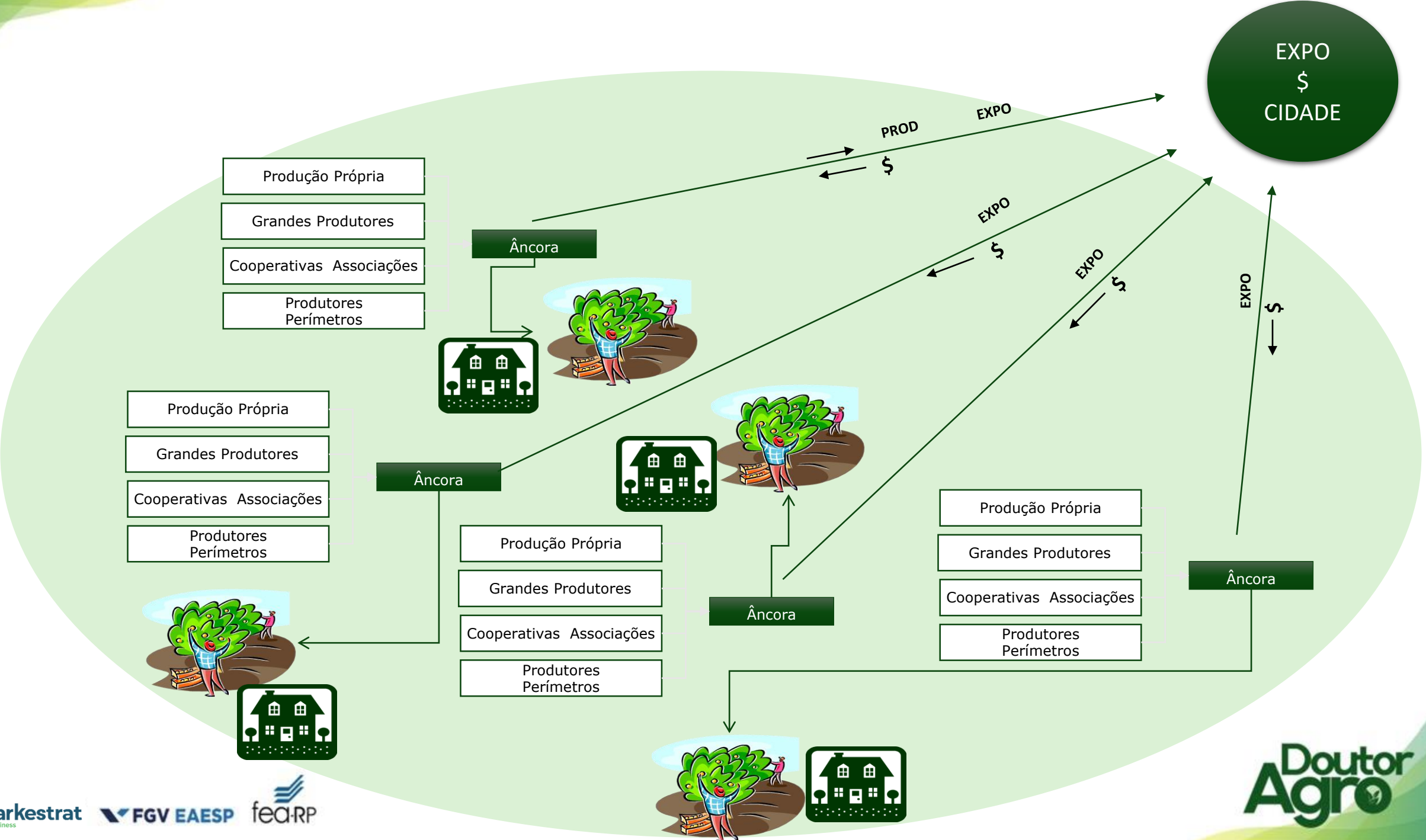
Our *Better Life* initiatives support scientific and medical research, computers for schools, precious resource preservation and so much more. We also help programs aimed at ending poverty and social injustice, fighting hunger in the developing world, and we support and encourage employee teams that walk, bike, run and raft to raise money for cancer, heart and stroke, diabetes and other critical illnesses.

Here are just a few examples of our charitable initiatives from around the globe:



International Year of the Potato tackles hunger, poverty and environmental sustainability

EXPO
\$
CIDADE



Resume of Sustainability – Prof. Dr Marcos Fava Neves

Profit Issues (Economic Development, Income)	Planet (Environment)	People (Social)
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CASE STUDY OLAM

Corporate Responsibility and Sustainability Report 2018

Questions

- 1 – Resume the big numbers of OLAM.
- 2 - Create a theoretical frame with OLAM's goals. A material than can be used for outhur companies to settle their goals.
- 3 - Build a list of nice ideas on OLAM's issues of sustainability: livelihood, land, water, climate change, labour, food security and food safety.
- 4 – List the major commodities and ideas of what could be done in each to improve sustainability (produce a table)



Olam's Goals



Source: Olam Annual Report 2018

Financial and Performance highlights

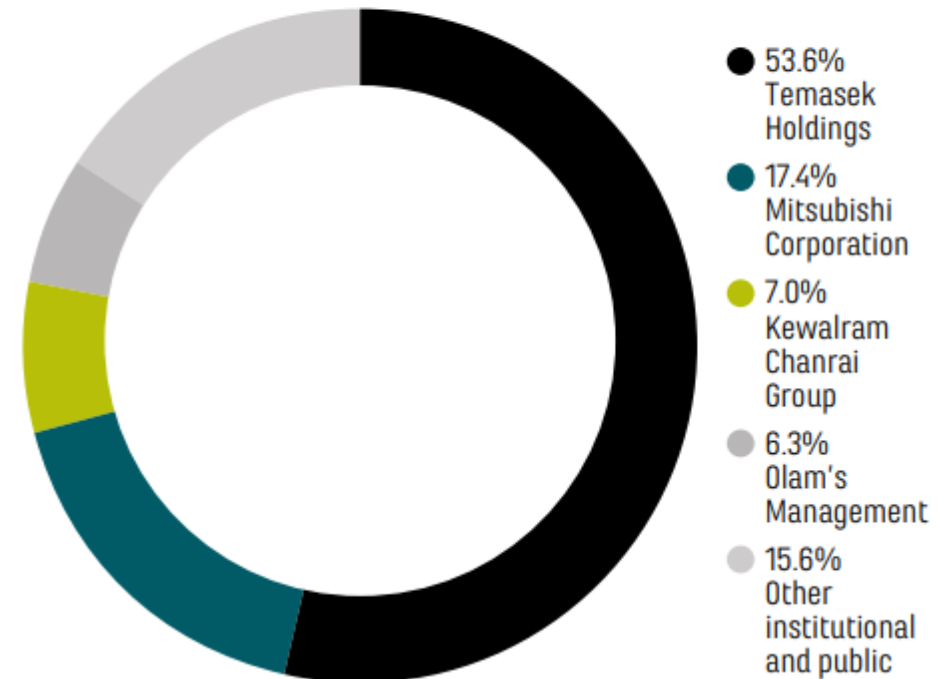


We grew volumes 45.9% year-on-year from 22.5 million tonnes to nearly 33 million tonnes in 2018.

Our strategic priorities and enablers



Our shareholders – a diversified, supportive shareholder group with long-term investment horizon



Financial and Performance highlights

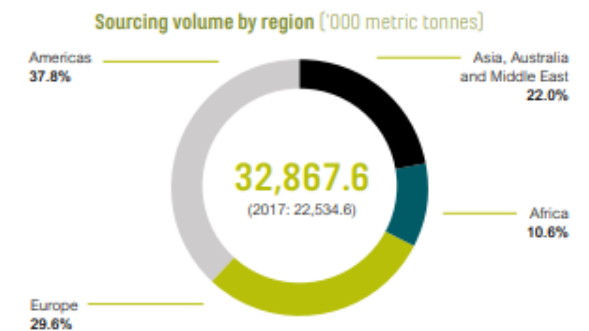
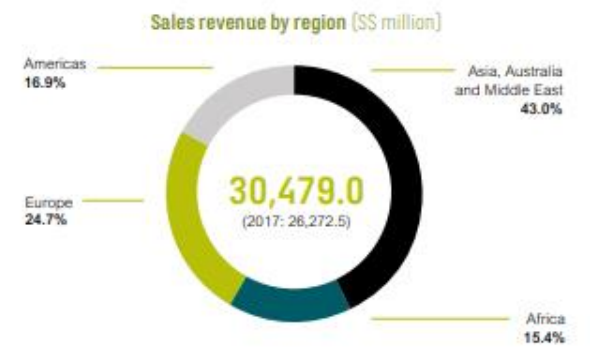
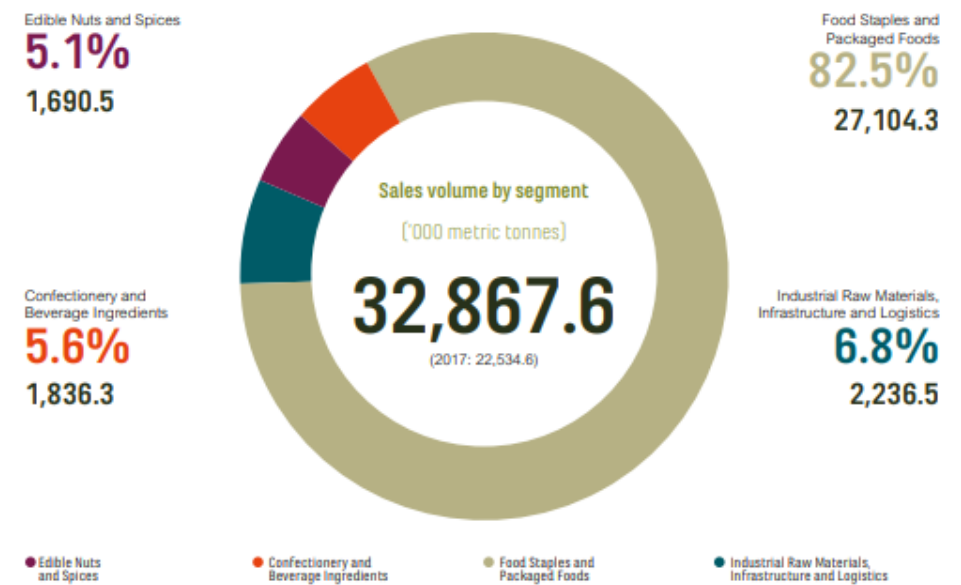


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Revenue



Volume



Manufactured Capital



The equipment, tools and infrastructure to serve our customers safely, consistently and efficiently

Link to SDGs



- 1.2 Reduce Poverty
- 1.5 Resilience to shocks
- 2.3 Double farmer productivity by 2030
- 2.4 Sustainable agriculture
- 4.4 Increase enterprise skills
- 8.7 Eradicate forced labour
- 8.8 Promote labour rights

Goal:
Continue to provide safe and reliable foods for our customers

Progress against 2016 – 2020 Manufactured Capital Goals

2020 target

2018 achievements

Providing safe and reliable foods for our customers

100% of relevant processing facilities to be FSSC 22000 or BRC certified

75% of relevant facilities BRC certified (72% in 2017)

Our progress: on target

Manufactured Capital

The equipment, tools and infrastructure to serve our customers safely, consistently and efficiently

In the Process Control Lab in the Piraziz Integrated Plant in Turkey, the Quality Control staff are analysing the humidity of the processed hazelnuts according to the customer specifications.



Re-engineering spaghetti cartons

Key cost drivers in the Grains pasta business are the laminate pouches used for packaging the pasta bought by Nigerian consumers. Following an Ideation session, the pouches were redesigned without compromising food safety or storage ability, giving an increase of 19% more pouches per kilogramme of laminate. Reduced packaging also has a positive impact on Natural Capital.

Smart Factories yield more biscuits

Pure Bliss Milk Cookies are a premium biscuit brand product in Nigeria. Following an increase in consumer demand, there was a need to augment supplies. The Manufacturing Team at OK Foods worked closely with the SAP Continuous Business and Innovation Improvement (CBII) Team and an Operational Excellence plan was launched with significant success:

- Reduction in unaccounted and accounted for losses
- Monitoring through Smart Factory Dashboard and taking action
- Effective Planning and Preventive maintenance
- Investment in training for the line team
- Overall wastage reduction

Blissful results

- Operational Excellence improvement for the production line from 51% to 88%
- 56% increase in capacity per month
- 310% reduction in total losses
- 81% unaccounted loss reduction of cartons per day. (Results are PoC basis a single manufacturing line.)
- The system developed through cross functional teams in the OK Foods plant, with the help of IT, is now being fitted across multiple lines for OK Foods, saving considerable costs.



A better cup of coffee with IoT

- Throughout 2018, MATS and Digital Olam teams collaborated to improve quality consistency, machine efficiency and cost reduction in manufacturing value streams. Take, for example, coffee. A perfect cup today doesn't just rely on the quality of the beans, or the water and milk, but IoT, the Internet of Things
- Olam Coffee ensures quality consistency in a finished product using IoT and Big Data analytics. In Smart Factories the analytics model recommends values to achieve optimal quality parameters
- The factories are equipped with Smart sensors to monitor performance of critical devices. Placed on industrial appliances, they relay data via Bluetooth to the gateway which then pushes it to the cloud. The results of predictive analytics performed on that data are received by users on a mobile app to take appropriate action. Meaning they are able to avoid unplanned shut-down events and thereby ensuring that our customers can deliver the perfect cup of coffee to their consumers.

Human Capital



The talent, skills, dedication and inspiration of our workforce and our responsibility to provide them with a safe and healthy workplace

Goal:
Building an inspired and high performing organisation

Goal

Create an engaged and inspired talent base

2018 achievements

3% increase in engagement overall; 4% increase in highly engaged category

7% engagement increase in senior management

Engagement levels remained static in some large teams, and dropped in a few countries and functions

Our progress: on target

Build high calibre talent pipeline (continuing target)

Olam Future Leaders Programme with 4-5 role rotations through the full value chain

Introduction of iQUEST digital learning platform

Signature programme for business leaders and traders under the Olam Learning Academy

Regional Core Process to communicate the 'The Olam Way'

Our progress: on target

Human Capital



Material area: Safe and Decent Work

The talent, skills, dedication and inspiration of our workforce and our responsibility to provide them with a safe and healthy workplace

Link to SDGs



3.6 Reduce traffic accidents

8.8 Promote safe working environments

Goal

2018 achievements

By 2020 eliminate serious incidents

Reduce Lost Time Injury Frequency Rate (LTIFR) to 0.3 in Olam processing operations (50% reduction from 2015 actual)

LTIFR was reduced to 0.29 in Tier 1 plants

Our progress: ahead of target

Reduce LTIFR for Tier 2 facilities which include upstream operations: plantations, farming and forest concessions; processing plants, cotton gins and sawmills, infrastructure business and R&D centres

Baseline established for 120 out of 170 Tier 2 facilities. July 2018 to December 2018 – LTIFR of 3.2

Sustain safety and health behaviour change

All locations routinely report unsafe acts and unsafe conditions, and near misses

Good progress against safety success plan comprising:

- Transparency in safety performance
- Enhanced safety organisation
- Improved safety reporting culture
- Continuous improvement safety training programme

Human Capital



Olam Mozambique celebrating International Women's Day 2018. Our gender split is approximately 29% women for our primary workforce. In 2018, the initiative 'Globally Reaching Olam Women' (GROW) had groups in USA and Africa, with more than 780 women. In January 2019, Olam endorsed the UN Women's Empowerment Principles.



The talent, skills, dedication and inspiration of our workforce and our responsibility to provide them with a safe and healthy workplace

Inspiring employees from the grass roots up to achieve our Purpose

Our shared values

Our 6 values and everyday behaviours build a distinctive culture, shaping how we work, and set the standard for what it means to be part of Olam:



Entrepreneurship

We dare to dream



Stretch and Ambition

Our passion for doing more



Partnerships

We strive to develop positive and long-term relationships with our partners



Mutual Respect and Teamwork

We treat each other the way



Integrity

We stay true to what we believe, say and do



Ownership

We take responsibility as if we were the founders of the business

- Global initiative aims to reach **38,000-strong primary workforce** across the world to brainstorm **ways to achieve our Purpose to Re-imagine Global Agriculture and Food Systems**
- **510 volunteers** trained across the business as **Re-imagineers** to lead the workshops
- **950 workshops** achieved by end of 2018 reaching over **9,600 people**
- Workshops continuing throughout 2019
- Ideas being collated and judged to produce **Olam Re-imagine Playbook** by end of 2019 and **Intellectual Capital**

Social Capital



The relationships we forge and nurture for long-term commercial success

Link to SDGs



- 1.2 Reduce Poverty
- 1.5 Resilience to shocks
- 2.3 Double farmer productivity by 2030
- 2.4 Sustainable agriculture
- 4.4 Increase enterprise skills
- 8.7 Eradicate forced labour
- 8.8 Promote labour rights

Material Area:
Economic Opportunity;
supported by Skills and Education, Safe and Decent Work

Progress against 2016 – 2020
 Social Capital goals

Goal	2018 achievements	Read more
<i>Smallholder farmers are supported in sustainability programmes such as the Olam Livelihood Charter</i>		
Bring 1 million hectares under the OLC with an estimated 500,000 smallholders	1.03 million ha managed by 445,900 smallholders (Increase of 19% and 23% respectively in 2017) Our progress: on target	Cashew – page 57 Coffee – page 62 Cocoa – page 62
<i>People have improved livelihood potential through enhanced skills, economic resources and infrastructure</i>		
750,000 beneficiaries, including an estimated 500,000 smallholders, plus other beneficiaries of capacity building, cooperative support, school support, access to finance, producer goods, and economic infrastructure initiatives	At least 486,900 (445,900 OLC farmers and their communities, plus >41,000 other beneficiaries ¹) Our progress: on target subject to improved impact assessments, especially for communities	How I Live Case Study – page 34 Animal Feeds – page 65, 66 Rice – page 68 Cotton – page 72 Wood Products – page 71 Rubber – page 72
<i>Elimination of child labour</i>		
No breaches in compliance reported or observed in audits for either Olam or third party supply chains	No incidents reported in Olam operations Incidents reported in smallholder supply chains during monitoring audits with investigation and or remediation See also reports by Fair Labor Association (FLA) in hazelnuts and cocoa third party ² supply chains at www.fairlabor.org Our progress: behind target	Hazelnuts – page 57 Rubber – page 73
<i>Suppliers comply with the Supplier Code (human rights)</i>		
100% of priority product volumes covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and rubber	82% Our progress: on target (up from 70% in 2017)	Social Capital – page 85

Social Capital



The relationships we forge and nurture for long-term commercial success

Material Area: Diversity and Inclusion

Link to SDGs



- 5.A Women's economic participation

Goal

Women are economically empowered within our supply chain

Support 100,000 women to access economic opportunities, including female farmers, processors, distributors, and workers supported or employed by Olam

2018 achievements

81,780 female farmers
(33% increase on 2017)

Total women empowered in Olam's supply chains: >10,900 in primary workforce. In addition, data available for temporary and contract women in cashew processing = 3,280

Our progress: on target

Social Capital



The relationships we forge and nurture for long-term commercial success

Material Area: Health and Nutrition

Link to SDGs



3.3 End epidemics

Goal

People have improved health and wellbeing

Olam Healthy Living campaign reaching 250,000 people, including community beneficiaries of health, water and sanitation infrastructure, health education campaigns, HIV testing, health check-ups, access to insurance initiatives, and similar services

2018 achievements

Reached 202,340 people in Africa¹, both workers and community members around operations. Also ~8,900 people in South America, Asia, Europe and USA trained on disease prevention

11,620 smallholders and others trained on nutrition (some overlap with above)

Teams leveraged resources for preventative efforts following Ebola outbreak in Democratic Republic of Congo

Our progress: on target given year-on-year reach.

Increased availability of micronutrient fortified foods

Produce 40 billion servings of micronutrient fortified foods

44.45 billion servings of fortified foods in Africa, including yogurt drinks, oil, flour, tomato paste, milk and biscuits

Our progress: ahead of target

Social Capital



The relationships we forge and nurture for long-term commercial success



As part of the 70 year anniversary celebrations of Olam Cocoa brand Joanes In Brazil, the team began sponsoring the monthly school expenses for 8 children from the cocoa growing community. These include expenses such as boarding and fees – 6 children stay in the hostel and 2 are day scholars.



Reaching a living income¹

Despite industry efforts, including those of Olam, millions of farmers still live below the World Bank's extreme poverty line of US\$1.90/day. With crop prices often set by governments, the challenge is to find multiple paths to increasing farmer income. In addition to training farmers in Good Agricultural Practices (>285,800 in 2018) to improve yields, Olam is engaged in:

- **Supporting income diversification** e.g. in Vietnam they are planting cash crop fruit trees like Durian and Passion Fruit alongside coffee bushes (which also has environmental benefits), planting food crops or engaging in animal husbandry
- **Committing to fair procurement practices** through contracts with suppliers in direct supply chains and investing in digital platforms so that farmers have access to information on global prices (price discovery). We are considering how to better drive fair payment practices across third party chains
- **Investing in social infrastructure**, such as clinics and schools, where the Return on Investment per person over the long-term may be greater for the community as a whole than simply paying more to an individual farmer for their crop. For example, in 2018 Olam improved access to clean water in 112 communities through 83 new and 29 repaired water supply facilities including wells, boreholes, and pumps
- **Providing zero or low interest micro-finance** and facilitating access to other financial services so farmers can invest in their farms
- **Providing premium payments** for certified, verified or quality product
- **Engaging partners**, such as development finance institutions, e.g. Asian Development Bank and certification partners like Rainforest Alliance – to scale initiatives to help farmers become more resilient

Natural Capital



Material Area:
Climate Action

The land, water, bio-diversity and other ecosystem services required for food and fibre production

Link to SDGs



- 2.4 Sustainable agriculture
- 13.a Climate change mitigation
- 13.1 Strengthen resilience to natural disasters

Progress against 2016 – 2020
Natural Capital goals

Goal	2018 achievements
<i>Increased energy efficiency</i>	
New target: By 2030, reduce greenhouse gas (GHG) emissions by 50% both in own operations and third party supply chains. Requires reduction of 3.85% per year	<p>Science based targets developed</p> <p>2% GHG intensity improvement for Tier 1 processing operations</p> <p>9% increase in plantation and farming GHG emission intensity</p> <p>5% increase in carbon sequestered in farming and plantation operations</p> <p>GHG footprint calculator developed for AtSource supply chains</p> <p>Our progress: on target</p>
<i>Avoided GHG emissions</i>	
By 2020, all Olam farms, plantations and Tier 1 facilities to have implemented their 2020 GHG reduction plans:	
<ol style="list-style-type: none"> 1. Operational efficiency 2. Avoid High Carbon Stocks for land development 3. Climate-Smart Agricultural practices. 	<p>Energy strategy developed to focus on 20 plants contributing 80% of Tier 1 processing emissions</p> <p>Climate-Smart operational plans in place at all plantations and farms</p> <p>Our progress: on target</p>
<i>Increased share of renewable energy</i>	
By 2020, 25% of energy derived from renewable and biomass sources at Olam's Tier 1 facilities (from 2015 baseline – 15%).	<p>11% of energy derived from biomass and renewables</p> <p>Decrease due to lower quantity of bagasse available from lower sugar cane production in 2017 and reduced consumption of rice husk due to brown rice production</p> <p>Cocoa shell boiler implementation plans in place for 2020</p> <p>Power Purchase Agreement implemented for Australian Almonds</p> <p>Our progress: behind target</p>
<i>Reduced agricultural vulnerability to climate risks for farmers and Olam-managed plantation and farms</i>	
By 2020, implement the Olam 2020 Climate-Smart Agriculture (CSA) Programme.	<p>Increased implementation of CSA practices e.g. 11% increase in CSA training and 70% increase in conservation training</p> <p>Climate resilience plan in development, to be completed in 2019.</p> <p>Our progress: behind target</p>

Source: Olam Annual Report 2018

Natural Capital



Material Area: Healthy Eco-systems

The land, water, bio-diversity and other ecosystem services required for food and fibre production

Link to SDGs



- SDG 15.2 Sustainable land management
- SDG 15.3 Restore degraded land and soil
- SDG 15.5 Reduce degradation of natural habitats and loss of biodiversity

Goal

2018 achievements

Protection of Eco-systems, High Carbon Stock forests, and High Conservation Value forests

By 2020, 100% of Olam-managed plantations, concessions and farms to have implemented their Land Management Plan

Integrated the commitments of the Living Landscapes Policy into the Plantations, Concessions and Farms Code (due for release Q2 2019)

Our progress: on target

Reduce indirect land impacts from third party farmers and suppliers

By 2020, 100% of third party supplier volume complies with the Supplier Code based on a prioritised product approach. Priority products: cashew, cocoa, coffee, cotton, hazelnut, palm, rubber

82% of priority product volumes which are directly sourced (cocoa, cashew, coffee, cotton, hazelnuts, palm, rubber)

An increase from 70% in 2017

Our progress: on target

Living Landscapes Policy targets met

29 time-bound commitments by 2020

Forest Loss Risk Index (FLRI) developed to identify future risk or forest loss and support action planning. Tested on 3 products (cocoa, coffee and cashew) in 3 countries (Côte d'Ivoire, Brazil and Vietnam), analysing a total potential sourcing area of 25 million ha

Comprehensive risk assessment process across businesses

Implemented Global Grievance Procedure for owned and third party supply chains. Progress updates available via the Grievance Log on olamgroup.com

Our progress: on target

Natural Capital



The land, water, bio-diversity and other ecosystem services required for food and fibre production

Link to SDGs



- 2.4 Sustainable food production systems
- 13.1 Strengthen resilience and adaptive capacity
- 15.3 Restore degraded land and soil

Material Area: Healthy Soils

Goal

New goals to be set in 2019

2018 achievements

Launch of the Natural Capital Synthesis Report: Soil Natural Capital Valuation in Agri-Food Business

Implementing Nitrogen and Phosphorous Use Efficiency programme in Olam Coffee farms

IDH Cocoa Soils programme

Our progress: target to be set

Natural Capital



The land, water, bio-diversity and other ecosystem services required for food and fibre production

Link to SDGs



- 6.1 Access to safe and affordable drinking water
- 6.2 Access to adequate and equitable sanitation and hygiene
- 6.4 Water use efficiency and sustainable withdrawal

Material Area: Water

Goal

2018 achievements

Increased water use efficiency in Olam's direct operations

Continued implementation of 'more crop per drop' water smart agriculture in Olam plantations and farms – 2% improvement in water efficiency versus 2017

8% reduction in Tier 1 processing water use efficiency; decrease in efficiency partly driven by new Nigerian beverage production line

Our progress: on target

Increased water use efficiency in priority supply chains

By 2020, 100% of priority supply chains to have Water Resource management plans

Water risk mapping undertaken for Olam Livelihood Charter (OLC) programmes. Prioritised action plans to be developed in 2019

Mozambique cotton water resource management plan implemented.

Our progress: on target

Natural Capital



The land, water, bio-diversity and other ecosystem services required for food and fibre production

Link to SDGs



- 12.2 Sustainable management and efficient use of natural resources
- 12.3 Reduce food losses along production and supply chains including post-harvest losses

Material Area: Reduced Waste

Goal

New target:
By 2024, 100% utilisation of by-products in own operations

2018 achievements

By-product utilisation mapping to commence in 2019
Cocoa shell boiler implementation plan
1,438 m³ of biomass energy production from by-products (cocoa, coffee, cashew, rice)

Our progress: new target

New target:
By 2030, reduce post harvest loss by 50% in own operations and Olam-managed farmer programmes

Zero Waste Policy being implemented in Olam Palm Gabon
Post-harvest loss field study for Nigerian smallholder rice programmes as part of Rockefeller Yieldwise Food Loss Initiative
Post harvest loss result = 35%. Action plans to be developed in 2019 and learnings transferred to other supply chains
Co-lead of WBCSD Food Loss and Waste Programme.

Our progress: new target

New target:
By 2024, zero waste to landfill in own operations

Developed 2018 baseline

Natural Capital



The land, water, bio-diversity and other ecosystem services required for food and fibre production

Progress on Living Landscapes Policy



As part of our efforts to Re-imagine Global Agriculture and Food Systems, the cross-commodity **Living Landscape Policy (LLP)** was launched in March 2018. It seeks to go beyond forest policies – typically based narrowly on unacceptable land use management practices – to focusing on putting more back into food and farming systems than is taken out. In doing so, we can achieve the 3 outcomes of our Purpose: creating ‘living landscapes’ where prosperous farmers, thriving rural communities, and healthy ecosystems can coexist. The Policy applies to Olam plantations and third-party supply chains. Since March, we have:

Supporting living landscapes – Olam eco-guards help protect iconic species in the Republic of Congo and Gabon, such as elephants. We are dependent on bees to pollinate our orchards.



Intellectual Capital



The knowledge and IP we create to keep us ahead

Unlocking Financial and Social Capital through Digital

Olam Traceability



Farmers registered and issued ID cards
Farmer brings along card for each sale of goods to buying agents

Digital solution for intermediaries and co-ops



Record buying agents' transactions with farmers with an option to tag goods with QR codes linked to farmer transactions
Tracks flow of goods between intermediaries with QR code for each Lot
Requires intermediaries to physically segregate Lots for traceability
Useful ledger reports for intermediaries to track operations reports

Real-time traceability reports



Chain of custody report with list of farmers contributing to each delivery to Olam, retrievable instantaneously



Wouter Stomph (left), Head of Cocoa Ingredient Development and Innovation at Olam's Cocoa Innovation Centre in Willowbrook, Illinois, demonstrates how different deZaan cocoa powders appear and work in dairy milk applications.

Intangible Capital



The trust in our brand and reputation which helps establish multiple stakeholder partnerships

Accreting reputational capital and building trust



Together with leading sustainability media title Eco-Business, we organised the 'Re-imagining a Brighter Future' photo competition to shine a light on creative solutions to tackle climate change, taking our Re-imagine message around the world. Brandon Rooney won the open-to-all category with 'Stillness, Stability', depicting a farmer harvesting from his seaweed farm in Indonesia. Seaweed is recognised for its potential to combat climate change by oxygenating acidified oceans.

A historic, Europe-based cocoa processing operation, our flagship deZaan label has been the go-to solution for manufacturers around the world since 1911.



Prof. Marcos Fava Neves

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- ❑ Marcos Fava Neves is an *international expert* on global agribusiness issues and a part-time professor of planning and strategy at the School of Business (FEARP) of the University of São Paulo (USP) and FGV Business School, both in Brazil. He graduated as an agronomic engineer from ESALQ/USP - Piracicaba in 1991. He earned his master's degree in 1995 and his doctorate in management in 1999 from the FEA/USP School of Economics and Business – São Paulo. Marcos completed postgraduate studies in European agribusiness at ESSEC-IGIA in France in 1995 and in chains/networks at Wageningen University, in the Netherlands (1998-1999). In 2013 he spent the year as a visiting international professor at Purdue University (Indiana, USA) where he maintains the linkage as a permanent International Adjunct Professor. Since 2006 he is an international professor at the University of Buenos Aires, Argentina.
- ❑ He has *specialized in strategic-planning* processes for companies and food chains and works as a board member of both public and private organizations, being member of more than 10 international boards since 2004. Also in 2004, he created the Markestrat think tank with other partners, today employing around 60 people and doing international projects, studies and research in strategic planning and management for more than 250 agri-food business organizations. Some of these projects were very important in suggesting public policies for food chains that were implemented in Brazil with economic and social impacts.
- ❑ Also as an experience in the private sector, from 1992 to 1993 he worked in citrus juice exporter and from 1994 to 1995 in a veterinarian company. In 2008, he became CEO of Brazil's second-largest biofuel holding company, a position he occupied until 2009, when he returned to the University of São Paulo (USP) and Markestrat.
- ❑ At the academic side, since 1995 (when he was hired by USP), Marcos has advised more than 30 doctorate dissertations and master's theses and helped to form around 1200 Bachelors in Business Administration in Brazil with around 120 courses taught to undergraduates at USP.
- ❑ His writings are strongly focused on supplying simple and effective methods for business. He has published more than 100 articles in international journals and has been author and editor of 63 books by 10 different publishers in Brazil, Uruguay, Argentina, South Africa, Singapore, Netherlands, China, the United Kingdom and the United States. He is also a regular contributor for China Daily Newspaper and has written two case studies for Harvard Business School (2009/2010), one for Purdue (2013) and five for Pensa/USP in the nineties. Recognized as the Brazilian academic with the largest number of international publications about orange juice and sugar cane chain and one of the top 3 most cited Brazilian authors in the area of food and agribusiness. He has reached more than 4000 citations in Google Scholar index.
- ❑ Marcos is one of the most active Brazilian speakers, having done more than 1050 lectures and presentations in 25 countries. He received around 150 recognitions from Brazilian and international organizations, and is considered a "Fellow" of the IFAMA (International Food and Agribusiness Management Association), title received in Minneapolis - 2015.
- ❑ Coming from a family of farmers, he is a worldwide defender of agriculture and farmer's role in the development of the society. In the social side, together with his parents, Marcos is one of the creators and maintainers of Mucapp, a NGO that in 20 years has built more than 450 houses for families in Brazil that face very unfavorable conditions.