



Annual Report

2014

Sustainable Agriculture Initiative Platform
The global food chain initiative for sustainable agriculture





Dirk Jan de With
SAI Platform President

FOREWORD

2014 was another great year of growth for SAI Platform. The organisation didn't only gain another 9 full and 2 affiliate members, but its members also made great strides towards implementing their goals for sustainably sourcing agricultural materials and for farmer engagement. The Platform further opened up membership to retailers and indeed welcomed the first retailer. We have also complemented our long standing working group structure with committees, allowing us to address specific issues that are relevant to multiple commodities, like water, biodiversity, farmer partnership. The committees are clearly proving to meet demand, and are already delivering concrete results.

As a highlight, we launched an improved Farm Sustainability Assessment (FSA) version 2.0 after a successful pilot phase and are observing a promising uptake of this multi-purpose reference for sustainable agriculture practices. To support this effort, at the end of 2014, we agreed to speeding up FSA's implementation readiness through a focused and intensified activity developing specific FSA projects, benchmarking, IT support systems and communication and guidance materials, alongside a strengthened governance structure featuring a

variety of workstreams. We made a one-off request to all members to financially support this special effort and 6 members generously contributed over €150 000 to lead this important effort.

2014 saw a lot of activity in our Working Groups and Committees, the very foundation for achieving our revised vision: "Implement secure and thriving agricultural supply chains and protect the earth's resources through widespread adoption of sustainable practices and delivering value to our members, farmers, farming communities, and consumers."

The 2014 General Assembly took place in April in Seville (Spain) alongside a seminar on water stewardship which highlighted the importance of managing catchment areas rather than water at farm level only, and developing, sharing and implementing innovative technologies and approaches to considerably reduce water consumption in agriculture.

Many thanks to all SAI Platform members for contributing to another good year of execution for sustainable agriculture.

SAI PLATFORM'S EXECUTIVE COMMITTEE (Elected April 2014)

President: Dirk Jan de With

Vice President Procurement Ingredients & Sustainability,
Unilever

Treasurer: Adrian Greet

Global Sustainability Program Director
MARS INCORPORATED

Vice-President: Ghislain J. Pelletier

Corporate Vice President Agriculture,
McCain Foods Ltd

Nathalie Ritchie

Head of Ethical Sourcing,
Mond lez International

Frank van Ooijen

Corporate Director Sustainability & Communications,
FrieslandCampina

Ulrike Sapiro

Director, Community & Environment, Europe
The Coca-Cola Company

Jean-Christophe Laug e

Social Innovation & Ecosystem Fund Operating Director
Danone

SAI PLATFORM LAUNCHES AMBITIOUS NEW VISION

Implement secure and thriving agricultural supply chains and protect the earth's resources through widespread adoption of sustainable practices and delivering value to our members, farmers, farming communities, and consumers.

The new vision reflects what SAI Platform has always stood and aimed for: promoting sustainable agriculture. While the focus to date has been on the development of tools for sustainable agriculture practices, we now also focus on implementation. A vision does not mean much without a clear strategy and forceful work plan. During the months of July and August, EXCO members worked on translating the vision into three 'delivery routes',

and on developing key quality expectations for sustainable agriculture practices. Going forward, the vision and strategy serve as a compass for all the work we do.

As a next step, SAI Platform's working groups and committees developed concrete ideas which in turn formed the basis of our 2015 work program.

NEW MEMBERS



AGRANA is an internationally oriented Austrian company which adds value to agricultural commodities to produce a wide range of industrial products for the processing sector. With around 8,800 personnel based in 55 production facilities located around the world, AGRANA maintains a global presence and generates consolidated revenues of almost € 3 billion.

In its three business segments, sugar, starch and fruit, AGRANA supplies local producers and large international players, particularly those in the food processing industry. In the sugar segment, AGRANA supplies both industrial and end customers with sugar products under the Wiener Zucker brand.

Sustainability is an integral pillar of AGRANA's business model. The variety of hands-on ways in which AGRANA practices sustainable action ranges from responsible agricultural raw material sourcing and low-emission production technologies all the way to social engagement. On fruit, the company launched a pilot project resulting in the certification of strawberry and blackberry suppliers in the Mexican state of Michoacán to Rainforest Alliance standards.



AGROALIMENTARE SUD is a malt producing company with headquarters in Rivigo, Italy. Its focus is the production of malting barley, as well as flours and products for animal feed. The company began in 1982, with the intention to take processing to

areas devoted to agricultural production, cutting costs and transport time, as well as reaching high levels of product quality in an environmentally sound way. The merger with ISTA-IVS in Lodi has led to a project for the genetic improvement of vegetable species ranging from straw cereals to maize, rice and oleics.

Sustainable agriculture practices are part of Agroalimentare Sud's core values and the company attaches great importance to the responsible development of natural resources, to traceability and to a low mileage supply chain. Agroalimentare Sud works closely with its supplying farmers, to help ensure high quality cereal produced in an environmentally sound way, using sustainable farming contracts that are viable for both the company and the farmers.



AHOLD is a Netherlands based international retailer with an annual turnover of € 32.6 billion, owning brands like Albert Heijn, Bol.com, Stop & shop, and Giant Landover.

Ahold has a robust sustainability strategy, which is illustrated by its score of 74% in the Dow Jones for Sustainability Indices (DJSI), which is well above average. Ahold has set the following targets for responsible sourcing of its own brand products: 1) Ensure that 80% of its own-brand food suppliers are certified against Global Food Safety Initiative (GFSI) recognized standards by 2012; 2) Ensure that 100% of own-brand suppliers in high-risk countries are audited on social compliance by 2012; 3) Source 100% of the six critical commodities (coffee, tea, cocoa, seafood, soy and palm oil) for own-brand products in accordance with industry certification standards by 2015, and; 4) Map the environmental footprint of 50% of own-brand suppliers and their supply chains by 2015.



BACARDI is the world's largest privately-held spirits company. Founded in 1862, Bacardi employs 6,000 people, manufactures at 29 facilities in 16 markets on four continents, with sales in more than 150 countries. Originally known for its Bacardi white rum, it now has a portfolio of more than 200 brands and labels including DEWAR'S Blended Scotch whisky and MARTINI vermouth.

In February 2014, Bacardi launched the "Good Spirited; Building a Sustainable Future" initiative covering three key areas (sourcing, operations and packaging) and specific goals for 2022. On sourcing, the company aims at obtaining all of its key raw materials and packaging from responsible and sustainable sources. Bacardi uses molasses, a by-product of sugarcane, to produce rum. The company is actively involved in sustainable improvements in the sugarcane sector, and is a founder member of the Bonsucro organization. Bacardi is currently developing an overall sustainable agricultural sourcing strategy addressing not only sugarcane but also agricultural raw materials including especially wheat, barley, grapes, agave, herbs and botanicals.



Holland Malt
your quality in our hands

HOLLAND MALT is a maltings company based in Lieshout, The Netherlands, specializing in barley malt and wheat malt. It has been producing brewers' malts for the local (Dutch) market and for export (international) markets since 1938. In 2003 the Bavaria brewery and the farmer cooperative Agrifirm decided to work together in order to get a firmer grip on the barley-malt-beer supply chain. This resulted in the Holland Malt joint venture. Holland Malt obtained all the malting plants previously owned by the Bavaria brewery and is the preferred buyer of the barley produced by the 600 Agrifirm barley producers.

Holland Malt is currently implementing a management structure that includes Corporate Social Responsibility (CSR) as an integral part. The company also wants to bring value and play a role to promote sustainable agriculture as chain partner in the supply chain. As part of this commitment, Holland Malt is an active participant in the Skylark Foundation, a Dutch initiative bringing together farmers and food processors to cooperate in, and learn about sustainable arable farming.



Ingredion

INGREDION INCORPORATED is a leading global ingredient solutions provider to the food, beverage, brewing and pharmaceutical industries, as well as numerous industrial sectors. Ingredion is committed to supplying its customers with quality, innovative

ingredient solutions that are on trend and in demand. Headquartered in the Chicago suburb of Westchester, Illinois, Ingredion turns corn, tapioca, wheat, potatoes and other raw materials into a myriad of ingredients. With more than 11,000 employees around the world, it serves customers in more than 60 diverse markets in over 40 countries.



NEDCOFFEE BV

NEDCOFFEE is a coffee trader with a good mix of experienced and young staff members. Its Headquarters are located in Amsterdam, from which it trades and controls all the green coffee from its sourcing companies in Africa, Asia, and South America. This unique structure allows its sister companies to fully focus on sourcing, processing and shipping the coffee for Nedcoffee. Worldwide, the company and its sourcing companies employ more than 350 people. Nedcoffee has a rich heritage, with an 80-year history in commodity trading through its affiliated company Continaf.

The company values responsible business practices and therefore has concentrated on sourcing directly from farmers through self-owned processing and exporting companies. It is implementing traceability and is a member of several initiatives supporting sustainable development, including UTZ Certified, Rainforest Alliance and 4C. Nedcoffee and its sister companies are pre-financing over 15 million US dollars to coffee and cocoa producers.



SVZ is a leading industrial processor and supplier of high quality processed fruit and vegetable ingredients for the global food & beverage industry. SVZ, which is part of Royal Cosun group, is headquartered in Breda, The Netherlands and has production facilities in the heart of the best growing areas in the world. SVZ transforms raw materials into single strength puree, concentrated puree, juice concentrate and natural colors - specializing in red fruits, vegetables and tropicals. These are used to produce beverages, premium juices, dairy, ice cream, bakery, confectionary, soup, baby food, jams and fruit preparations.

Given the nature of its business, based on purely natural ingredients, sustainability is an integrated part of the company's daily operations. SVZ is currently partners with innocent on a water management project on strawberries in Spain. Also, in 2014, SVZ will start a biodiversity project in its Polish red fruits sourcing region. SVZ works with growers informing them on the latest best practices in reducing the usage of fertilizer, water and pesticides and encourages farmers to join efforts and professionalize their approach towards the environment, people, and the quality of their products.

NEW MEMBERS



WALTER RAU Neusser Öl und Fett AG is a health driven solution provider for the food industry and other fields of application, turning vegetable raw materials into high-grade functional oils and fats.

The company is based in Germany and is an independent profit centre within CREMER, which deals globally in raw materials such as cereals and oil seeds. The main products are based on sunflower seed oil and rapeseed oil.

The company has its origin over a hundred years ago.

Walter Rau is one of the early members of the RSPO and strongly supports sustainable agriculture practices, not only for palm oil but also for other crops.

NEW AFFILIATE MEMBERS



DAIRY AUSTRALIA is the national services body for the dairy industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. Dairy Australia acts as the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies. Dairy Australia has a range of programs to assist farmers in making informed decisions about natural resources. Different management practices can result in improved productivity and environmental outcomes.



GRAIN FARMERS OF ONTARIO (GFO) is a non-profit organization representing the 28,000 growers of corn, soybean and wheat in Canada's province of Ontario. Their producers grow over 5 million acres of farm land across the province, amounting to over \$2.5 billion in farm-gate receipts, and are a major economic driver for Canada. GFO focuses on research and innovation, wheat marketing and market development, public outreach and policy development.

GFO has four goals related to sustainability: 1. Ensure grain farmers are engaged in the definition of farm-level and commodity-based sustainability indicators; 2. Provide tools for grain farmers to demonstrate sustainability of their products and meet sustainability market demands; 3. Share information with growers, the grain industry and the general public on the sustainability of Ontario grain and grain products; and 4. Understand sustainability requirements from retailers, processors and governments in relation to voluntary and mandatory standards.





Haaye Boonstra
HEINEKEN

Arable & Vegetable Working Group

In 2014, the group welcomed seven new members. Since then, the work has benefited from the experience of long term members as well as the insights from new members.

The working group has been active in many areas:

- Implementing FSA, specifically in the European beet sugar supply chain.
- Carrying out a review of the social criteria in the Principles and Practices, such as worker rights and local community impact. The goal is to ensure they are up to date and forward looking. The initial results will be available in 2015.
- Supporting the development and expansion of the Cool Farm Tool (into new areas such as biodiversity).
- Creating a sustainable rice project group (see under Rice Project Group).
- Initiating sustainable sourcing discussions with Canadian organizations.

- SAI Platform initiated the planning of a sustainable sourcing workshop to be held in Canada in 2015.

The working group held their annual field trip and meeting in mid-September in Deltebre (Spain), hosted by Kellogg's. The participants gained a new appreciation for the challenges and hurdles faced by rice farmers in implementing sustainable practices, from invasion of foreign pests to conflicts between good sustainability practices on the one hand and subsidy requirements in the area of sustainability on the other.

Members: Agrana, ABinBev, AgrarFrost, Agrifirm, Agroalimentare Sud, Agrotterra, Aviko, Bacardi, Boortmalt, C. Thywissen, CIO Parma, The Coca-Cola Company, FarmFrites, General Mills, Grain Farmers of Ontario, HEINEKEN, Hero, Holland Malt, Ingredient, Kellogg's, Lamb Weston, Land O'Lakes, Mars, McCain Foods, McDonald's, Mondēlez International, Muntons, PepsiCo, Pulse Canada, Unilever, SVZ, Walter Rau, Yakima Chief

Chair: Haaye Boonstra (HEINEKEN)



Sustainable Sugar Beet Project

In 2013 European beet sugar processors were an important stakeholder in the review and piloting of FSA 1.0. As a next step, in 2014 the project was expanded to implementing FSA 2.0 in the beet sugar supply chain in Europe.

The objective of this project is to use FSA as the reference for sustainable agriculture for beet sugar in Europe, to harmonize assessments and streamline requirements in the supply chain. The longer term aim of the project is to identify sustainability gaps in Europe and support improvement efforts.



WORKING GROUP AND COMMITTEE UPDATES



Sustainable Rice Project Group

One of the new SAI Platform activities launched during 2014 is the Sustainable Rice Project, which has the aim to speed up the implementation of sustainable rice growing practices.

There are already several existing initiatives promoting aspects of sustainable rice growing. We will thus build on existing work and focus on speeding up the practical implementation of sustainable practices based on a common industry standard. The members agreed to collaborate in a variety of rice growing areas such as Spain, Italy, US, South-East Asia and India.

The group recognizes that to see large scale adoption, engagement has to be practical, simple and have win-win scenarios for farmers, customers and the environment. The members' objective is, therefore,

to make sustainable rice growing transparent and accessible, helping more to gain as a result.

The new group's mission is to identify and develop a pragmatic, globally applicable Sustainable Rice Practices Standard based on SAI Platform's Farm Sustainability Assessment, and to, then, test and implement it, and feedback any learnings to the Sustainable Rice Platform.

The group's members Kellogg's, Mars, Nestlé and Unilever have committed to testing the resulting standard in their respective supply chains and fund the costs of this joined effort. Local pilots will be executed by the Group's members. The project is planned initially for a year (2015). If successful, the group could decide on follow-up steps like scaling-up, agreeing on metrics and indicators.



SAI Platform membership has grown so fast recently that there is now a critical mass of members eager to collaborate to enable faster deployment of sustainable rice agriculture practices in their value chains.

Richard Burkinshaw

Kellogg's Rice Sustainability manager and SAI Platform member





Keith Kenny
McDonald's

Beef Working Group

In 2014, the Beef Working Group focused on building on the previously developed Principles of Sustainable Beef Farming by transforming these principles into a Farm Sustainability Assessment (FSA module) for beef production.

Importantly, the group has also taken this opportunity to address the challenge of sustainable feed production – which has now been incorporated into the criteria for the Beef FSA.

Developing FSA for beef has been a tremendous challenge as all previous FSA development was concentrated on crop production. We would like to particularly pay tribute to active members for their persistent and sustained efforts to achieve a pragmatic outcome.

The Beef Working Group was also well represented at the Global Round Table for Sustainable Beef (GRSB)

conference held in Brazil in October. Keen to contribute to the Round Table and its development, our members commanded prominent speaking slots, sharing with the GRSB participants both the Principles of Sustainable Beef Production and an update on progress on the FSA development.

Members: McDonald's Europe, Unilever, Inalca, OSI Food Solutions UK, McKey Food Service, Vion Food Group, ABP, Dawn Meats, Land O' Lakes, Nestlé

Affiliate members: Bord Bia, Quality Meat Scotland, Livestock and Meat Commission for Northern Ireland, Beef and Lamb New Zealand, English beef and Lamb Executive, FAI Farms

Chair: Keith Kenny (McDonald's)



Fabien Guilmineau
Mondēlez International

Coffee Working Group

Following the publication of the first Product Category Rule (PCR) for the calculation of Greenhouse Gas (GHG) emissions from green coffee production, the Coffee Working Group launched two new activities in 2014:

1. Reviewing and benchmarking of existing tools against the new PCR methodology.
2. Jointly with the European Coffee Federation (ECF), conducting the Pilot Product Environmental Footprint (PEF) category rules (CR) for coffee products.

This project kicked-off in July and led to a first round of public consultation in October based on an initial draft document. The revised draft was then submitted and reviewed with the Technical Advisory Board and Steering Committee of the PEF initiative in November and December. This project is progressing as planned and further development and testing of the methodology will follow in 2015.

During the process aimed at developing a PCR tool for green coffee, the group realized that many companies are unclear as to the possibility of using a joint tool and sharing data on the production side of green coffee, and what the pros and cons of such collaboration would be.

In order to address this concern regarding production data, SAI Platform's Coffee Working Group decided to develop a technical paper aimed at informing decision-makers about the challenges and opportunities of jointly developing green coffee LCA datasets that can notably be used by all roasters wanting to apply the coffee PEF-CR in the future.

Members: illycafe, DE Masterblenders 1793, Mondēlez International, Nedcoffee, Nestlé and Tchibo

Chair: Fabien Guilmineau, Mondēlez International





Didier Moreau
Danone (Beth Sauerhaft of PepsiCo
took over in December 2014)

Dairy Working Group

The key focus for the Dairy Working Group in 2014 was the review and updating of the Principles and Practices for Sustainable Dairy Farming, first published in 2009.

This review process was not only about capturing new knowledge, but also represented an opportunity to bring the Principles and Practices into complete alignment with the Dairy Sustainability Framework (DSF). The DSF is The Global Dairy Agenda for Action's program for aligning and connecting sustainability initiatives to demonstrate leadership and progress globally. The DSF is focused on eleven key sustainability criteria, covering environmental, economic and social sustainability factors.

The Working Group felt extremely privileged to be included in the May meeting of the Innovation Centre for US Dairy, in Washington DC, a forum for the dairy industry to work together pre-competitively, addressing barriers and opportunities to foster innovation and increase sales.

At this event, members learned about sustainability developments in the US and also held one of the Group's three annual meetings, in recognition of the Group's North-American members. We plan to continue this practice, as it is its global nature that makes this Group so dynamic and valuable.

Members: Arla Foods, Unilever, Danone, PepsiCo, Land O'Lakes, Nestlé, Cayuga Marketing, McDonald's, FrieslandCampina, Mondēlez International, Mars, Fonterra, The Coca-Cola Company, and General Mills

Affiliate Members: Bord Bia, DeLaval, Innovation Centre for US Dairy, Dairy Australia

Chair: Didier Moreau – Danone (Beth Sauerhaft of PepsiCo took over in December 2014)



Joint Dairy and Beef Activities

Sequestration workshop

The Beef and Dairy Working Groups organized a workshop to explore the latest scientific developments related to sound methodologies for calculating greenhouse gas emissions (GHG). They also wanted to address the question as to whether including sequestration into GHG calculation methodologies for the two sectors was a robust and appropriate approach.

In livestock related GHG calculations, sequestration is not usually included as part of the final figure, although is often reported separately. This is because of the wide variations in influencing factors including soil types, resulting in questions around calculation robustness and data quality.

The workshop discussed scientifically proven 'best practices' that farmers could be adopting to promote

sequestering of carbon below the ground. These practices not only make sequestration sense, but also offer economic benefits. Unfortunately the science currently has not moved to a level where below ground sequestration can be reliably included.

The Groups will now focus on developing fact sheets on this topic, using the workshop's results.

With over 30 participants and receiving input from 5 different research institutes, the workshop was extremely useful and productive. The facilitating and promotional role that SAI Platform plays for the dairy and beef sectors is critical, as it ensures these sectors are continually pushing boundaries based on the latest scientific outcomes.



Global best practice guidelines for reducing greenhouse gas emissions from livestock

The Beef and Dairy Working Groups collaborated with the Global Research Alliance for Greenhouse Gas Emissions from Agriculture to publish a document for livestock keepers informing them of the latest scientific knowledge on GHG emissions mitigation approaches.

The guide, developed for industry influencers and practitioners alike, proposes existing and potential future intervention options for farmers to consider on animal feed and nutrition, genetics and breeding, rumen modification, animal health, manure, and grassland management. The document highlights positive environmental impacts, as well as financial implications of implementing these options. It also underlines the importance of GHG reduction efforts supporting a holistic sustainability approach.

The practical options provided in this resource allow farmers to make informed decisions about greenhouse gas reduction activities and efficiencies benefiting their farms. It is based on the latest science, demonstrating that proper co-operation between research and industry can be very rewarding.

Keith Kenny

Head of Sustainability & CSR at McDonald's Europe, and Chair of the Beef Working Group



Rozanne Davis
innocent



Mitch Willis
PepsiCo

Fruit Working Group

In 2014, the Fruit Working Group held its annual meeting in Seville, ahead of SAI Platform's Water Seminar and General Assembly. The working group's field trip was held in conjunction with the water seminar and was hosted by innocent. The group members visited a strawberry farm and processing facility in the Huelva region of Spain, where discussions focused on water management. The working group has initiated several projects, the Brazil Orange and the Donana projects (see more below) and is active in the implementation

of Farm Sustainability Assessment 2.0 with their suppliers and farmers.

Members: Agrana, The Coca-Cola Company, Danone, FrieslandCampina, HEINEKEN, Hero Group, Nestlé, PepsiCo, SVZ, Unilever, and Yakima Chief

Co-chairs: Mitch Willis (PepsiCo) and Rozanne Davis (innocent)





Brazil Orange Project

The start of this project, initiated by Friesland Campina and NGO Solidaridad, was a sustainability scoping exercise in the Brazilian orange sector that highlighted key concerns regarding a seasonal workforce, working conditions, and family farms. Since then, other project members have joined, including the European Fruit Juice Association AIJN, Firmenich, Citri (a Brazilian citrus cooperative), and SAI Platform.

The project aims at developing a simple, hybrid sustainability self-assessment tool for orange growers in Brazil based on Solidaridad's Rural Horizon tool and SAI Platform's FSA 2.0. The Rural Horizon tool is a system to support continuous improvement in agricultural production, made for farmers, their associations and for purchasing companies.

The resulting tool - expected to be ready in the first part of 2015 - will help orange growers to assess their sustainable farming practices and identify areas of improvement. The tool will be piloted with Citri in 2015. The project starts the journey of identifying and implementing improvement areas for the Brazilian citrus industry.

For a description of the working group's Donana Strawberry project, which is a shared project with the Water Committee, see the Water Committee section.



Carlo Galli
Nestlé

Water Committee

The committee started the year with the organization of a workshop on Water Stewardship for over 60 people, in conjunction with SAI Platform's General Assembly in Seville, Spain in April 2014. The event included visiting beef, rice and strawberry farms, and a series of interesting and thought-provoking presentations from experts and discussions.

The workshop resulted in the launch of two new projects:

1. A joint SAI Platform – Sustainable Food Lab (SFL) project on "Joint Water Risk Assessment and Mitigation".

Based on the need expressed by some member companies for greater collaboration on water management in regions that are important for sourcing, SAI Platform teamed up with the SFL to develop a project including three main objectives and phases:

1. Scoping potential collaboration in sourcing regions;
2. Supporting existing collaborations or incubating new collaborations in regions of common interest;
3. Generating learning and sharing this with all participating organizations in easy-to-use ways.

Project members: AB InBev, Mars, Nestlé, PepsiCo, SAB Miller and Unilever.

The project's first phase was completed by the end of the year. The outcome was a proposal for joint mitigation projects in Central Mexico, US Central Valley of California, and India.

2. The Doñana Strawberries and Sustainable Water Management project.



The Doñana Strawberry and Sustainable Water Management Group

Spain is the second largest producer of strawberries worldwide, and about seventy percent of Spanish strawberries are grown in the Doñana region. Unfortunately, the recent growth of strawberry production in this province has put a great strain on the quantity and quality of water resources in the region, which is home to a protected wetland. Without measures taken, continued pressure on these water resources will ultimately lead to severe environmental degradation of the protected Doñana ecosystem, a reduction in the long term availability of strawberries from the region, and endanger the economic viability of farmers in the region.

To help address this challenge, and resulting from the water stewardship workshop held in Seville in April 2014, SAI Platform launched the Doñana Strawberry and Sustainable Water Management group.

The group includes four brands: Danone, innocent, The Coca-Cola Company, and Unilever; six retailers: Ahold, Coop, Edeka, Marks & Spencer, Migros and Sainsbury's; the intermediary companies Eurogroup and Wild Flavors, as well as WWF Spain. Also involved as

key stakeholders and advisors are the processing company SVZ, and the Ramsar Convention on wetlands.

The project aims to achieve specific outcomes at three levels:

1. Government: Work with relevant national and regional governing bodies to encourage enforcement the necessary framework, regulations and controls. This will support a sustainable rate of groundwater abstraction, the maintenance of good water quality and compliance with environmental legislation regarding water and soil use.
2. Industry: Develop a joint and effective approach to ensure that current water management, land use and environmental laws are applied and enforced, in addition to adopting the most sustainable water management practices.
3. Farmers: Encourage and provide support to farmers towards the use of better agricultural practices contributing to saving water.

In addition to the activities in the context of the Doñana Strawberry and Sustainable Water Management project, the Committee also developed and published a new report on "Livestock feed water footprint", at the request of the Beef and Dairy Working Groups. This report summarizes key water footprinting methodologies existing today for livestock production, and highlights gaps and areas for improvement. One of the report's key conclusions is that the very existence and use of so many different methodologies complicates comparing results between products and countries, makes it difficult to identify mitigation strategies, and could confuse communication efforts. To address this, the report

recommends for the global beef and dairy industries to select one industry approved methodology to show and promote continuous improvement on water efficiency. This would in turn allow for better measurement of progress at sector level, and more informed public policy-making.

Members: AB InBev, Agrana, Ahold, Bacardi, The Coca-Cola Company, Danone, General Mills, GFO, HEINEKEN, Holland Malt, Ingredion, Kellogg's, Lambweston, LOL, Lely, McCain, Mondēlez, Nestlé, PepsiCo, SAB Miller, SVZ, Unilever

Chair: Carlo Galli, Nestlé



Peter Erik Ywema

Biodiversity & Ecosystem Services Committee

This new committee was established in 2014 prior to the General Assembly meetings in Seville. The interest in this group is considerable, as shown by the number of members, growing from just a few at the launch to 22 (from 15 member companies).

As a basis for its work, the group developed a mission statement that recognizes the importance of BES and the role and responsibility of companies buying agricultural raw materials. Members decided to use 'biodiversity action plans' as their way and 'intervention vehicle' to experiment in generating positive activities in supply chains.

The committee met at the Allerton Project in the UK, in May, where participants saw 'biodiversity in action':

flower strips, beetle banks, bat boxes, and water retention systems. The group also organized two webinars, one with the Bodenseestiftung (reviewing our mission statement) and one with the Koppert Biological treatment (showing various market-ready solutions to improve beneficial ecosystem services). The last few months of the year, members developed and piloted their biodiversity plans and policies and shared their experiences.

Members: Unilever, Agrana, Fonterra, Kellogg's, PepsiCo, McCain, Ahold, Sodial, General Mills, Agrifirm, Barcardi, GFO, Ingredion, Dairy Australia, McDonald's

Manager: Peter Erik Ywema



Biodiversity action plans on tomato farms - reprofiling and seeding of field margins



Insect hotel – example of promoting biodiversity in rice fields in Spain



Emeline Fellus

Farmer Partnership Committee

The “Farmer Partnership Committee” was established early 2014 and rapidly attracted 15 member company representatives. Its aim is to identify ways and tools to successfully engage farmers in sustainable agriculture.

The Committee’s three key objectives:

1. To identify the main hurdles and drivers for farmers’ adoption of new practices, in particular sustainable agriculture practices;
2. To identify ways to overcome hurdles and leverage drivers, and;
3. To provide concrete recommendations, tools and case studies to help achieve this.

To gather the necessary knowledge and the 71 cases included the guide, the Committee interviewed farmers and extension officers around the world, and examined hundreds of expert publications worldwide from research and academia, extension services, farmer groups, development organizations, NGOs and industry.

The result is a thorough and practical ‘Farmer Partnership Guide’ (version 1.0) for practitioners, including two main parts. The first part provides recommendations, concrete examples and a 4-step approach for

developing successful farmer partnerships with a view to increasing the uptake of sustainable agriculture practices. The guide’s second part offers concrete solutions for overcoming specific categories of hurdles and for leveraging drivers.

The guide’s second part clusters all main hurdles and drivers related to farmers’ adoption of sustainable practices worldwide into four categories: 1- Psycho-social factors; 2- Economic factors; 3- Resource factors; and 4- Political factors; and a variety of sub-categories. One particular insightful category of drivers and barriers addresses “psycho-social factors”, which tend to be neglected by a lot of project managers even though they greatly impact the behavior of farmers and their likelihood to adopt sustainable practices.

The Committee’s work –which will have been completed upon the official launch of the Farmer Partnership Guide in 2015 - will be continued as part of the newly formed Farm Sustainability Assessment (FSA) Enablers workstream.

Members: AB InBev, Cayuga Marketing, Danone, Dairy Australia, DeLaval, Grain Farmers of Ontario, Ingredion, Kellogg’s, Land’O Lakes, bvv, Nedcoffee, Unilever, ITC and SFL

Manager: Emeline Fellus



Accelerating Implementation of Farm Sustainability Assessment

Farm Sustainability Assessment (FSA) 2.0 was launched at SAI Platform's General Assembly in Seville in April 2014.

FSA is a multi-purpose and industry aligned tool designed for companies and farmers to assess, improve, compare and communicate sustainable agriculture practices for various crops, farm sizes and locations around the world.

SAI Platform developed FSA with representatives from two working groups, Arable and Vegetable Crops and Fruit, and consulted with over 20 expert organisations, including farmer organisations, retailers, procurement companies, NGOs and universities. FSA, which can be completed online or in the Excel tool, has about 100 questions created from SAI Platform's Principles and Practices defining sustainable agriculture practices. It covers environmental, economic and social sustainability.

Following FSA's launch, SAI Platform initiated a committee to guide its implementation. The committee - which was made up of SAI Platform member representatives - focused its efforts on: creating benchmarking and implementation protocols, managing the translation of FSA into multiple languages, initiating benchmarks of legislation and standards, and supporting the efforts of member companies in implementing FSA 2.0 in their supply chains.



This is a major step change for sustainable sourcing. Farm Sustainability Assessment will change the way the food and drink industry works on sustainable agriculture. With the world's leading food and drink companies aligned behind one method, Farm Sustainability Assessment reduces the amount of efforts for farmers and supports them in improving sustainable agriculture practices.

Peter Erik Ywema
General Manager of SAI Platform

We have a target of sourcing 100% of our raw agricultural materials sustainably by 2020 and we have always said that we cannot achieve this alone. We need to have this type of partnership to join up with other businesses if we are going to reach our goal.

Dirk Jan de With
VP Ingredients and Sustainability, Unilever

The committee had a busy agenda. It not only benchmarked various standards against FSA (including Sky-lark, Leaf and Rainforest Alliance), but also reached out to standard owners to discuss areas for alignment, such as health and safety and biodiversity, and supported the work of the various implementation initiatives including the sugar beet, rice, orange and strawberry projects.

Farm Sustainability Assessment is really about the theme of partnership. The complexity and depth of sustainability issues facing our planet are significant and directly impact agriculture. It is only through partnership between all stakeholders in the supply chain that we have a chance to make headway with these. SAI Platform's FSA is a great vehicle for this, uniting organisations committed to sustainable agriculture, and facilitating our farmers to assess their sustainability performance, provide a platform to highlight their progress, and then improve their sustainable farming.

Rozanne Davis,

Head of Ingredient Supply, innocent drinks

Based on early successes and identified members' needs, at the end of the year, SAI Platform took a strategic decision to scale up and intensify its FSA efforts. This, in turn, resulted in a new, ambitious workplan and supporting governance structure, including a variety of key workstreams ensuring delivery of the plan. In December, the committee, that had started as a small group of committed members was being transformed into to a wider group of members actively working with SAI Platform to ensure the success of FSA 2.0.

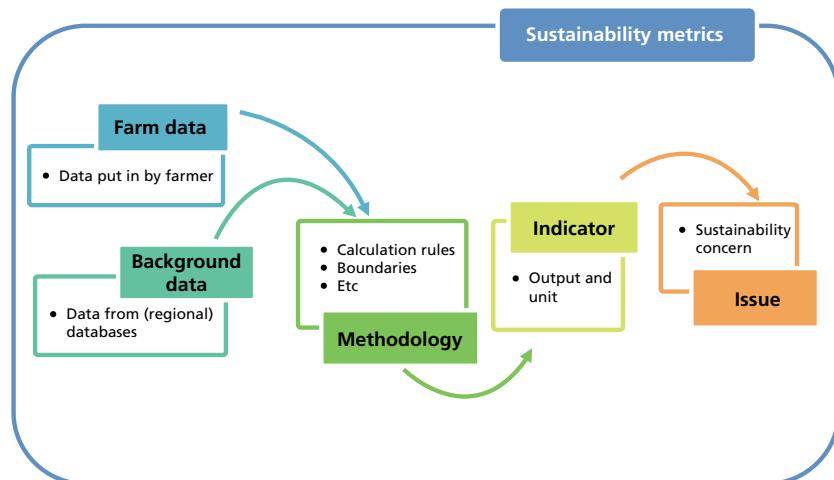
Sustainable Performance Assessment 2.0

Towards Consistent Measurement of Sustainability Performance at Farm Level

Having developed Principles and Practices for sustainable agriculture, and subsequently the Farm Sustainability Assessment 2.0, SAI Platform over the last couple of years developed guidelines to measure the actual impact on the ground of these agricultural practices. There are hundreds of calculation schemes and methods out there, so clear guidance was needed.

Following the publication of Version 1.0 in May 2012, a benchmark of existing calculation tools was conducted against SPA guidelines and a shortlist of the 12 calculation tools, most in line with SPA guidelines was created. A benchmark was also done with SAFA (Sustainability Assessment of Food and Agriculture systems) developed by FAO, which contains an elaborate set of potential quantifiable sustainability indicators. Finally, a set of animal welfare indicators (for dairy farming) was also added.

Version 2.0 of SPA was launched at the General Assembly in Seville in April 2014. This report outlines choices and calculation rules for one or several computerised system(s) to measure sustainable farming in a scientifically robust, farmer-friendly and sector-consistent manner. These general rules are meant to guide software developers and designers of farm reporting tools towards more uniform assessment.



SAI Platform expands membership to include retailers

In September 2014, SAI Platform opened its membership to include retailers.

Over the past few years, SAI Platform's work on advancing sustainable agricultural practices has caught the attention of food and drink retailers, some of whom have since expressed a desire to join as members. Food and drink companies and retailers often have similar

challenges and objectives when it comes to buying agricultural ingredients and promoting sustainability in supply chains. Welcoming retailers as members was, therefore, a natural and even an essential next step in the further development of the Platform, and strengthens its upscaling and harmonization capabilities, while increasing the overall impact of sustainable agriculture practices globally.

The new development will also have a positive impact on farmers' lives. An increasing number of supply chain actors sharing aligned sustainable agriculture objectives and tools with farmers will result in a reduction of audits, surveys, and work.

I believe this is a significant and very welcome development. With retailers joining SAI Platform, the potential for positively influencing sustainable purchasing and agricultural practices will increase considerably.

Chris Brown

Senior Director Sustainable Business ASDA, and one of SAI Platform's Advisory Council members

Executive Masterclass on Sustainable Sourcing of Agricultural Raw Materials

SAI Platform and the renowned Business School IMD have developed a training program on sustainable sourcing of agricultural ingredients, which over 120 Executives worldwide have already benefitted from over the past 5 years. This exciting and interactive training and learning opportunity helps participants develop realistic and feasible implementation approaches to meet companies' sustainable sourcing targets for agricultural raw materials.



It is possible to engage farmers in sustainability programs if and only if there is something to gain for them. This can be a premium of course, but it doesn't have to be a premium necessarily. Many other gains can be brought forward, such as: increased efficiency, quality and yields, better relations with buyers (e.g. longer-term contracts), increased access to capacity building, equipment, credit, etc.

Klaas Jan van Calker

Farmer and Consultant on dairy production, Sustainability4U, The Netherlands

In light of the recent commitment of many companies to meet ambitious sustainable sourcing goals, we have revised and enhanced the Masterclass. It focuses even more on addressing practicalities and complexities companies face when implementing these targets, learning

from real-life company experiences and leading experts, and highlighting suitable processes and tools. It also tackle key hurdles to and drivers for farmers' adoption of sustainable practices.

The November 6 and 7, 2014 edition of this class was a great success and feed-back from participants ranged from "very useful and insightful" to "we learned especially from the interaction and discussion among participants and speakers", to "it was such a good course, and there was so much to absorb, that I hope to be able to come back next year".

It was such a good course, and there was so much to absorb, that I hope to be able to come back next year.

Master Class participant
Masterclass November 2014



SAI Platform's Advisory Council



Juni Sul
Oxfam



David Cleary
The Nature Conservancy

As SAI Platform, we attach great importance to the recommendations and advice given by our Advisory Council members, each of whom are experienced experts in the field of sustainable agriculture.

Steve Jennings, formerly Head of Program Policy Team, Oxfam GB, and Sean McMahon, The Nature Conservancy's former North America Agriculture Program Director, left their respective organizations and as a consequence also the Advisory Council (ADCO). We thank Steve and Sean for their contributions.

We have welcomed two new members to the ADCO: David Cleary, Director of global agriculture with The Nature Conservancy and Juni Sul, Private Sector Adviser with Oxfam GB.

Although the Advisory Council (ADCO) did not meet officially in the year 2014, its members contributed to the work of the Platform in the form of advice and feed-back on key developments. We also started an 'Advisory Council Corner' in our newsletter, and in each edition we give the floor to one of our advisors.

Private-public collaboration for global food security through good agricultural practices launched in Abu Dhabi

In October 2014, SAI Platform, GLOBALG.A.P., and the International Trade Centre (ITC) initiated a pioneering collaboration of public and private sector partners: the 'Declaration of Abu Dhabi for Global Food Security through Good Agricultural Practices'.

The initiative is an open call for global collaboration to find new approaches that will make it easier, more cost effective, and more attractive for farmers worldwide to adopt safe, responsible and sustainable production practices. This will make markets more accessible for farmers, and help them sustain their livelihoods, as well as reduce poverty and malnutrition.

Signing the Declaration of Abu Dhabi.
From left to right:

Dr. Rashid Ahmad Bin Fahad,
Minister of Environment & Water,
United Arab Emirates,

Kristian Moeller,
CEO of GlobalGAP,

Joseph Wozniak,
Trade for Sustainable Development
Program Manager, ITC,

Peter-Erik Ywema,
General Manager SAI Platform



The Declaration of Abu Dhabi unites public and private partners committed to developing and adopting three important measures:

1. A common set of good agricultural practices.
2. A system for uniquely identifying every farm that is recognized by all stakeholders.
3. A mechanism for securing the commitment and reporting by supply chain partners.

The common set of practices will draw upon existing standards and assessment tools. The resulting resource will provide broad, consistent, open-source language for sustainability criteria, applicable to farms of all sizes worldwide. The collaboration will also establish a system for uniquely identifying every farm, and ensuring a public reporting mechanism for supply chains.

Together, the common set of good agricultural practices and the unique farm identification and reporting mechanism, will serve as a foundation upon which diverse training, assessment and verification programs may be adapted and built, and impacts may be measured.

Webinars

In 2014, SAI Platform organised 15 webinars, on topics ranging from 'Crash Course on SAI Platform' to 'How to ignite a sustainable market transformation in agriculture?' and 'Today's potential of biology in agriculture'. Members let us know they appreciate the webinars very much as a way to stay updated or be introduced

to specific areas of interest, which is also shown by the, generally, very good attendance.

We will continue to use webinars as an effective way to share relevant good practices, as well as platform activity updates with our members.

SAI Platform's Secretariat: three new team members

During 2014, three new team members joined the Platform's Secretariat: Jenny Edwards (Project Manager – Sustainable Agriculture), Yael Fattal (Office Manager), and Lettemieke Mulder (Senior Communications Manager).



Balance sheet as of December 31, 2014

The Financial Statements (balance sheet, income statement and notes) of the SAI Platform for the year ended December 31, 2014, have been audited by Fiduciaire TECAFIN SA, Geneva, Switzerland.

Assets

Current assets	€ 470,801
Fixed assets	€ 5,296
Total assets	€ 476,097

Liabilities and Members' funds

Current liabilities	€ 251,326
Members' funds	€ 224,771
Total liabilities and Members' funds	€ 476,097

Profit and loss account for the year 2013

Total income	€ 801,608
Total expenses	€ 822,655
Loss for 2013	€ 22,237
Members' fund balance end 2013	€ 247,008
Loss for 2014	€ 22,237
Members' fund balance end 2014	€ 224,771

MEMBERS LOGOS



AGROTERRA



Coca-Cola



DANONE

DAWN MEATS



Firmenich





Kellogg's

Lamb Weston

LAND O'LAKES, INC.

MARS



McKey

MOLKEREI
AMMERLAND

Mondelēz
International



Nestlé



PEPSICO



SVZ
A ROYAL COSUN COMPANY



AFFILIATE MEMBERS



A.I.J.N.



Bord Bia
Irish Food Board



DeLaval



INNOVATION
CENTER FOR U.S. DAIRY



LMC
Livestock & Meat Commission

Pulse Canada

QMS
QUALITY MEAT SCOTLAND



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