





When I took over from Hans Jöhr to become SAI Platform's President, I knew that the legacy he left was big and his passion and vision over agriculture and sustainability would be missed.

Nevertheless, I think that thanks to the invaluable efforts and commitment of SAI

Platform members, the active collaboration of my colleagues of the Executive Committee and the support of Secretariat team, we managed to do very well!

Over 2010 our base expanded, gaining 5 new members: Aviko, DeLaval, GFRAS, Heineken and illycaffè; we organized with success our third conference on Sustainable Agriculture and two seminars; we launched the Sustainability Performance Assessment (SPA) project; we played a significant role in establishing the Dairy Agenda for Action and in the debate on GHG emissions in the dairy sector; we started a working group on sustainable beef production; we launched our executive training on sustainable agriculture; we created new communication tools to better reach the membership and the outside world; we produced a short video about the SAI Platform, with the participation of one of our founding members CEO; we were invited to speak in Cancun; and the list could go on.

However, probably the most interesting thing observed last year was seeing some of our members starting to break the ice and publicly committing to impressive corporate targets on sustainable sourcing of agricultural products. We not only welcome such leadership, but we also consider this as achievement and success of the SAI Platform.

Another trend observed was the realization by the international community that the large scale implementation of sustainable agriculture practices needs good examples of leadership and alignment from the private sector in order to happen. I believe we are one of those examples and a very good one too!

We started 9 years ago persuaded that the way we source our agriculture raw material has an impact on the future of both our planet and our businesses. In a continuous learning process we are still animated by the same vision, and our achievements and recognitions convince me that we are doing the right thing.

Ghislain J. Pelletier Vice President Corporate Agriculture, McCain Foods Limited President of the SAI Platform

Honorary President and Ambassadors



Hans Jöhr was appointed Honorary President of the SAI Platform. He has had the longest SAI Platform presidency to date, is a founding member of the SAI Platform, and has served on the Executive Committee from the beginning of the SAI Platform until April 2010.

In order to foster the network of people that contribute to sustainable agriculture, the General Assembly last April has endorsed the idea to establish a group of ambassadors, to be chosen among people closely tied to the SAI Platform. Ambassadors of the SAI Platform are: Jeroen Bordewijk, Tony van Leersum and Patrick Leheup.



Aviko was established in 1962 and is currently one of the world's top 4 potato processors. The company belongs to Royal Cosun (a large Dutch co-operative organisation with a consolidated turnover of more than EUR 1.7 billion and about 4,300 employees). Environmental protection is an integral part of Aviko's corporate policy. This is proved by the fact that it was awarded the prestigious King William I plaque for the very first anaerobic treatment plant in the industry in 1985.



DeLaval, together with Tetra Pack and Sidel, is part of the private group Tetra Laval Group. Founded in Sweden over 125 ago, DeLaval is a full-service supplier to dairy farmers reaching over 10.000 milk producers on their farms in more than 100 countries worldwide. DeLaval develops, manufactures and distributes equipment and complete systems for milk production and animal husbandry. DeLaval joins the SAI Platform as Affiliate Member.

Heineken

Europe's largest brewer and world's largest cider producer, Heineken owns and manages one of the world's leading portfolios of beer brands and is one of the world's leading brewers in terms of sales volume and profitability. The brand that bears the founder's family name - Heineken - is the world's most valuable international premium brand. Corporate sustainability and responsibility are priority areas at Heineken through the whole value chain, from barley to bar.



The Global Forum for Rural Advisory Services (GFRAS) joined the SAI Platform as Affiliate Member. The GFRAS is made up of various stakeholders worldwide who have an interest and role in rural advisory services. The mission of this forum is to provide a space for advocacy and leadership on pluralistic, demand driven rural and agricultural advisory services. GFRAS does this in the context of the global development agenda, with a goal of promoting sustainable growth and reducing poverty.



Based in Trieste, Italy, illycaffè produces and sells a blend of high quality coffee made from 9 types of pure Arabica beans from South and Central America, India and Africa. The illycaffè blend is marketed in 140 countries, is served in more than 50,000 restaurants and coffee bars worldwide and over 6 million cups of espresso coffee are served throughout the world every day. In 2008 the illycaffè group achieved consolidated sales of €80 million with net profits of €8 million.

Arable & Vegetable Crops







Richard Burkinshaw European Environmental Strategy Manager Kelloqq



lan Hope-Johnstone

Director Agriculture Sustainability PepsiCo The Working Group has welcomed two new active members, Heineken and Aviko and two new Co-Chairs: Richard Burkinshaw, Kellogg, and Ian Hope-Johnstone, PepsiCo.

In June the Working Group organized a successful workshop, held in Poland. This initiative was an important pilot effort to explore ways to implement sustainable agriculture in the Polish farm practices as well as a model for a local stakeholder consultation and local network creation. The successful outcome convinced the organizers of the opportunity to set up in 2011 a Poland Chapter as a testing model for other capacity building chapters.

The Working Group introduced for its meetings the "Show 'n' tell" system with which group members present real experiences to their colleagues.

Many members have made a significant contribution to SPA phase 1, and the support to phase 2 will continue in 2011.

Active Members: Agrarfrost, Agroterra, Aviko, CIO Parma, Farm Frites, General Mills, Heineken, Kraft, Kellogg, Lamb Weston Meijer, McCain, McDonald's, PepsiCo and Unilever. Richard Burkinshaw, Kellogg, and Ian Hope-Johnstone, PepsiCo, are the Working Group's Co-Chairs.



Stefanie Miltenburg
Director International
Corporate Social

Responsibility Sara Lee The Working Group Coffee identified Greenhouse Gas (GHG) emissions as an important topic to focus on. The group wanted to find ways to support the reduction of GHG emissions in specific steps in the supply chain. In order to achieve that however, an internationally agreed standardized "carbon footprint" method was needed.

The group therefore appointed CE Delft to review existing GHG studies conducted in the coffee sector. The purpose was not to review the specific data and results, but rather to gain insight into the methodological approaches used in the absence of any standardized and sector approaches.

The study results were made available to all interested parties with an intention to stimulate discussion with other actors of the coffee chain and to encourage organizations within the sector to work together, sharing information to estimate and manage GHG emissions across the value chain in a harmonized way.

Illycaffè became a member of SAI Platform and of the Working Group, which now counts 5 members: Illycaffè, Kraft, Nestlé, Tchibo, and Sara Lee. Stefanie Miltenburg from Sara Lee is the Chair of the Working Group.

Dairy



"A common carbon footprint approach for dairy — the IDF guide to standard life cycle

assessment methodology for the dairy sector."

This work involved collaborating scientists and industry practitioners in debating the most appropriate methodology for application globally. Much of the work of SAI Platform was to engage with both dairy and external stakeholders to ensure a smooth transition from developments to implementation. The Methodology was released in October 2010 and is now being actively incorporated into individual measurements systems globally by SAI Members and the global dairy sector.



Group Manager Trade Strategy

The Dairy Working Group was extremely active, with the support from the Global Dairy Platform (GDP), in collaborating with the International Dairy Federation in the development of the a common methodology for calculating GHG's from milk production and processing (see box).

The delivery of this methodology is the first of the commitments in the Global Dairy Agenda for Action (GDAA) of which SAI Platform is one of the 6 signatories. Through 2010 SAI Platform coordinated the GDAA - again with the support of GDP - to ensure a programme of activity for the delivery of the five Commitments. A major part of the GDAA is the "Green Paper", a public website (hosted by the IDF) that profiles dairy sustainability, predominantly GHG reduction, activities globally. To encourage others in the dairy sector to provide examples to the site, the Dairy Working Group developed a 1 page document for use by the dairy sector globally to stimulate contributions.

In January 2011, having established a robust platform from which to continue development SAI Platform transferred the management of the Global Dairy Agenda for Action and associated activities over to the IDF.

The Dairy Working Group has also been extremely active through a range of internal and external consultations in identifying key indicators that will provide a suitable reference for the implementation and progress of the Dairy Principles and Practices. Work will be continuing on this into the 2011 user

Active members: Cayuga Marketing, DeLaval, Fonterra, Friesland Campina, General Mills, Danone, Kraft, McDonald's, Nestlé, Novus and Unillever

Sarah Paterson, Fonterra, is the Chair and Didier Moreau, Danone the Vice-Chair of the Working Group

Working Groups

Fruit





Ernesto A. Brovelli, PhD

Senior Manager Sustainable Agriculture The Coca-Cola Company The Working Group welcomed two new members, Heineken and Innocent Drinks. Ernesto Brovelli, Coca-Cola, took over from Idwin Bouman, Friesland Campina, the role of chairman of the WG.

The WG published the literature study "Carbon and water footprint of fruit production". The study, which focuses on oranges and strawberries showed the lack of published information and the lack for a common methodology to measure carbon emission of fruit production.

The WG also conducted a cross-company survey of priorities to address WG member companies' sustainability vulnerable points. Pest management identified as most pressing point.

Following this survey the WG organized a workshop on the issue of Sustainable Pest Management (see page 8). The event was hosted by the new WG chairman, Ernesto Brovelli at Coca-Cola Europe in Berlin. Following the workshop the group is considering initiating a Sustainable Pest Management / Functional Biodiversity pilot project in 2011.

Active members: Coca-Cola, Danone, Friesland Campina, Heineken, Innocent Drinks, Nestlé, PepsiCo and Unilever. Ernesto Brovelli, Coca Cola, is the Chairman and Sikke Meerman, Unilever, the Co-Chair of the Working Group.

Beef



New Working Group

NEW WORKING GROUP ON SUSTAINABLE BEEF PRODUCTION

The achievenents of the Dairy Working Group have clearly demonstrated the success of collaborating pre-competitively through the activities and projects they have delivered over the past three years.

Therefore the initiative of some SAI Platforn members, with McDonald's hosting and supporting, of establishing a new working group that focuses on the beef sector, in order to enable moving the sector to higher levels of knowledge, activities and engagement.

Throughout 2010 preliminary meetings were held to define the group's agenda and to identify a potential core group. In 2011 the Working Group Beef will become reality!



Water & Agriculture

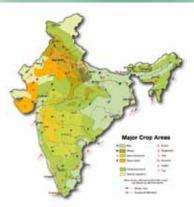




Sikke Meerman Sustainable Agriculture Senior Agronomist Unilever

After having shared recommendations of good practices, related technical briefs (see box) and concrete cases of pilot projects demonstrating the positive impacts of water management guidelines and tools at farm level, the Working Group decided to explore ways to promote good water use techniques on the farm on a wide scale.

A project was soon started, aimed at developing a user-friendly water impact calculator (WIC) for farmers to help them identify the main impacts of their practices on water conservation and to suggest better practices. The region that the WG decided to focus on is North West India, because of the growth of agricultural production and the increasing water scarcity. Following a call for tender, SAI Platform selected the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT) to lead the project. Coca-Cola, Kellogg, Nestlé, Novus, PepsiCo, and Unilever provided some additional funding.



Active members: Coca-Cola, Heineken, Kellogg, McCain, Nestlé, PepsiCo, and Unilever. Sikke Meerman from Unilever is the Chairman and Carlo Galli from Nestlé the Vice-Chairman of the Working Group.



P&Ps and Technical Briefs

The Working Group developed and published Principles and Practices for the Sustainable Management of Water at Farm Level and a wide range of Technical Briefs to better understand some of the related challenges and tools available to tackle them.

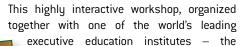


IMD - SAI Platform Sustainability Master Class



Embedding Sustainable Agriculture Strategies in Companies

Last October we held in Lausanne, Switzerland, our first two-day "Sustainability Master Class - Embedding Sustainable Agriculture Strategies in Companies".



IMD — provided participants with an indepth understanding of the risks and opportunities for food companies around sustainable agriculture, as well as tangible take always to embed sustainable agriculture in their day-to-day activities.

The first day about 30 mainstream managers linked to commodity value chains were there to:

- understand the business context that lends strategic relevance to SA as an issue and broker knowledge with leading experts
- build a business case for SA and exchange expertise with others managers
- learn from best practice examples.

The second day focused on empowering managers to instigate change within their organization and return to their company with a plan of action.

Given the success of this first edition of our Master Class, we will replicate it again in 2011 in three different parts of the world: Florida-USA, Switzerland and Australia.

SAI Platform's Third Conference

The Art of Farming

Innovative Solutions for a Sustainable Mainstream Agriculture



The SAI Platform together with the CIAA and SFL and in partnership with the IDH, organised the third global conference on sustainable agriculture, in Brussels, to address the most burning issues linked to food production and agricultural sustainability and to present the solutions developed.

The title "The art of farming" referred to the capacity of the artist to look at the world from a different angle, and create something that did not exist before. We used this attitude to look at and review agricultural practices.

The two day event brought together food industries, farmers, researchers, NGOs, stakeholders and institutions to learn about the progress made in sustainable agriculture, how to scale it up, to show the opportunities, to share the solutions and to get a view on the work in progress.



High level keynote speakers provided their views and case studies on: water use, reduction of agricultural climate impacts, food safety, the potentials of soil, how to measure improvement and to adopt new technologies, global developments in existing value chains. 10 working sessions delivered contributions from leading scientists, institutions, companies and innovative farmers.

Main sponsors of this event: Coca-Cola, Nestlé, Unilever, Danone, Kellogg and Kraft. Also sponsoring: McCain, Sara Lee, Agrarfrost, Novus International and Sysco.

For more information, visit: www.sustainable-ag.org

Sustainability Performance Assessment (SPA)

Towards a simple set of farm-level sustainability indicators



The SAI Platform commissioned the Sustainability Performance Assessment (SPA) project with the aim of identifying a set of indicators to:

- monitor progress towards sustainable farming at farm level,
- show developments towards sustainable production on a more aggregate (corporate) scale.

Many schemes exist for measuring, reporting and controlling sustainability at farm level, but they vary widely in scope, detail and elements covered. This is why SAI Platform companies decided co-operating to work towards joint principles for sustainable farming, and subsequently towards a joint set of indicators.

This study is part of a journey that we began in 2002. Almost ten years ago we started developing a common definition of principles for sustainable agriculture for various crops. These principles have been tested and validated by our members and have been supplemented with recommended practices. In 2009 we benchmarked 25 global agricultural standards to learn how these relate to our principles.

Since measuring progress of environmental and social performance still remains one of the biggest challenges faced by the food industry, in 2010 we made a step further. We searched for a practical set of indicators for sustainable food production that can be used by anyone who wants to show progress, be it a farmer for self assessment or a third party for evaluation purposes. We didn't want to reinvent the wheel, so we built on what was already there: the existing schemes. And we focused on environmental, social and

economic subjects at farm-level only (we did not consider the whole food chain).

The SPA project was carried out for us by CLM and was made possible thanks to the support of Kellogg, PepsiCo and Unilever.

Given the success encountered, in 2011 we will embark in SPA Phase II: next steps towards a globally aligned set of farm metrics to prove progress towards more sustainable agriculture. This will consists in framing the whole issue in three categories (farm data, impacts and tools) and seeking alignment on the first two and benchmarking the third.



The "SPA — Phase I" document is available to members on: http://extranet.saiplatform.org

Sustainable Pest Management



The seminar on Sustainable Pest Management (SPM) was organized by the WG Fruit and hosted by its chairman Ernesto Brovelli at Coca-Cola Europe's in Berlin. The aim was to have a better understanding of why are pest a pest, of the issues and the opportunities and of how to deploy SPM and scale it up. As outcome of the event a WG member started a pilot project and the WG is investigating the possibility to carry out a common project.

- For Prof. Felix L. Wäckers, of Lancaster University, we should look at the positive impact that environment can have on agriculture, rather than the negative impact of agriculture on environment. The ecosystem services delivered by insects and wild flowers can be greatly beneficial, if used with knowledge. But ecosystem services are not a function of biodiversity: it's not the quantity of flowers that guarantee the efficacy of bio-control agents, but the quality.
- Prof. Dave Skirvin, of Warwick HRI exposed how biodiversity provides a number of key ecosystem services such as pollination and biological pest control.
- Dr. Peter Rinke, of Sure Global Fair International, presented the Fruit Risk Assessment Programme for Pesticides (FRAPP), as part of a sustainable pest management effort in the fruit processing industry.
- Dr. Bernd Hommel, from the Julius Kühn-Institut gave an overview of the German National Action Plan and the EU Commission's strategy on pesticides.
- Karl Heinrich Niehoff, gave an interesting farmer's perspective with regard to SPM.

Biodiversity



SAI Platform and the International Union for the Conservation of Nature (IUCN) jointly organized a one day seminar "Ecosystems and Biodiversity Preservation for the Agribusiness: Issues and opportunities" at IUCN headquarters in Gland near Geneva, Switzerland.

The meeting focused on ecosystems and biodiversity and economic implications for agri-businesses. During the workshop, participants identified opportunities to build on existing research and tools developed by IUCN and partners. Among the presentations:

- lan Hope-Johnston, Director PepsiCo Agriculture Sustainability, gave a food industry perspective about farm production and ecosystemsbiodiversity preservation,
- Joshua Bishop, Chief Economist of the IUCN introduced presented "The Economics of Ecosystems and Biodiversity" (TEEB) for (Agri) Business,
- Juan Marco Alvarez Director, Environmental Economics and Governance, IUCN presented IUCN's Engagement in Agri-business: Innovation and opportunity in business cases,
- Jane Smart, Director, Biodiversity Conservation Group, IUCN presented the Integrated Biodiversity Assessment Tool (IBAT),
- Eva Zabey, from the WBCSD presented: Corporate Ecosystem Valuation & Ecosystem Services Review.

The presentations were followed by a break-out sessions and the next day by a conservation agriculture farm visit.





The minutes and presentations of the seminars are accessible to members on http://extranet.saiplatform.org/.

The new video is a short story of the SAI Platform from the voices of its founders. It communicates clearly and with passion the uniqueness of the SAI Platform through the testimonials of Unilever's CEO Paul Polman and of SAI Platform's Honorary President, Nestlé's Hans Jöhr, as well as through a very interesting business case from Danone.



Available in a 3 minutes elevator pitch version and a 9 minutes extended version (which includes the business case), the video can be used to introduce the SAI Platform to all audiences.

Special thanks for its realization go to: Coca-Cola, Danone, Farm Frites, McDonald's, Nestlé, Unilever.

Both versions are on You Tube. Watch them and show them!

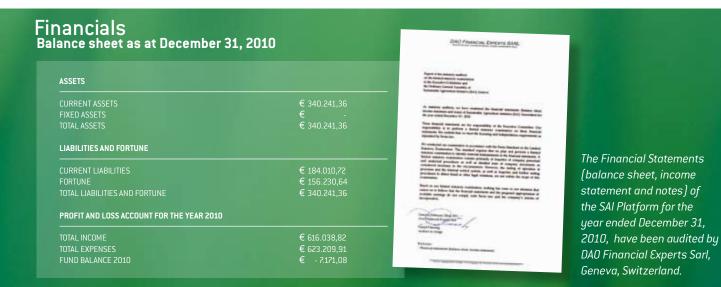


The Agriculture and Rural Development Day was held in the frame of the United Nations Climate Change Conference, on December 4 in Cancun.

Seen as responsible, vulnerable and potential bringer of solutions, agriculture had a more prominent role in this climate debate than in 2009 at the climate summit of Copenhagen.

SAI Platform was invited to share the perspectives of the food industry sector in front of an audience of 600 participants. The General Manager, Peter-Erik Ywema, took the opportunity to showcase impressive examples of collective action in the dairy sector and highlighted some examples of what members do and commit to reducing the impact of food production on climate change.

Although the audience was highly dominated by policy makers and NGOs, many of them responded very positively to the tangible examples of the Platform and its members.



Cooperations and partnerships

The SAI Platform in the last year has developed and consolidated working relationships with major players in the field of agriculture, food production and sustainable development.

CIAA



The CIAA, Confederation of Food and Drink Industries of the EU, represents the food and drink industry – the first industrial sector, major employer and exporter in the EU. The CIAA is a favoured partner of European and international institutions, thanks to its longstanding

work on issues such as food quality and safety, nutrition and health, novel foods, labelling, agricultural policy, international trade matters, sustainable development, respect for the environment and enlargement.

CIAA's permanent secretariat, based in Brussels, maintains close contacts with European and international institutions and has become a major partner in consultations on food-related developments.

EISA



The European Initiative for Sustainable Development in Agriculture (EISA) was founded in May 2001 as an alliance of seven European national organisations for the promotion of Integrated Farming. EISA's members are strongly committed to sustainable agriculture, which is economically viable,

environmentally responsible and socially acceptable and seek its achievement through the promotion and further development of Integrated Farming. A Common Codex, outlining the foundations of Integrated Farming, has been adopted by EISA and its member organisations. It defines general principles and procedures of Integrated Farming at the individual farm level and considers aspects of food production, economic viability, producer and consumer safety, social responsibility and conservation of the environment in a balanced manner.

GDP



Founded in 2006 by Fonterra, Campina, Dairy Farmers of America and Arla Foods, in alliance with the International Dairy Federation (IDF), Global Dairy Platform is an international non-profit organisation that provides

direction and drive to the dairy industry. Its members are leading dairy corporations, cooperatives and associations who are uniting to strengthen their interests around the world. Based outside of Chicago, GDP is focused on sustaining and expanding global demand for milk and dairy products. To reduce duplication and enhance the return on investment, GDP provides members with robust resources and information on a pre-competitive basis. The result is valuable insight, guidance and networking for a more coordinated and focused effort across regions to promote the dairy industry.

IDF



The international Dairy Federation (IDF) is the pre-eminent source of scientific and technical expertise for all stakeholders of the dairy chain. Membership covers 53 countries and is growing. IDF accounts for about 82% of current total milk

production worldwide. The mission of IDF is to represent the dairy sector worldwide by providing the best global source of scientific expertise and knowledge in support of the development and promotion of quality milk and dairy products to deliver consumers with nutrition, health and well-being. IDF is the centre for dairy expertise, developing scientific knowledge, exchanging information, addressing global developments and facilitating networking within and outside the sector.

IDH



The mission of the Dutch Sustainable Trade Initiative (IDH) is the acceleration and up-scaling of social and ecological sustainability within mainstream commodity supplies from emerging markets to the Netherlands and Western Europe.

In this way, IDH is working on the Millennium Development Goals for poverty reduction, sustainable environment, and an open trading and financial system. IDH forges enterprising coalitions between government agencies, companies, trade unions and social organisations. Sector by sector, IDH gathers forces together to jointly transform the market, and make sustainable production and trade the norm. The parties work on the entire supply chain in ambitious implementation programmes. IDH works on eight improvement programmes: tropical timbre, soy, nature stone, cocoa, tea, tourism, aquaculture and cotton.

Sustainable Food Laboratory



In 2004 the core group of 32 people from different sectors came together in a consortium that now counts 70 businesses and social organizations from four continents. Its mission is to accelerate the sustainable food trend from niche to mainstream by designing and

implementing innovations that make global food systems more economically, environmentally, and socially sustainable. Food Lab members have access to sustainability training, leadership development, case studies and off-the-shelf tools. Three grant funded clusters of supply chain projects aim at measuring and monetizing climate impacts, improving livelihoods in developing countries, and developing metrics to measure progress along all three dimensions of sustainability.



Australian chapter



David Koch Foster's Group

President of SAI Platform Australia

SAI Platform Australia experienced substantial membership growth in 2010 with numbers reaching 18. The Australian Chapter welcomed Graincrop, McCain, SunRice, Dairy Australia and Sugar Australia providing an expanded dimension of sectors in the Platform. This rapid growth speaks volumes for the interest in Director Global Procurement, agricultural sustainability amongst Australian agriculture, food and beverage corporations and interest in SAI Platform Australia's work.

A three-year strategic plan was developed over the course of 2010 and members were able to contribute their ideas to the future of the Chapter. Given the growth of the Australian Chapter, it was decided to consolidate the seven working groups split into sectoral and thematic areas into three more manageable, focused groups: Climate Change and Water; Customer and Consumer Demand; and Agricultural Production Systems.

The Chapter will now increasingly drive activities through these groups and focus on achieving tangible deliverables to ensure member benefits and a concentrated focus on improving agricultural sustainability outcomes. Activities the groups will consider include: field trips, pilot projects, guest speakers, seminars, summary reports and engagement with other organisations external to SAI to develop knowledge and implement practices on cutting edge issues. The three-year strategic plan is available at www.saiplatformaust.org.

Like every year SAI Platform Australia organized a Field Trip. The location selected was the Darling Downs, a major food-producing bowl of Northern Australia, and the theme of the trip was "Agricultural production systems and the potential to produce food for the future in the Northern States of Australia".

PILOT PROJECTS

Water Footprinting

The Australian Chapter's first collaborative pilot project report was released this year 'SAI Platform Australia water footprint pilot project: wheat, barley and oats grown in the Australian state of New South Wales'. This was funded by Nestlé, Fosters Group, Kellogg, Grains Research Development Corporation, Goodman Fielder, National Foods and Rural Industries Research Development Corporation. The report is available at www.saiplatformaust.org.

Social Resilience

A research project on social sustainability was commissioned during 2010 with the Birchip Cropping Group, a farmers group operating in a major grains producing area of Victoria that has been badly affected by drought and floods. The project engages directly with farmers to understand the factors that impact farmers' resilience and their ability to stay on the farm. The initial results of this will be presented at the SAI Platform Conference in March with the final report due mid 2011. Funding members were Fosters Group, Goodman Fielder, Nestle and Meat and Livestock Australia.

Members of SAI Platform Australia:









































Members of the SAI Platform



















































Affiliate Members



SAI PLATFORM







