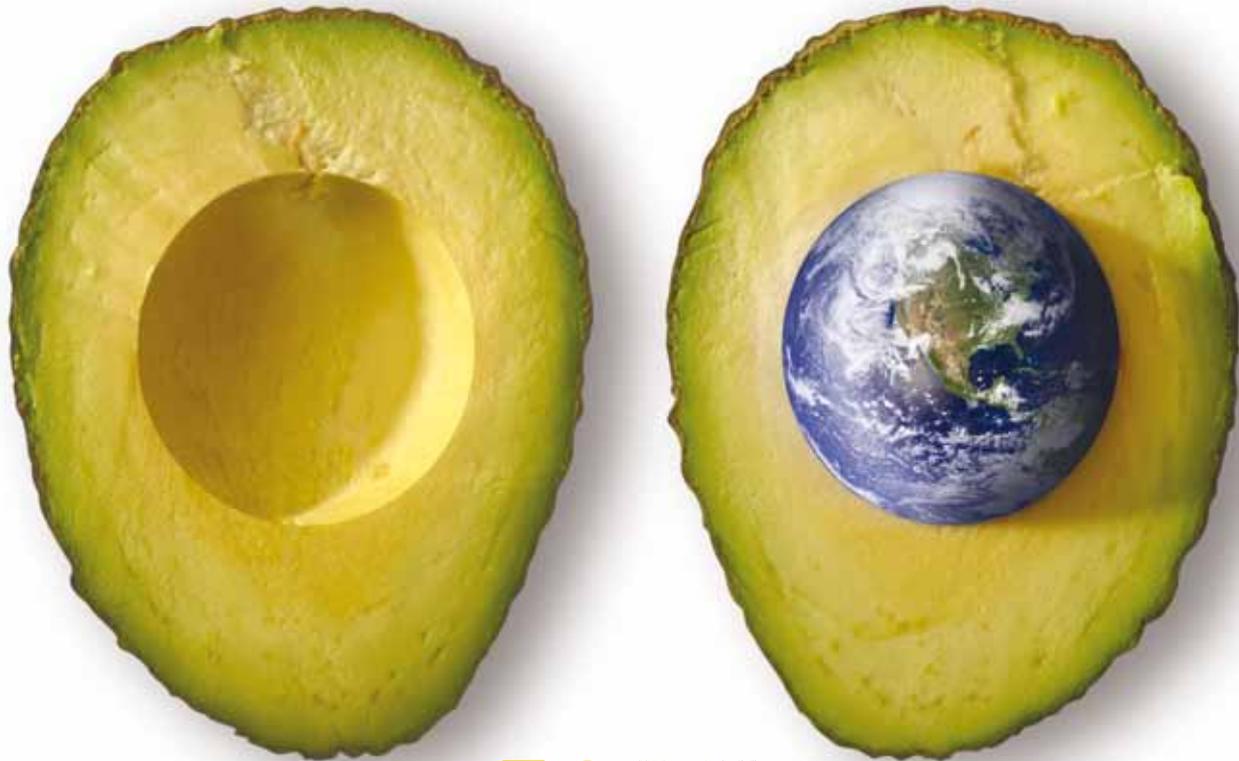


Sustainable Agriculture Initiative Platform

# ANNUAL REPORT 2011



THOUGHTS FOR FOOD



We started 10 years ago, convinced that the way the agriculture raw material we source is produced on farms has an impact on the future of both our planet and our businesses.

Thanks to the invaluable efforts and commitment of all SAI Platform members, the active collaboration of my colleagues of the

Executive Committee and the support of the Secretariat team, we have completed another very successful year.

Over 2011 our base expanded, adding 13 new members. We now have 40 members! We launched a new Chapter in Argentina. We carried out a strategy revision process, started at the last General Assembly in Parma, which aims to create our vision for the years to come: from defining principles and recommended practices towards their implementation. We also carried out the second phase of the Sustainability Performance Assessment project, also known as SPA, which involved benchmarking sustainable agriculture measurement tools. The Working Group on Sustainable Beef Production was established, with its very engaged members setting an ambitious agenda. The Working Group on Water developed a Water Impact Calculator, a simple and efficient tool to help farmers decide when and how to irrigate. We launched a series of well attended webinars and a seminar on soil health. We provided to our North American members at Rollins College, Florida, the Executive Training on Sustainability that we developed with IMD. We gathered a repository of more than 60 sustainable agriculture projects carried out by our members. And the list goes on...

Once again, the SAI Platform grew in size and recognition, a trend that has continued since its foundation back in 2002. Growth that confirms our *raison d'être* and, giving us the confidence of being on the right track, encourages us to do more in the years to come.

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



One of the largest beef companies in Europe, **Anglo Beef Processors** slaughters and processes 300.000 cattle per year in the UK, supplying retailers, manufacturers and caterers.



**Arla Foods** is a global dairy company and a co-operative owned by Danish, Swedish and German dairy farmers, selling under the brands Arla, Lurpak and Castello in more than 100 countries.



**Barilla**, a privately held company, is a major European food manufacturer, the world's leading pasta maker and flatbread producer, as well as leading seller of bakery products in Italy.



The role of **Bord Bia**, the Irish Food Board, is to act as a link between the Irish food, drink and horticulture suppliers and existing and potential customers throughout the world.



**INALCA**, part of the Cremonini Group, is the absolute leader in Italy in beef production and processing and one of the main operators in this industrial sector in Europe, exporting world-wide.

## New Members



The **Innovation Center for U.S. Dairy** provides a forum for the dairy industry to work pre-competitively to address barriers to, and opportunities for, innovation and sales growth.



The **OSI Group**, with more than 45 facilities in 18 countries, is a global leader in supplying value added protein products to leading foodservice and retail brands.



**Land O'Lakes** is one of the USA's premier member-owned co-operatives and a leading marketer of dairy-based food products for consumers, foodservice professionals and food manufacturers.



**Quality Meat Scotland** is the public body responsible for helping the red meat sector improve its efficiency and profitability, and maximise its contribution to Scotland's economy.



The **Livestock and Meat Commission for Northern Ireland** is responsible for providing services to the beef and sheep meat industry, supplying information across the supply chain.



**VION** Food Group, with its headquarters in Eindhoven (NL), is a global food company and is active in the fields of high-quality foodstuffs and ingredients for people and animals.



**Mars**, a privately owned company, is one of world's leading food manufacturers, producing confectionary, pet food and other food products. Among its brands: M&Ms, the Mars bar, Uncle Ben's, Whiskas.



**McKey** is a 100% subsidiary of Keystone Foods. Specializing in supply and distribution of meat products, it processes more than 40,000 tons of meat per year.

# Working Groups

## Dairy



**Didier Moreau**

*Environment and  
Milk Quality Director  
Dairy Division  
Danone*

The focus of the WG in 2011 was the development of appropriate indicators of Sustainable Dairy Production which, under the leadership of Kimberly Crewther, Fonterra, were aligned with other initiatives such as the SPA project.

The Working Group held in October an extremely well attended meeting in conjunction with the IDF World Dairy Summit, in Parma, Italy. The Working Group was asked to speak or facilitate industry discussions in a range of events and forums (e.g. Global Research Alliance on Green House Gas Emissions from Agriculture, Dutch GHG Database Initiative). These invitations are an important recognition that the work we do is of real value to the supply chain.

This year saw the Global Dairy Agenda for Action, of which SAI Platform is a Signatory and key role player, deliver a two year update on progress against its commitment.

Four new members joined: Arla Foods, Barilla, Land O' Lakes, and PepsiCo.

Activities planned for 2012: Cattle Welfare, Biodiversity, Water and a review of the 2009 Principles and Practices.

Active members: Arla, Barilla, Cayuga Marketing, Danone, DeLaval, Fonterra, Friesland Campina, General Mills, Innovation Center for U.S. Dairy, Kraft, Land O'Lakes, Mars, McDonald's, Nestlé, Novus, PepsiCo and Unilever.

The Chair - Sarah Paterson, Fonterra - stood down and the WG is now chaired by Didier Moreau, Danone, with Beth Sauerhaft, PepsiCo, in the Deputy Chair role.

## Beef



**Keith Kenny**

*Senior Director  
Supply Chain Europe  
McDonald's*

The Beef Working Group was established in 2011 with membership numbering 11 different organisations, eight of which are new to SAI Platform. The WG, under the Chairmanship of Keith Kenny, McDonald's, has been formed around the need for consistency in measurement of GHG emissions from beef production, in a similar vein to that already completed by the Dairy Sector. The WG is now a healthy mix of beef processing companies as well as farmer organisations who are both commissioning research in this area and communicating with the farming sector regarding opportunities in the environmental aspects of production.

At the request of the members, The Beef Working Group has developed a key working relationship with the retailers that is already demonstrating a valued alignment in the developmental phases of the GHG emissions calculation methodology.

Having undertaken a comparative review of existing methodologies, the WG now has a grasp of where alignment does or does not exist. The focus of the WG's work for 2012 is on addressing the areas of non alignment to establish the agreed methodology.

In addition, for 2012, the WG also plans to look at potential KPIs for Beef production based on the outputs of the agreed methodology and the initiation of the development of Principles and Practices for Sustainable Beef Production.

Active Members: Anglo Beef Processors, Bord Bia, LMCNI, Quality Meat Scotland, Land O'Lakes, Inalca, Vion, McDonald's, Nestlé, McKey, OSI and Unilever.

## Coffee



**Cornelia Kuhrt**

*Senior Manager  
Corporate Responsibility  
Tchibo GmbH*

The Working Group Coffee in 2011 identified the consistent measurement of green house gas emissions from green coffee production as an area of limitation towards sustainability. The group thus invested in research on existing work on green house gas measurement for coffee, as well as opportunities and challenges related to it. In March 2011, the Working Group joined forces with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to organise a multi-stakeholder consultation on this topic. A meeting was held at GIZ's headquarters in Eschborn, Germany, where 25 people participated from the whole coffee sector. General support was received towards

the launch of a global project aimed at developing a common methodology to measure green house gas emissions from coffee at farm level. The group took the lead in developing a project structure, governance and finance set-up, as well as identifying potential project partners with the aim to launch an official global project in early 2012.

Active Members: Illycaffè, Kraft, Nestlé, Tchibo, and Sara Lee.

The Working Group is now Chaired by Cornelia Kuhrt from Tchibo, who replaces Stefanie Miltenburg from Sara Lee.



# Working Groups

## Fruit



**Ernesto  
A. Brovelli, PhD**

*Senior Manager  
Sustainable Agriculture  
The Coca-Cola Company*

Ernesto Brovelli, Coca-Cola and Richard Heathcote, Heineken, are respectively the Working Group's Chair and Deputy Chair.

The WG co-sponsored two ambitious projects:

- the Water Impact Calculator, carried out by Icrisat in India [see box WG Water]
- the SPA project on the parts concerning fruit production. Three WG members also volunteered for the SPA steering group.

The WG held a webinar with UK's Natural Environment Research Council (NERC) to investigate the possibility of engaging in a "research club", delivering environmental science research for the agri-food industry.

The WG carried out the usual annual survey of priorities to be addressed, and subsequently the WG chose to focus the efforts of 2012 on the project: "How do we source sustainably?" which will focus on two crops, oranges and strawberries in five key producing regions of the world.

Active Members: Coca-Cola, Danone, Friesland Campina, Heineken, Innocent Drinks, Nestlé, PepsiCo and Unilever.

## Arable & Vegetable Crops



**Richard  
Burkinshaw**  
*European  
Environmental  
Strategy Manager  
Kellogg*



**Ian Hope-  
Johnstone**  
*Director  
Agriculture  
Sustainability  
PepsiCo*

The WG Arable & Vegetable Crops had three meetings and two conference calls in 2011. An important and valued topic in every meeting has been "show and tell", where members share developments in projects or other implementation issues.

A workshop in June around the hypothesis "Sustainable Farming Equals Profitable Farming" led to assigning a consultant to develop a tool to help farmers understand better how different input costs relate to a variety of revenues.

The WG contributed actively to the SPA projects and linked to other initiatives such as AIM Progress and GlobalGAP.

Finally, the WG has been the main sponsor of the Polish Initiative that has now been adopted by the Polish Food Federation.

Active Members: Agrarfrost, Agrotterra, Aviko, Barilla, CIO Parma, Farm Frites, General Mills, Heineken, Kraft, Kellogg, Lamb Weston Meijer, Land O'Lakes, McCain, McDonald's, PepsiCo and Unilever.

Richard Burkinshaw, Kellogg, and Ian Hope-Johnstone, PepsiCo, are the WG's Co-Chairs.

## Water & Agriculture



**Carlo Galli**

*Technical & Strategic  
Adviser  
Water Resources  
Nestlé*

December 2011 saw the completion of the 18 month project of the Working Group on Water and Agriculture in cooperation with ICRISAT: the development of a science-based but user-friendly Water Impact Calculator (WIC), to serve as a decision support tool for small and marginal farmers in North-West region of India.

In 2011, the WG also held a two days strategy meeting with key external expert groups, aimed at:

- Better understanding today's situation around water management at farm level, as well as what role key stakeholder groups play;
- Defining the ideal situation in which we would like to be in five or ten years;
- Identifying the role that the food industry can play to get there, in parallel with other stakeholder groups.

The outcomes of the meeting allowed the group members to re-focus their work, and concentrate on a few key activities and partnerships, which have potential for a higher impact worldwide.

Active Members: Coca-Cola, Heineken, Kellogg, Lamb Weston Meijer, McCain, Nestlé, PepsiCo, and Unilever.

Carlo Galli, Nestlé, took over from Sikke Meerman, Unilever, the role of Working Group's Chair.

### Water Impact Calculator project

The specific objectives of the project were two-fold:

- ▶ 1. Developing a user-friendly "Water Impact Calculator" (WIC), allowing producers to: enter data relating to their farm, quickly understand what the main water-related impacts are, and receive a set of best practices to mitigate these impacts in the most efficient way possible.
- ▶ 2. Testing and rolling-out the WIC on pilot sites.

The WIC was successfully tested at five experimental locations in Gujarat, Rajasthan and Andhra Pradesh. The water balance made by WIC in these experimental sites clearly showed that WIC based application of irrigation could save 30-40% of water compared to traditional calendar based irrigation scheduling. By extrapolation, the use of WIC could save at least 50-100 mm of water from one season in fully irrigated areas, which is equivalent to 500-1,000 cubic meters from one hectare of land. We further assess a water saving potential on a larger scale at approximately 2-3 million cubic meters from a 10,000 hectares watershed.



# Strategy Revision

## For a SAI Platform 2.0

In February the Executive Committee kicked off the revision of the strategy with a brainstorming session. At the General Assembly in Parma the membership was presented with a discussion paper on possible directions. The Assembly expressed the desire to become engaged in a wider consultation process on SAI Platform's future. A three stage process was designed:

1. Members consultation, 2. Develop options, 3. Evaluate & choose options.

Many members participated and the clear outcome was: focus on facilitating members to implement sustainable sourcing by developing a joint pre-competitive understanding.

In November the Executive Committee and the Chairs of the Working Groups met to discuss the final draft of the revised strategy document. This is a response to the need to further develop the unique pre-competitive collaboration we have created within the SAI Platform. The meeting agreed with the vision of

continued development of tools throughout the SAI Platform to facilitate individual members' implementation of sustainable agriculture.

The approach can be described as two pillars: one of compliance (with the recommended principles and practices) and the other of continuous improvement (by a joint framework of farm metrics and indicators to monitor progress); both supporting a roof of sustainable supply.



## Sharing success stories

Three years ago we “mapped out” 50 sustainable agriculture initiatives of our members – classified by commodity, sustainability issue and country. The document was a powerful tool for members to find out what their peers are doing and where, creating a network of contacts and experts that member companies could use for their business. Moreover, it was a great marketing tool to show members' efforts towards sustainability, and results achieved, to interested parties.

In 2011, we decided again to map out the sustainable agriculture projects

and activities of our member companies in a way that was even more useful:

- Over 60 projects have been compiled, illustrating how our sustainability principles and practices are implemented on the ground.
- For each project a thorough description of the objectives, activities and results (if already measured) is provided as well as supporting documents such as pictures, graphics and links to web pages where more information can be found.
- This list of projects is accessible to all on our website, and searchable by country, commodity, sustainability issue and keyword.

A different project is highlighted on our homepage every time one accesses it.



# Sustainability Performance Assessment (SPA) - Phase II

## Helping farmers and companies measure sustainability

In early 2010, SAI Platform members were looking for practical indicators and a tool to assess the implementation of our Principles and Practices (P&Ps) for sustainable agriculture. The reasons behind this were diverse: some companies wanted to measure the level of implementation of these P&Ps at farm level themselves; some companies wished to “join forces” to have one single evaluation system at farm level, to reduce the number of “checks” that farmers undergo when they deliver to several companies; and to provide practical evaluation tools for implementation of our P&Ps.

A first phase of the SPA project undertaken in 2010 produced a list and benchmark of existing sustainability indicators.

A second phase was launched in early 2011, aimed at fine tuning these indicators as well as benchmarking existing tools.

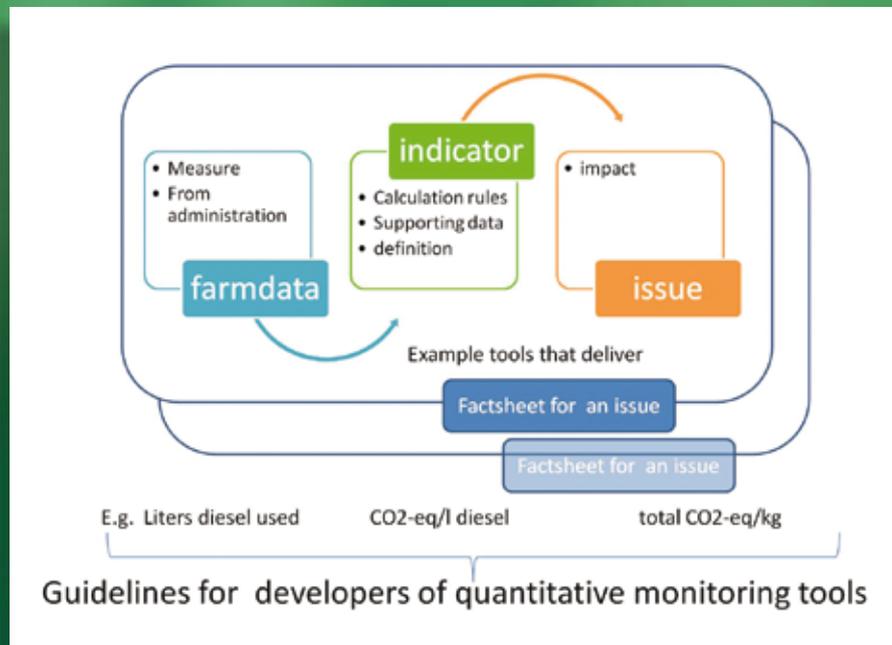
Phase 2 of the project delivered the following:

- A set of agreed farm data to be collected and key indicators to be used (including farm data such as energy use, organic matter as proxy for soil quality, and calculated indicators from tools such as greenhouse gas emissions calculated from input and management).
- A benchmark overview of the most promising calculator tools and data interfaces (like RISE, Keystone, Sympatica, Climate Yardstick, Muddy Boots etc).

This second phase, like the first one, was “steered” by volunteer member representatives. Over 20 people joined the Steering Committee. Furthermore, final results were discussed and agreed at a special seminar held in September 2011.

Participants in the September seminar agreed that the most promising route for our purpose was to add calculation tools on climate, biodiversity, water etc as separate modules to existing Farm Management Systems.

To that aim, SAI Platform decided to launch a third phase in 2012.



# Sustainability Masterclass

## SAI Platform - IMD Executives Training



Following the success of our 2009 and 2010 joint SAI Platform-IMD Executives Training sessions on How to Embed Sustainable Agriculture Strategies in Companies, we offered two new sessions in 2011:

- on May 3-4, we provided the training for the first time in North America. We held it at Rollins College, Winter Park, Florida.
- on June 6-7, we provided the training at IMD's training center in Lausanne, Switzerland.

Each time, procurement executives as well as managers from other functions such as Research and Development, and Human Resources, joined the seminar.

The first day of the Master Class helped them to:

- a) understand the business context that lends strategic relevance to sustainable agriculture as an issue and broker knowledge with leading experts
- b) build a business case for sustainable agriculture and exchange expertise with others managers while doing so
- c) learn from best practice examples.

A case study on Unilever's move to 100% sustainable tea in its Lipton supply chain was greatly valued by participants, as was a high level "knowledge brokering" session with inputs from Dr Jason Clay, Vice President for Market Transformation at WWF, Helen Van Heuven, Head, Market Transformation Initiative of WWF and Sabrina Vigilante, Director, Sustainable Value Chains, Americas & Asia Pacific at Rainforest Alliance.

The second day was also highly rated, with a very exciting and insightful game simulation focused on empowering managers to instigate change within their organization.

Participants at the end of the workshop were asked to rate each module: 5 = Excellent, 4 = Good, 3 = Fair, 2 = Poor and 1 = Very Poor. The overall value of the program was rated 4.20. Given this high score, we are going to explore ways to run it again in the USA and in other regions of the world in the coming years.



*"It was really great to spend a couple of days learning firsthand what SAI Platform has to offer. The class was terrific and I hope to make good use of some of the tools that were shared. It has been great for me to have this opportunity to begin gaining global perspective."*

Scarlet Sweeney, PepsiCo



*"The best General Assembly ever!"*

Tony van Leersum



# Seminars & Webinars

## Seminar on Soil Health



The seminar dealt with all aspects of soil health, soil management and the potential role for food companies.

Dr Chris Koopmans, Managing Director Agriculture at the Louis Bolk Institute showcased the Skylark project and explained the key learnings from this project.

Dr Bianca Moebius-Clune, Extension Associate in the Department of Crop and Soil Sciences at Cornell University, made three presentations ranging from the basics of soil health and the consequences of unsustainable practices to the overview of agriculture practices to maintain and improve soil health, and the presentation of Cornell's soil health test.

This seminar was commended by our members as one of the best we have had. The presentations were recorded on video which can be viewed or downloaded from our website.

## Webinars on Sustainability Tools



Measurement of sustainability in agriculture has become crucial. Many tools have been created, some are well known, some less so. Our webinars give the developers an opportunity to present their tools and allow our members to interact with them.

1. "Everything you always wanted to know about LCA, but were afraid to ask" Phil J Mckeown, Unilever, explained the basics of Life Cycle Assessments.
2. Don Jansen, Sara Lee, presented "SIMPATICA", a software to register and analyse crop management
3. Sarah Stokes Alexander, The Keystone Center, presented the Field to Market Alliance's online Fieldprint Calculator
4. Jan Grenz, from the Swiss College of Agriculture presented RISE, Response-Inducing Sustainability Evaluation
5. Emma Keller and Klaas Jan Van Calker, of Unilever presented the Cool Farm Tool.

## SAI Platform General Assembly 2011, Parma, Italy

The SAI Platform members met in the wonderful setting of the food valley of Parma, hosted by fellow member CIO Parma. Among the many participants were five observers, four of whom have become members.

An important part of the meeting was the discussion on the "SAI Platform Vision", a document produced by the Executive Committee that will lead to a SAI Platform 2.0. The GA program included an "inspirational session", where

selected members with ambitious programs and positive experiences in sourcing or producing sustainable agriculture raw materials presented to their colleagues what they do to "inspire" them.

The GA ended with a field trip to a Parmigiano factory and a tomato field.



## SAI Platform Chapters

**ARGENTINA** Argentina is a large and growing producer of agricultural products. On May 30 in Buenos Aires a scoping meeting was hosted by Adolfo López Rouger, CEO of McCain Foods South America. On August 23 the Argentinean Chapter was officially launched with a symposium attended by founding companies and other interested members as well as the Agricultural Department, NGOs and the University of Buenos Aires. The action program is currently being further developed. The local chapter is lead by Miguel Hernandez.



**AUSTRALIA** The Australian Chapter organized a very well attended international conference "Agriculture Sustainability, It's Good Business Sense". The Australian Minister for Agriculture Joe Ludwig gave the official opening speech to more than 100 delegates in Canberra on March 17. The Australian Chapter manager Selwyn Heilbron says: "Who could have imagined this four years ago when sustainability was a nonexistent word in our country?" The whole food value chain, Government representatives, NGOs and trade organizations all appeared on stage.



In October, the Australian Chapter also organized a successful Field Trip "Towards Sweet Sustainability Success" with the primary objective to gain knowledge of agricultural production systems of sugar and beef in the Herbert and Burdekin Regions of Northern Queensland. The field trip provided an outstanding opportunity for members to understand cutting edge agricultural sustainability initiatives being undertaken within a regulated environment in close proximity to the Great Barrier Reef.

**POLAND** On September 14 the SAI Platform organized a very well attended kick off meeting in Warsaw, Poland aimed at building local capacity for sustainable agriculture. The meeting, the result of a unique collaboration with GlobalGAP, brought together food & drink companies and retailers to discuss the shape and form of a Polish initiative. The Polish initiative was adopted by the Polish Food Federation in December. The Polish Food Federation has set up a special working group for sustainable agriculture, based on SAI Platform's Principles and Practices.



## Cooperations and partnerships

### Global Dairy Platform (GDP)



GDP is an international non-profit organisation that provides direction and drive to the dairy industry. Its members are leading dairy corporations, cooperatives and associations. 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.

### International Dairy Federation (IDF)



IDF is the pre-eminent source of scientific and technical expertise for all stakeholders of the dairy chain. 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.

### Dutch Sustainable Trade Initiative (IDH)



The mission of 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. 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.

### 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.

## Advisory Council



- **Chris Brown**  
Head of Ethical and Sustainable Sourcing  
Asda



- **Jason Clay**  
Senior Vice President Market Transformation  
WWF



- **Andrew F. Seidl**  
Head, Global Economics & Environment Programme  
IUCN



- **German A. Vegarra**  
Global Head Agribusiness & Forestry  
IFC



- **Tony Worth**  
Chairman  
EISA

## Honorary President and Ambassadors



**Hans Jöhr**  
*Corporate Head of  
Agriculture  
Nestlé*

In order to foster the network of people that contribute to sustainable agriculture, the last General Assembly has endorsed the idea to appoint an Honorary President and to establish a group of Ambassadors, to be chosen among people closely tied to the SAI Platform.

Hans Jöhr, Corporate Head of Agriculture, Nestlé, is the present Honorary President.

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.

Ambassadors of the SAI Platform are: Jeroen Bordewijk, Tony van Leersum. They both have served respectively as SAI Platform's first President and Vice President.

## Financials

### Balance sheet as of December 31, 2011

#### ASSETS

CURRENT ASSETS	€ 451.595
FIXED ASSETS	€ 0
TOTAL ASSETS	€ 451.595

#### LIABILITIES AND MEMBER'S FUNDS

CURRENT LIABILITIES	€ 202.510
MEMBERS' FUNDS	€ 249.085
TOTAL LIABILITIES AND MEMBERS' FUNDS	€ 451.595

#### PROFIT AND LOSS ACCOUNT FOR THE YEAR 2011

TOTAL INCOME	€ 582.476
TOTAL EXPENSES	€ 489.622
PROFIT FOR 2011	€ 92.854

MEMBERS' FUND BALANCE 2010	€ 156.231
PROFIT FOR 2011	€ 92.854
MEMBERS' FUND BALANCE END 2011	€ 249.085



*The Financial Statements (balance sheet, income statement and notes) of the SAI Platform for the year ended December 31, 2011, have been audited by DAO Financial Experts Sarl, Geneva, Switzerland.*

# Members of the SAI Platform



## Affiliate Members



[www.saipatform.org](http://www.saipatform.org)