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# CSR REPORT 2014/15

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## INGLEBY FARMS & FORESTS APS

Slotsgade 1A, 4600 Køge - CVR no. 35 86 80 62





INGLEBY FARMS & FORESTS APS - CSR REPORT 2014/15

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# VISION & VALUES

**Our vision is to be leading farmers worldwide,** where we farm to feed the world, but also to protect and enhance the environment for future generations.

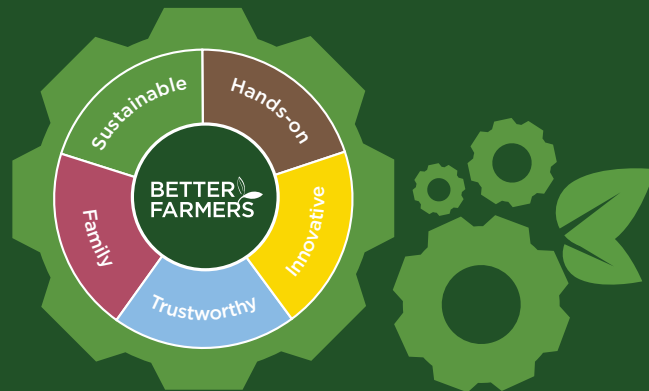
We want to combine the best practical, ethical and scientific know-how with good leadership and organisation.

We want to be **BETTER FARMERS.**

## OUR VALUES

Our values were found by asking our team to describe Ingleby in one word, and to describe our core values. The answers were many and diverse, but five words stood out.

We actively use our values in the daily management and through workshops, events and discussions.



**Hands-on** We are hands-on farmers and we spend most of our time in the fields caring for our crops and livestock.

**Innovative** We combine the best of practical, ethical and scientific know-how with the latest technology to constantly be one step ahead.

**Trustworthy** We respect rules and regulations, and behave as good citizens.

**Family** Family values are an integral part of our farming operations and daily life.

**Sustainable** We believe in sustainable farming. This means protecting people, nature and profits in the long term.

## CHAIRMAN'S STATEMENT

**Ingleby Farms & Forests ApS is a global agriculture and forestry company**, based in Køge. It is the holding company for all Ingleby farms worldwide.

Ingleby's goal is to manage a portfolio of wholly owned agricultural land and forests for the long term.

Through professional, in-house management the company shall be profitable while at the same time comply with high environmental standards.



CARL-GUSTAF WACHTMEISTER  
Chairman

Due to varying weather conditions and soil qualities, we have diversified our land acquisitions geographically across four continents: Europe, North America, South America and Australasia.

We seek land from a financial, environmental and social perspective to achieve a holistic and natural production potential. The fertile soils are our assets. Our teams are our means of success.

After a major expansion, Ingleby is now entering a growth phase. To produce healthy food with less input is now the most important task. Today, Ingleby produces food for more than 590,000 people annually without being a dominant actor in any of our markets.

We believe that agriculture can feed the world's growing population and we are proud of our contribution that is based on science and best practice.

Our mantra is BETTER FARMERS and we build our business from the bottom in a family business organisation. Our worldwide teams are aware of how important the task is to produce food for a growing population, not only for today, but for the years to come.

On behalf of the Board, I thank all Ingleby teams for the outstanding work during the past year.

A handwritten signature in black ink, reading 'Carl-Gustaf Wachtmeister'. The signature is stylized and fluid, with a large, sweeping 'A' at the end.

Carl-Gustaf Wachtmeister  
Chairman

## COMMUNICATION ON PROGRESS

**This is Ingleby Farms and Forests ApS' first Communication on Progress** for the United Nations Global Compact.

The report covers the period from 1 July 2014 to 30 June 2015.

Corporate Social Responsibility is an integral part of our farming practices and by making this information publicly available, we hold ourselves responsible to the world.

To our stakeholders:

We are pleased to confirm that Ingleby Farms and Forests ApS reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this our first annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to share this information with our stakeholders using our primary channels of communication.

Yours sincerely,

31 December 2015



Hans Henrik Koefoed  
Chief Executive Officer



Mette Duedahl Høyer  
Chief Sustainability Officer



HANS HENRIK KOEFOED  
Chief Executive Officer

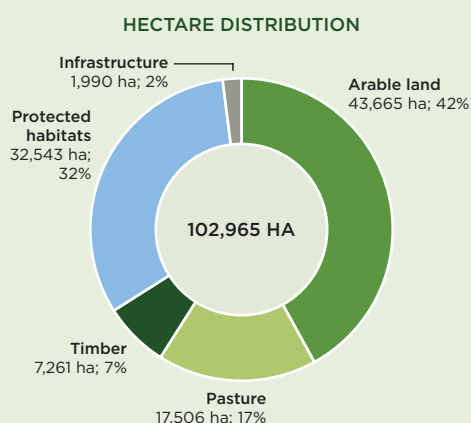


METTE DUEDAHL HØYER  
Chief Sustainability Officer



## Our hectares

- > As of 30 June 2015, Ingleby totals 102,965 hectares worldwide.
- > We have 32,543 hectares in protected habitats. 16,890 hectares are natural grasslands in Uruguay. The remaining areas are our legally protected habitats as well as non-farmable land such as ponds, wetland, woodland, mountains and other geological formations etc.
- > The 7,261 hectares classified as timber are our forests in Romania. The forests consist of mixed hardwoods, mostly beech and oak.



## WHAT GET MEASURED, GETS MANAGED

Since 2010/11, we have produced internal sustainability reports for all our countries. We monitor and record our water quality, vegetation cover, biodiversity, accidents and near misses, animal health and welfare, and soil quality in terms of organic matter content, nutrient stocks, depth and structure.

We record our inputs such as fertilisers, chemicals, veterinary medicines, and so on, as well as how efficiently we use these inputs. And, of course, we measure our harvests and yields.

We quantify all these indicators, so we can produce traceable, wholesome food. But more profoundly, we do it to create evidence-based feedback loops between how we farm, and how our farms fare.

## GROWING FOOD

We believe that good farming can both feed the world and protect the environment. To keep up with the growing human population, more food will have to be produced world-wide over the next 50 years. As a trend over a 10-year-spectrum, we want to increase our yields per hectare by 1% per year.



Inspecting the soil, Romania. Photographer: Mette Bøgeløv Erichsen





Our share of the world food production totals 541,000 million calories. This can feed more than 590,000 people for an entire year based on an estimated daily calorie need of 2,500 per person and provided that our products represent the recommended mix of carbohydrates, protein and fats. Calculated by hectares, we can feed one person one year on 0.13 hectares of land.

## OUR SOILS

Good soil, together with our human resources, are our most important assets. As long-term land owners, our goal is to improve the quality of our soil every year. This is, however, a very slow process, not easily recorded in an annual CSR report.

Our soil fertility status is measured in five-year intervals. It is our long term goal to improve the top soil layer by 2 mm a year. In 2030, we want to achieve an improvement of 30 mm. So you can say that Ingleby grows both crops and soils.

Improving our soils through good soil husbandry is key. We do this by leaving sufficient crop residues on the ground, using cover crops and minimum tillage, healthy crop rotations, and livestock manures where available and cost effective. We also use contour ploughing, nutrient inputs to avoid depletion, non-chemical weed controls, satellite-guided input applications and tractor-wheel path tracking.

We accept that in diversifying our crop rotations, we produce fewer calories, with a potentially lower income, provided that these crop rotations are more advantageous for our farming system and soil health over the long-term

## OUR ANIMALS

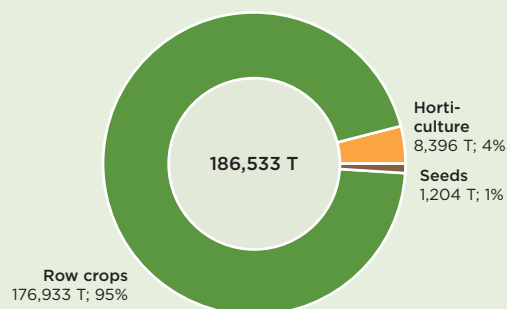
We care for our animals' health and comfort in how they are fed, housed, kept occupied, medicated, handled and transported. Ingleby livestock are free range and we will not venture into intensive livestock farming.

We aim for balanced breeding that supports the health, feed efficiency, and welfare of our animals.

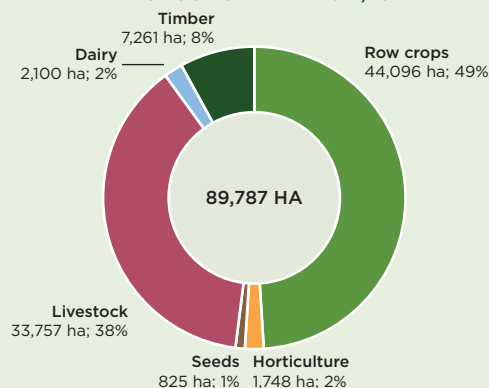
## Our crops

- > Our total crop production reached 186,533 tonnes in 2014/15, equalling 4.5 tonnes crop per cropping hectare.
- > Our main row crops are corn, soya and wheat. Other row crops include barley, canola, sorghum, sunflower and rye as well as beans, fodder crops, oats, potatoes and peas.
- > Our seed production includes carrot, clover and grass seed.
- > We also produce a wide range of horticulture crops. These currently include blueberries, broccoli, table grapes, onions and pistachio nuts. We have recently begun growing avocados and will have our first substantial harvest in 2017/18.
- > We test potential horticulture crops such as stevia, organic bananas, kiwifruit, quinoa and cacao.

CROP PRODUCTION 2014/15



PRODUCTION AREA 2014/15



The row crops area includes 5,310 hectares of second crops. Second crops are grown in the same year after another crop in the same field.



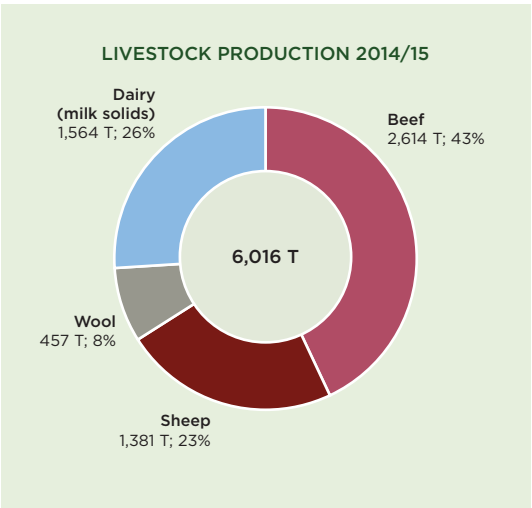


# Our livestock

- > We raise more than 115,000 sheep, 28,000 cattle and 3,500 dairy cows. All our livestock are grass-fed on pastures.
- > Our main sheep herds are crossbreeds of Perendale, Romney and Finnsheep.
- > Our main beef cattle herds are Aberdeen Angus. A hardy and light cattle with good fertility and growth rates.
- > Our dairy cows are Holstein Friesian, which are the world's highest-producing dairy cows.

We use rates of reproduction and mortality as key indicators of animal welfare. We aim for a reproductive efficiency of 90% for calving and 135% for lambing by 2018/19. For our dairy cows, we include other factors, such as body condition score and disease incidence in the herd.

We monitor our use of pharmaceuticals to ensure healthy, balanced livestock production systems according to the mantra: as little treatment as possible, but as much as necessary.



Sheep grazing at Mt Elephant, Australia. Photographer: Øjvind E. Krabbe



Pistachio trees with drip irrigation and cover crops between the rows to utilise excess fertiliser, USA. Photographer: Gary R. Smith

## CLIMATE AND RESOURCE USE

Agriculture is highly dependent on climatic conditions. Climate change scenarios showing increases in temperature from rising atmospheric carbon dioxide (CO<sub>2</sub>) can be beneficial for some crops in some places if nutrient levels, soil moisture, water availability, and other conditions are also met.

Changes in the frequency and severity of droughts and floods could pose challenges for us as farmers. Overall, climate change could make it more difficult to grow crops and raise animals in the same ways and places as we have done in the past. Therefore, it is vital we are able to adapt to climate change.

At the same time, agriculture produces and releases significant amounts of greenhouse gases such as CO<sub>2</sub>, methane, and nitrous oxide that can contribute to climate change. As managers of large surface areas, we as farmers have a direct effect on climate change if altering land cover, which can change the Earth's ability to absorb or reflect heat and light.

The primary use of water in the world is for food production, accounting for at least 70% of all fresh water withdrawals. Currently, only 17% of all global cropland is irrigated but this accounts for 40% of the total value of global crop production.

## Our policy

We are aware of the consequences climate change can pose on us as farmers, and the effect we have on greenhouse gas emissions. We therefore follow an ethic of cautious consumption of energy, fertilisers, water and other inputs, and methods of applying them that avoid negative environmental consequences.

We aim for green sources of energy. We choose environmental and social strategies that also enhance yields, soil productivity, animal production and animal health.

We use water efficiently and cleanly. To produce more 'crop per drop' we use the best irrigation systems, avoid unnecessary water-use and recycle water where possible.

We maintain fertile and well-structured soils with optimum amounts of air, water, nutrients and biological activities.

## Our goal, and what we do

We use the most energy efficient technologies. We pursue alternative energy sources according to their regional suitability and their aesthetic qualities. When we can, we cooperate with



neighbouring farms or communities to produce alternative energy.

On each farm we monitor weather conditions on a daily basis that will provide us a long-term weather database to help deal with changing and highly variable climates.

We monitor energy use to help us progress into more efficient and environmentally sound systems of production.

CO<sub>2</sub> emissions are calculated from the energy used: electricity, diesel, gasoline, propane and natural gas. We also include emissions from agricultural inputs such as fertilisers and pesticides. We do not include biological sources or sinks, e.g. emissions from livestock. On the other hand, we do not include carbon dioxide sinks such as our forests, plantations and natural grasses.

We follow the development of a possible international consent on calculation methods for biological sources and sinks. If such are agreed upon, we will use them in future CSR reports.

We aim for increasing efficiency in using the fertilisers added. The higher the uptake of fertiliser in our crops, the less fertiliser is lost that can cause build-up of nitrates or eutrophication in the aqueous environment. At the same time, we reduce the amount of unused nitrogen that

volatilises in the form of the nitrous oxide, N<sub>2</sub>O, a powerful greenhouse gas.

We aim to use water efficiently and cleanly. To produce 'more crop per drop', we will use the best irrigation systems, avoid unnecessary water-use and recycle water where possible. For this reason, we invest in state of the art irrigation systems that are highly efficient and help conserve water.

As a trend over a 10-year spectrum, we want to improve our energy efficiency by 2% per year and fertiliser use efficiency and water use efficiency by 1% per year.

## Outcome

### Fertiliser use

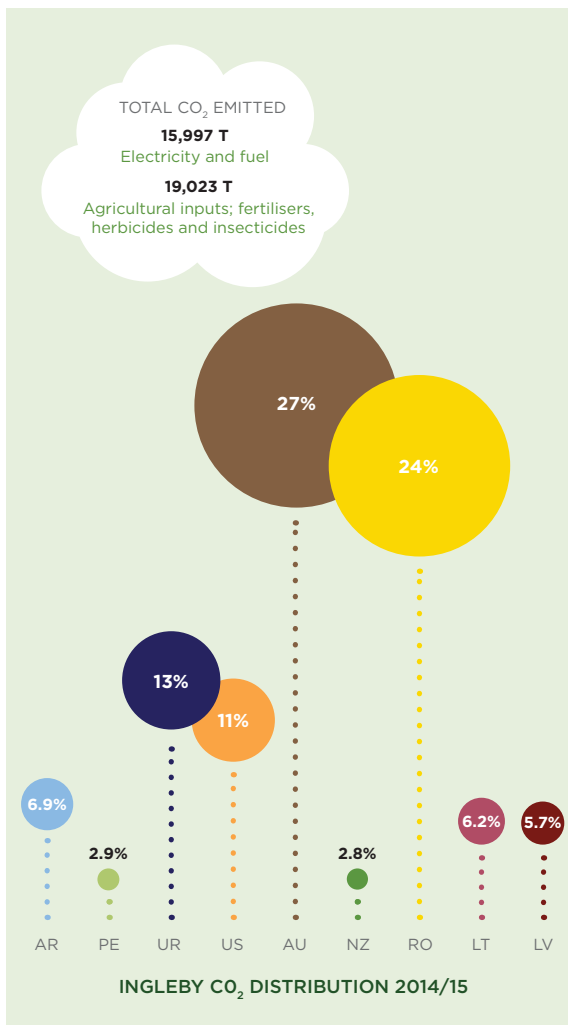
Ingleby's use of inorganic fertiliser increases over time due to increasing hectares, as well as the fact that we are intensifying some of our crop production systems and adding more high-value products.

Our total fertiliser use is approximately 65 kg Nitrogen per production hectare. Our Nitrogen use efficiency reached 43 kg crop produce per kg Nitrogen used.



Dairy cows grazing on irrigated pasture, Tasmania. Photographer: Mark Miers





### Water use

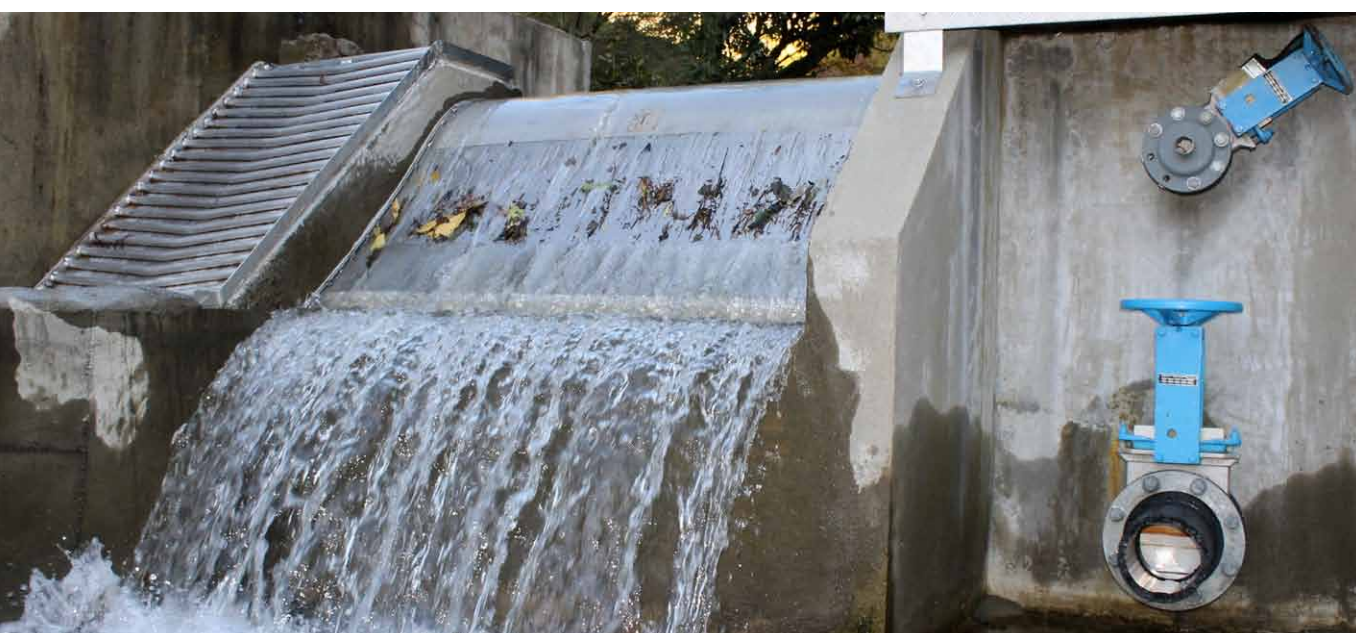
We irrigate 10% of our arable area. We irrigate crops in the US (pistachios), Tasmania (annual crops and dairy pasture), Uruguay (annual crops) and Peru (horticultural crops). We are increasing the irrigated area and expect to reach 5,645 irrigated hectares in 2015/16. We do this to ensure higher and more stable yields and to increase fertiliser-use efficiency.

### Energy use

In 2014/15 we have used 168,885 GJ in total on all our farms. This equals 2.0 GJ used per hectare, and also a production of 1.2 tonnes output per GJ.

Soil improvements in Romania, major land development in Peru, expanding dairy production in Tasmania as well as increased irrigation in Tasmania, Peru, the US and Uruguay all contribute to the energy use. Irrigation pumping especially requires a large amount of energy. Once the drastic development has stabilised, we can strive to achieve higher energy efficiency.

Where locally available, we use renewable energy. We put up solar panels where it makes sense. In New Zealand we have built a small hydropower plant that will offset the energy use of all our New Zealand farms.



Hydropower plant weir, New Zealand. Photographer: Read Lougher



Lake at San Ignacio, Argentina. Photographer: Robin Begg

## ENVIRONMENT

A living farm landscape is crucial to every aspect of agriculture, including soil and water quality, and crop and animal health. While we are efficient farmers, we are also stewards of vast tracts of land.

### Our policy

We take initiatives to promote greater environmental responsibility, and we encourage the development and diffusion of environmentally friendly technologies.

### Our goal, and what we do

We protect and encourage native, diverse, threatened, and ecologically important species as well as their habitats and ecosystems. We actively promote biodiversity on non-agricultural land and we do not clear any forests for farming purposes.

We aim for varied landscapes on each farm. Our goal is that by 2018/19, 10% of each farm's area is in natural habitats.

We plant thousands of trees on our farms, primarily native species in the open landscape.

We also plant gardens, hedges, headlands, alley trees, copses and orchards.

Freshwater biotopes provide biodiversity on our farms. We have decided to allocate 1% of each farm's area to water bodies by 2018/19. Alongside this, we protect the farm waters from fertilisers, chemicals, sediment and animal waste by establishing unfarmed buffer strips.

We monitor birds on our farms as indicators of biodiversity. Evidence suggests that a network of sites selected as important for birds will capture a general biodiversity status and that birds are a very useful (although still imperfect) indicators of species richness. Changes in bird populations can also provide a useful indication of broader environmental change.

Furthermore, we are in the process of mapping all Ingleby areas, including protected habitats and non-cultivated areas in our Ingleby Geographic Information System, INGIS.

## Outcome

### Habitats and ecosystems

We protect 32% or 32,543 hectares of our land as conservation easements or nature reserves. Some of this land cannot be farmed: geological formations, steep slopes and gullies. But most,



Natura 2000 area, Romania. Photographer: Hans Henrik Koefoed

we deliberately protect from farming: wetlands, river fronts and lake sides, wild grasslands, wild-woods and native bush. Local conservationists help us care for these set-asides.

16,890 hectares are natural grasslands in Uruguay. We protect these natural grasslands by not applying lime or fertilisers, and we do not plant grass seeds or plough. Cattle grazing the land are an integral part of its conservation.

Over the years, we have planted more than 1.1 million trees on our farms and we also stimulate natural revegetation. When planting, we promote native plant species that pollinators feed on to achieve a continuous supply of feed for our pollinators over the entire season.

Our goal of 10% of natural habitats is reached at the worldwide level, but not on a farm level. We constantly work to achieve this for each farm.

### **Water bodies**

So far, 2.2% of our total land area is in water bodies, defined as rivers, streams, springs, ponds, artificial canals and ditches as well as artificial water reservoirs. We currently invest in constructing ponds and wetlands to reach the goal on a farm level.

### **Ingleby formal protection areas**

We distinguish between Ingleby protected areas and formal protections. Formal protections are when we have a land title covenant on the area, whereas Ingleby protected means we internally decide to map and protect an area.

In Romania, we have 7,261 hectares of forests. We manage these forests to the highest environmental standards. 338 hectares are under Protection Class 2A, which defines areas where only thinning is permitted. 427 hectares are under the NATURA 2000 scheme, where logging is permitted, but we take special precautions for flora and fauna. A further 2,831 hectares are defined as a “silent area” where hunting is prohibited.

In Tasmania, we protect 21 hectares under the Nature Conservation Act 2002, primarily to protect the endangered Shiny Grasstree (*Xanthorrhoea bracteata*). We have also placed a land title covenant on 40 hectares of endangered natural coastal vegetation.

In New Zealand, we legally protect 864 hectares of temperate, virgin native bush under an Open Space Covenant with the Queen Elizabeth II Trust (QEII). QEII covenants protect areas in perpetuity.



## LABOUR, GENDER AND HUMAN RIGHTS

In agriculture, we operate in an environment that often involves potentially hazardous situations. Especially, handling livestock and large machinery possesses risks. Thus, farming calls for professional employees, who never compromise on health and safety, and who thrive on challenges and responsibilities.

### Our policy

To ensure a good work environment for our team members, we support internationally recognised labour standards and human rights, as well as offer continuous training and development.

In many countries, farming is a male dominated profession. However, we are equal opportunity employers, and we want to create equal and fair working atmospheres welcome to all.

### Our goal, and what we do

We support and respect internationally recognised labour standards and human rights and we are not complicit in any human rights abuses.

We fulfil our legal obligations and offer reasonable terms on pay, pension, sick leave, holidays and notice periods.

We oppose all forms of discrimination, and recruit employees regardless of colour, race, gender, nationality, religion, sexual orientation or other personal diversity indicators.

We monitor the gender ratio of the Ingleby teams worldwide. Our target is to increase the proportion of the underrepresented gender in our workforce so it reaches at least 40% by 2025. Women are currently underrepresented.

For the senior management team and the Board of Directors, it is our goal to always achieve gender diversity.

We actively search for female candidates, who want a career in farming or forestry. To ensure a robust pipeline of talent for management positions, we offer training to both female and male employees and we encourage and support women to increase their qualifications and apply for management jobs.

We want to have skilled, motivated farm teams. We encourage our teams to acquire new skills. We monitor how much training our employees receive. Our goal is that 2% of the annual



Harvesting table grapes, Peru. Photographer: Hans Cogne

working hours should be spent on training by 2016/17.

We uphold the freedom of association and the effective recognition of the right to collective bargaining. We do not use any form of forced and compulsory labour, and we do not use child labour.

We focus on creating a working environment where safety has the highest priority. We want safe and healthy workplaces and follow up on all accidents and near misses on the farms to promote a culture of no accidents.

We encourage family farming with families living on our farm.

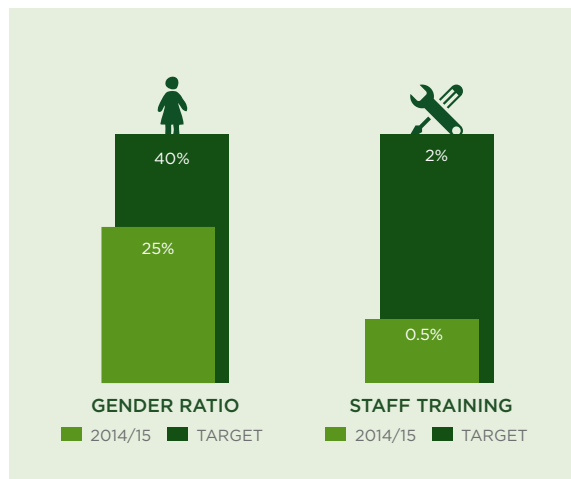
## Outcome

As of 30 June 2015, we have 1,053 full-time employees worldwide of more than 11 different nationalities. The majority are employed in Peru.

31% of our farm hubs successfully completed the year with no recordable injuries, while 50% had no lost workdays. In 2014/15 we had a total of 67 minor accidents on our farms and no fatalities.

We continuously provide safety training for all our teams and we analyse where accidents occur. As a result of this, we have decided to phase out our use of All Terrain Vehicles (ATVs) due to the risks related to these.

By the end of 2015, a total of 13% of our senior management team were women, and our Board of Directors includes members from both genders.



Gauchos herding cattle, Uruguay. Photographer: Robin Begg



Chestnut Seedeater (*Sporophila Cinnamomea*) - globally threatened Red Data species at La Rinconada, Uruguay. Photographer: Mark Pearman

## ANTI-CORRUPTION

We strive to do business in a fair and ethical manner worldwide, and we work against corruption in all its forms, including extortion and bribery.

### Our policy

We abide by our Ethical Policy, our Anti-Money Laundering & Anti-Corruption Policy and our Supplier's Code of Conduct. Together, these constitute our Code of Business Conduct.

Our Ethical Policy is based on our business values and legal compliance, and applies to all Ingleby team members, officers and directors.

We also have a Whistleblowing Policy. We encourage all team members and business partners to report suspected breaches of our Code of Business Conduct. This includes violations of the law, suspected unethical conduct, financial and legal compliance or human rights abuse.

### Our goal, and what we do

All our employees must sign our Ethical Policy as an attachment to their employment agreement. They are also informed of our Anti-Money

Laundering & Anti-Corruption Policy, as well as our Supplier's Code of Conduct.

We require our employees, customers, suppliers and all other business partners to comply with the expectations and standards of the Ingleby Code of Business Conduct. We also encourage them to report any violations. We investigate all submissions thoroughly, take appropriate actions and report any breaches to the Ingleby Board of Directors. We ensure that there is no retaliation against persons who report alleged breaches of the Code of Business Conduct.

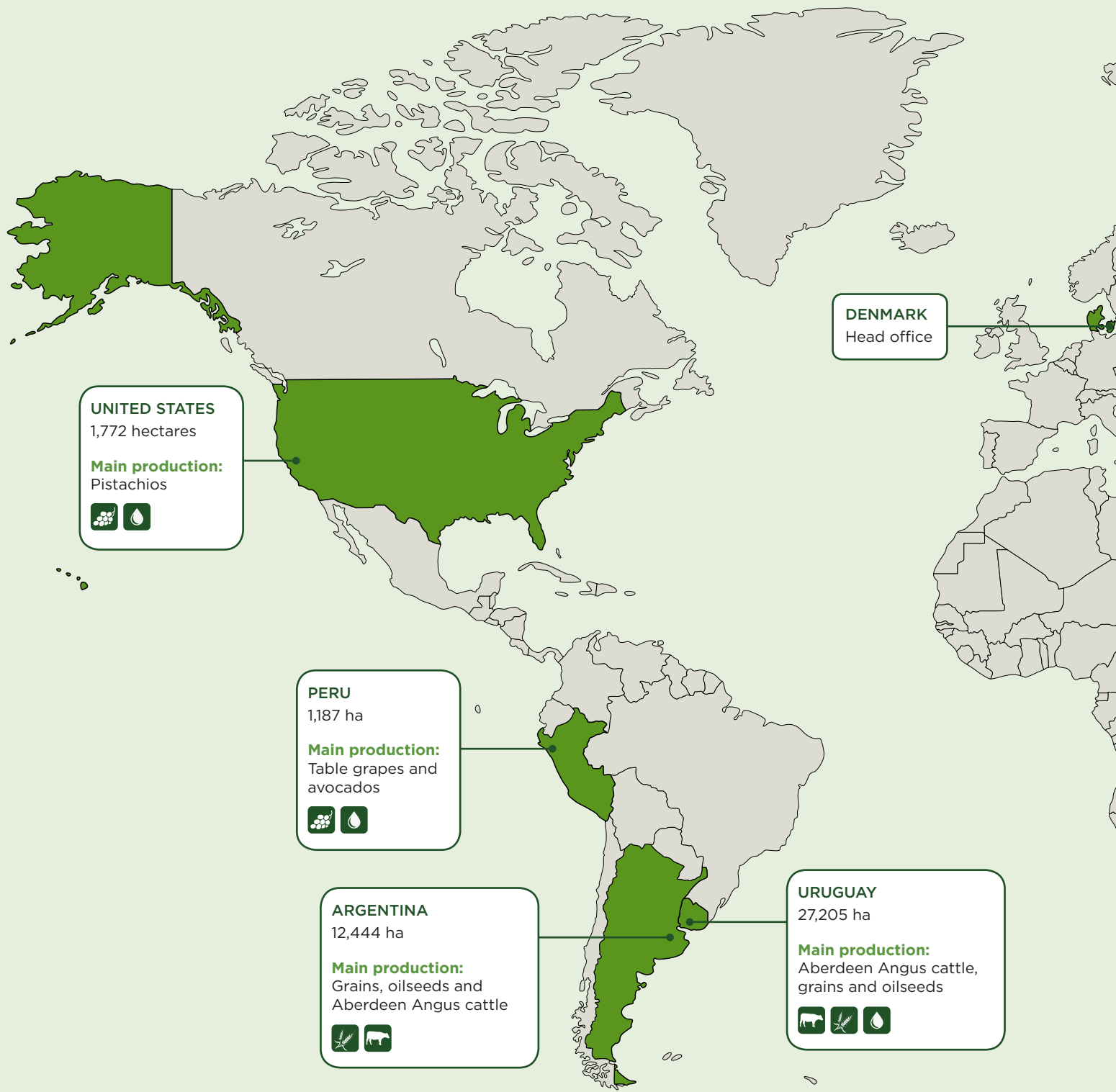
We operate with zero tolerance towards breaches of our Code of Business Conduct.

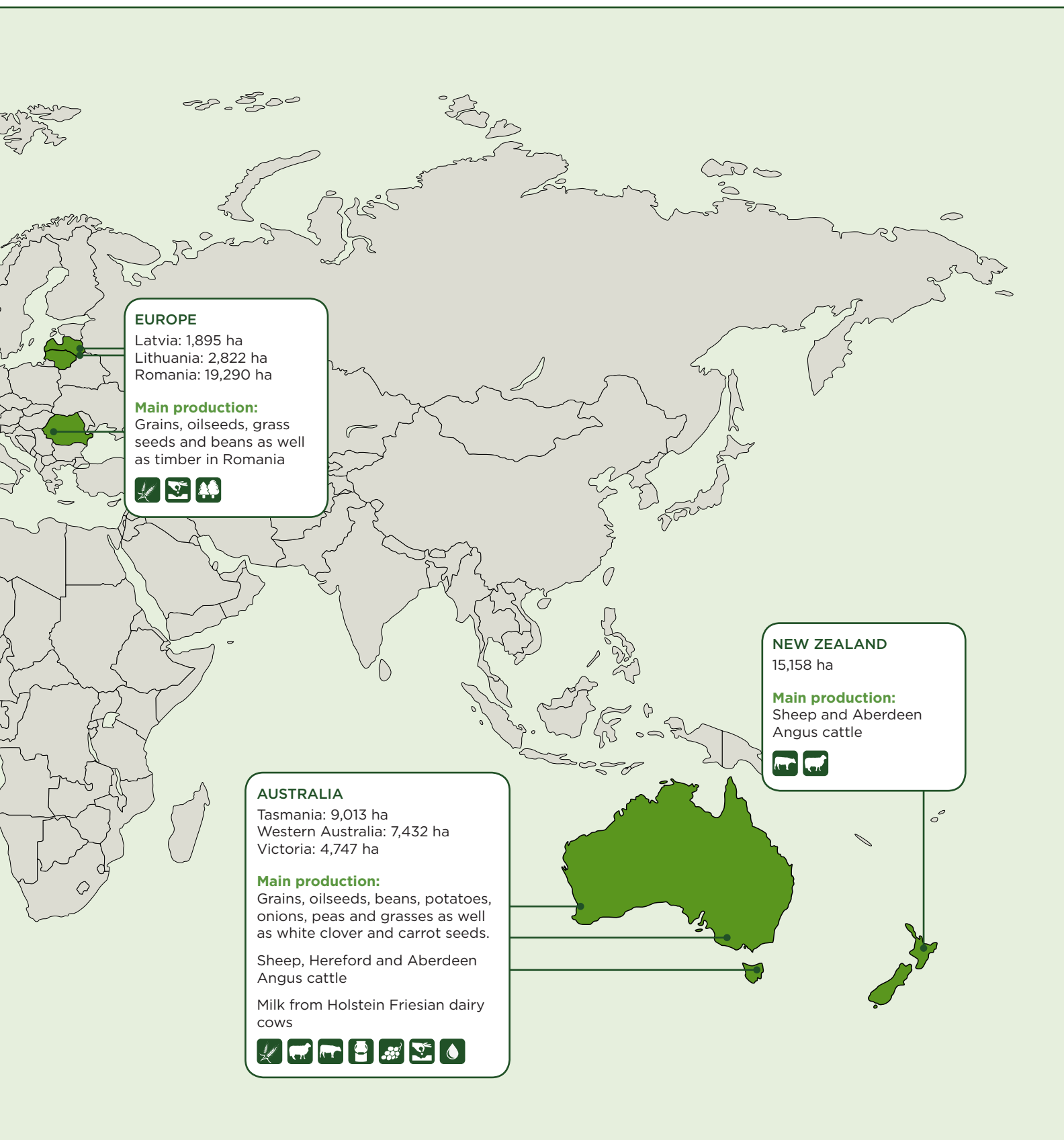
### Outcome

We monitor our compliance each year in the country sustainability reports. The continuous focus on compliance ensures that everyone knows it has high priority within Ingleby.



# INGLEBY WORLDWIDE







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