

COFCO Agri 2015 Sustainability Report & UNGC Communication on Progress

6/24/2016



COFCO AGRI

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CEO Message (GRI G4-1)

I am pleased to confirm COFCO Agri's support of the UN Global Compact and its 10 principles on human rights, labour practices, environmental protection and anti-corruption.

Since joining the UN Global Compact in 2014, we have been integrating the 10 principles in our business strategies and daily operations.

At a time of increasing socioeconomic instability, environmental challenges and climate change, all companies must play a role in creating a business environment that promotes sustainability. As a multi-flag global agri-business, our position in the value chain and the scale of our operations present great opportunities to address these challenges by putting sustainable development at the heart of our work.

This report – our first since becoming a signatory to the Global Compact – outlines our progress on the UNGC's 10 principles, as well as our overall approach to managing the opportunities and challenges to promoting sustainability within our business and the wider world.

Matt Jansen
CEO COFCO Agri

Our Sustainability Principles (GRI G4-56)

Introduction

Population growth, climate change and water scarcity strain our global food system. The agriculture sector must continually rise to meet these challenges, while ensuring a commitment to responsible agricultural practices and supply chain management.

With a growing community of stakeholders and a transformed business landscape, products can no longer be traded only on price, volume and market trends and the need to adopt sustainable business practices has never been greater.

Against this backdrop, COFCO Agri's continued success hinges on our ability to understand our social and environmental impact and develop strategies to mitigate risks, enhance resilience and expand opportunities for our people and the communities in which we work. Sustainability has become a crucial driver for our business model as we work to deepen our commitment to food security, and deliver long-term value across our supply chains.

COFCO Agri Sustainability Principles

COFCO Agri's sustainability approach is driven by the following principles:

We strive to:

- Contribute to global food security and safety by optimizing production and efficiency;

- Respect human rights, providing safe and productive work conditions for our staff;
- Measure, disclose and proactively reduce our environmental impact;
- Promote good environmental, health and safety, and labour practices throughout our supply chains;
- Contribute positively to the welfare of communities where we operate, by increasing access to education and improving labour practices;
- Cultivate partnerships through collaboration and transparency with key stakeholders in the service of shared goals.

Human Rights (GRI G4-HR7, G4-HR9) (IFC ESAP Item 12)

At COFCO Agri, we are committed to providing a safe environment where everyone's rights are respected.

This includes upholding internationally recognized human rights as expressed in the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. Furthermore, we respect the principles and rights set out in the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Our corporate-level Human Rights policy – applying to all employees worldwide and communicated in local languages – serves as our framework to ensure fair and respectful treatment of our workforce. Our country-specific procedures go further and require the highest standards of personal and corporate integrity when dealing with customers, suppliers, competitors and members of communities.

Our commitment to human rights goes above and beyond local laws and regulations. In 2015, we conducted human rights self-assessments in all 10 countries in which we own a facility. This consisted of a review of our Human Rights & Labour practices against IFC Performance Standard 2 on Labour & Working Conditions. Where non-conformities against the IFC Performance Standard were discovered, we corrective actions to ensure improvements.

In order to enhance our security management at our facilities, we conducted a review of our current security arrangements focused on minimising potential risk posed to our employees and local communities resulting from possible misconduct of onsite security forces. With no armed security staff at any of our global facilities, we discovered a low risk exposure. We confirmed, however, that all security contractors had provided the necessary training to their security personnel, to ensure appropriate conduct toward workers and communities.

Labour (GRI G4-LA1, G4-LA6, G4-LA9, G4-LA15, G4-LA16) (IFC ESAP Item 2, 3, 11, 14, 15)

COFCO Agri is committed to ensuring that our employees and contractors perform their duties in a healthy and safe environment. Under the guidance of our global Code of Conduct and Corporate Health & Safety Policy, our guidelines and expectations on key labour issues aim at ensuring a healthy and motivated workforce.

Our Equal Opportunities Policy applies to every employee and commits COFCO Agri to eliminating harassment, discrimination and victimization in the workplace. We respect employees' rights to freely associate, organize and bargain collectively, and we comply with laws and industry norms on employees' pay, work hours and conditions. We do not tolerate any form of forced, involuntary or child labour.

Employee turnover and training

In 2015, the Company had a relatively high employee turnover rate due to the large-scale re-organization of our sugar operation in Brazil, which was vital for the recovery and long-term profitability of our sugar business. Table 1 below shows our key employee data. Once excluding Brazil's impact, the female and male turnover rates would stand at 18.7% and 15.9%, respectively. With an improved organizational structure, we expect the sugar business to maintain a more stable workforce from 2016 onwards, and we will monitor turnover closely.

Table 1: Employee turnover and rotation

	Female	Male
Total Number of Employees (average)	1797	9449
Number of Employees Hired	434	1386
Number of Employees Leaving	463	3364
Turnover Rate (%)	26%	36%
Rotation Rate (%)	-2%	-21%

Acknowledging the long-term benefits of helping our staff continuously develop their skills and expertise, we dedicated approximately 52.5 hours per employee to training and capacity building in 2015. Of these, 25 hours focused on Environmental, Health and Safety training. We have found that this training is extremely important and will continue in the future.

Table 2: Employee training hour

Total Employee Training Hours	590,267
Average Training Hours per Employee	52.49
Total EHS Training Hours	282,878
Average EHS Training Hours per Employee	25.15

Occupational Health and Safety

A healthy and motivated workforce is the most critical driver for our business. Effective health and safety management therefore not only protects the physical wellbeing of our employees, but is also the best way to reduce our costs and increase our efficiency.

In 2015, we updated our global Occupational Health and Safety (OHS) Policy, which will lead to an upgrade in our related management systems, procedures and practices. These health and safety management systems are designed in accordance with internationally recognised standards, such as the IFC Performance Standards and OHSAS 18,001.

Internal health & safety risk assessments at our facilities showed the need to strengthen our OHS management approach and led to corrective action plans at facilities that required further enhancement and the harmonization of OHS procedures globally based upon a corporate level template. To that end, we contracted a leading verification and certification organization to provide third-party assessments of our current health and safety performance aimed at identifying possible hazards in the work environment and at preventing future incidents. All these initiatives are expected to help build a more resilient and safe environment for our employees.

Establishing a safety culture

While further improving our OHS management system, we also strive to foster a safety-aware culture. Systematic training provided to all employees and contractors regarding occupational health and safety, includes the use of protective equipment, emergency response protocol and the use of technical equipment amongst others. Key Performance Indicators help us track the safety performance at each site on a monthly basis, with safety targets established to ensure continuous improvement.

In addition to regular OHS training, we have also invested resources into nurturing a proactive and preventative mind towards hazard prevention. For example, our sugar operation in Brazil has implemented an initiative called “Eyes on Risk”, encouraging all employees to report any potential risks or hazards they identify at the workplace.

While the initiative was voluntary, employees were extremely responsive, and submitted more than 64,000 risk reports between January and May 2016, leading to the implementation of corresponding risk prevention improvements at our sugar mills in Brazil. This initiative has been a great success in raising

safety awareness, and our employees’ contribution has proven to be invaluable in improving OHS risk prevention systems and procedures.

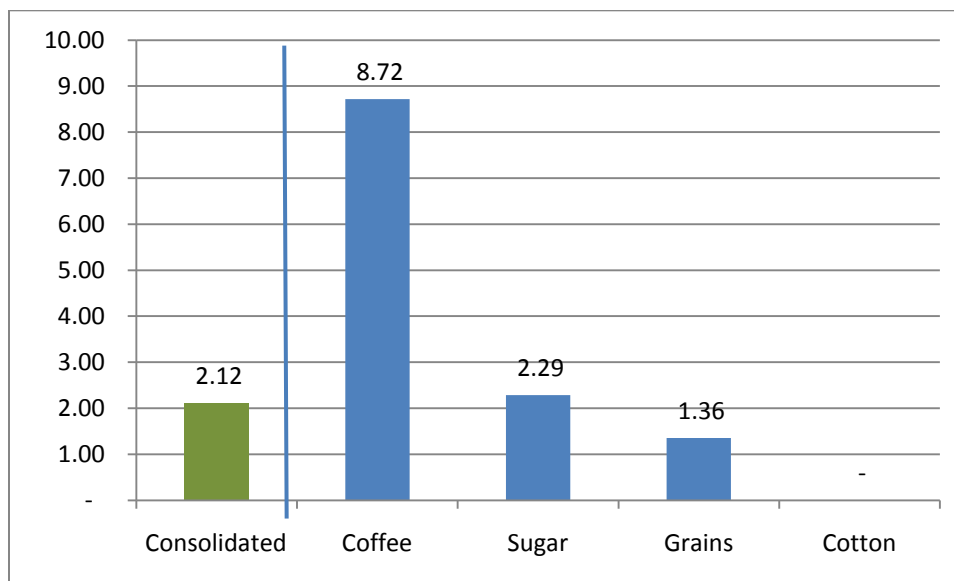
At our Mariupol Sunflower Seed Crushing plant in Ukraine, recent efforts to improve OHS performance led to our team passing the landmark of one million working hours without any Lost Time Accidents. This excellent performance was even bettered at our Kandla Refinery in India, where three million safe man hours were recorded for employees and contractors since the inception of the facility.

Table 3: Total Safe Man-Hours at Kandla Refinery, India

YEAR	MAN-HOURS WORKED		TOTAL SAFE MAN-HOURS (EMPLOYEES AND CONTRACTORS)
	EMPLOYEES	CONTRACTORS	
2012	16400	443588	459988
2013	104504	1159583	1264087
2014	266992	1597182	1864174
2015	470008	2261270	2731278
Till May 2016	553400	2529934	3083334

Chart 1 below shows the Lost Time Incident Frequency Rate (LTIFR) for all COFCO Agri operations, as well as each of our business categories:

Chart 1: LTIFR of COFCO Agri operations (consolidated and by business category)



Going forward, the clear focus is our Latin American facilities where OHS performance still has considerable room for improvement. With a new organizational team led by our newly appointed

Environmental, Health & Safety Manager for Latin America, we will be monitoring efforts to bring our safety performance to a new level.

Employee Grievances Mechanism

We are committed to providing a channel for employees, communities and other stakeholders to raise concerns and to address them through an accessible and confidential process.

In mid-2012, we introduced our South American Grievance Mechanism to open just such a channel for concerns and complaints. In 2015, a total of 210 cases were inputted into the system in South America (Brazil, Argentina, Paraguay and Uruguay) with almost half of those by telephone.

Chart 2: Number of grievances received on a monthly basis during 2015 in Brazil

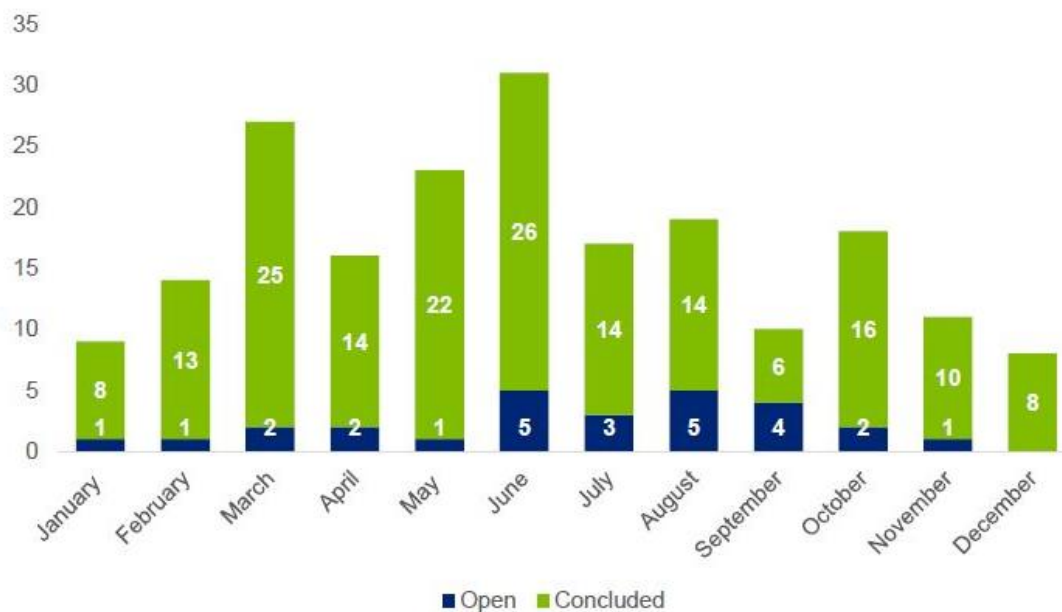


Chart 3: Variety of grievances during 2015 in Brazil

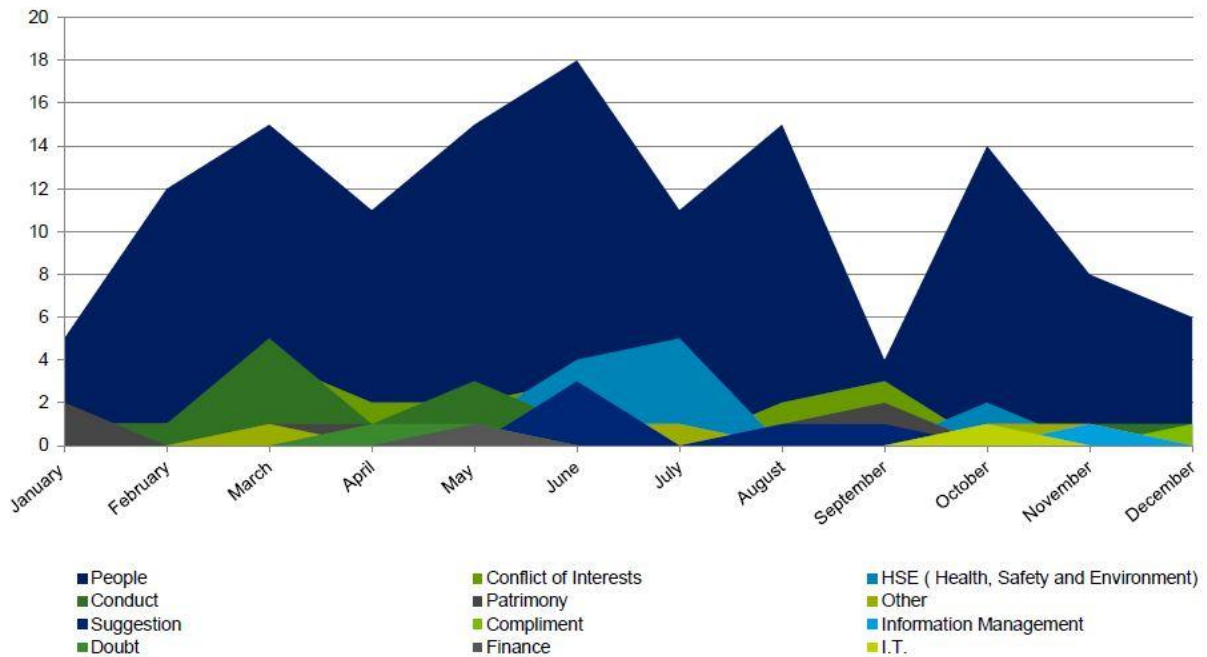
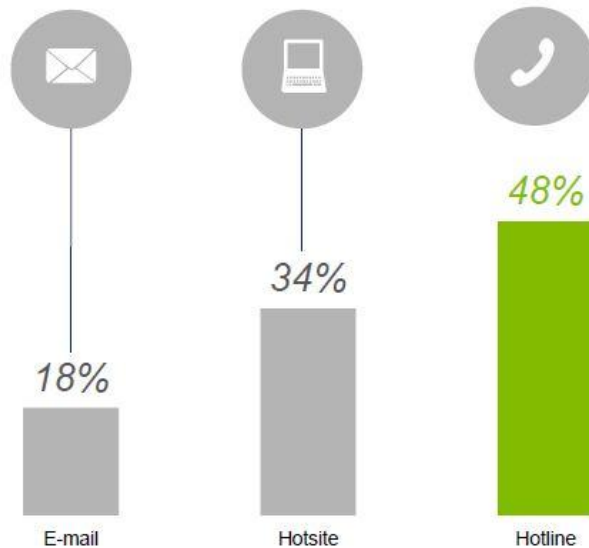


Chart 4: Forms of contact in Brazil

January 2015 – December 2015



By the end of 2015, 183 of these cases were formally resolved, with 27 more cases resolved by March 2016. Of the 210 cases, 134 were related to the Treatment of Workers, with topics ranging from benefits, wages, harassment and working hours, to unequal treatment and unfair dismissal amongst others. Eleven

were related to health & safety at our facilities and one was related to environmental issues. In light of the high amount of grievances under the category Treatment of Workers we created our Ethics Committee to consider how to appropriately address underlying causes and minimise grievances going forward.

Given the effectiveness of our South American programme, we have gained a solid understanding of what kind of grievance system will best serve all parties involved. In 2016, the effort to develop a global employee and stakeholder grievances mechanism is underway, driving to an outcome that will enable our staff and community members to raise concerns via email, hotline or telephone, anonymously and in local languages. By August 2016, this will cover 28 countries across Asia, Europe, Africa and Latin America.

Managing our Environmental Impact (GRI indicators listed per category below) (IFC ESAP Item 16, 17)

Across COFCO Agri's operations, we seek to manage our environmental impact by reducing our carbon footprint, improving water efficiency, controlling waste and pollution, and managing land responsibly.

Saving Energy and Increasing Renewable Energy (G4-EN3, G4- EN5)

Over the years, COFCO Agri has taken various measures to reduce our overall energy consumption and our dependence on fossil fuel energy. At all of our processing facilities, specific key performance indicators, KPIs, are set up to monitor and continuously improve energy efficiency. At our four sugar mills and 10 soybean processing and storage facilities in Brazil and Argentina, as well as at our sunflower processing facility in Ukraine, we have installed biomass-fired boilers (bagasse, wood chips, sunflower hulls), which greatly reduce our fossil fuel consumption. In addition, the sugar mills have been selling surplus self-generated electricity (by steam from the biomass boilers) to the local grid, supplying clean energy to the market.

Also at our sugar mills, bio-ethanol generated onsite is used to fuel vehicles, decreasing use of diesel and petrol. We plan to further increase the percentage of bio-ethanol in vehicle fuel consumption.

In 2015, our Casa Nobre coffee warehouse started an initiative to install solar panels to further reduce fuel consumption.

The total 2015 energy consumption of COFCO Agri assets stands at 12,354,033 GJ, out of which 38% are from renewable sources (ethanol, wood, biomass-generated electricity). Below are respective breakdowns of non-renewable and renewable energy consumption:

Chart 5: Energy consumption from non-renewable sources (unit: 1000 GJ)

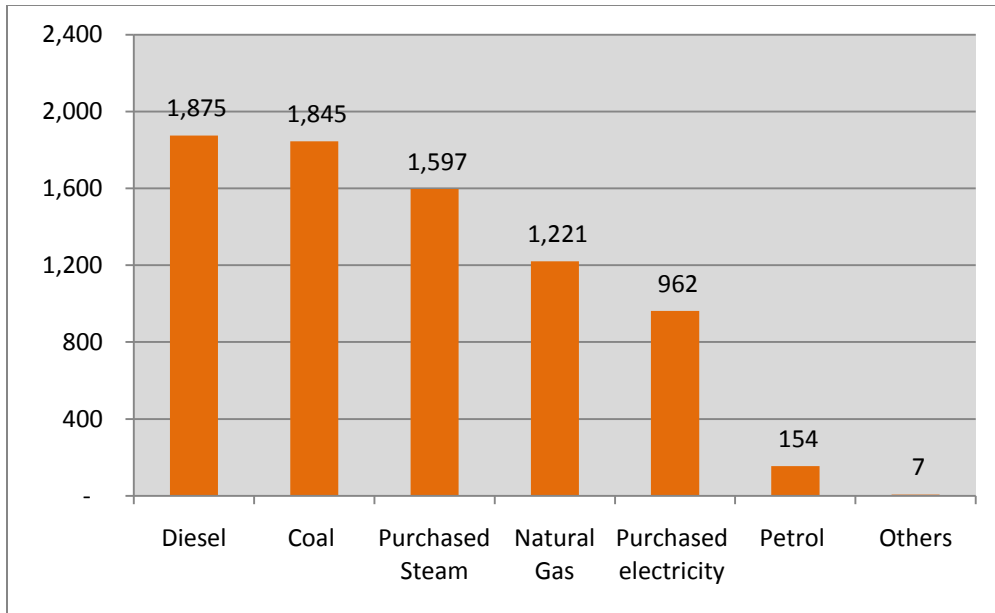
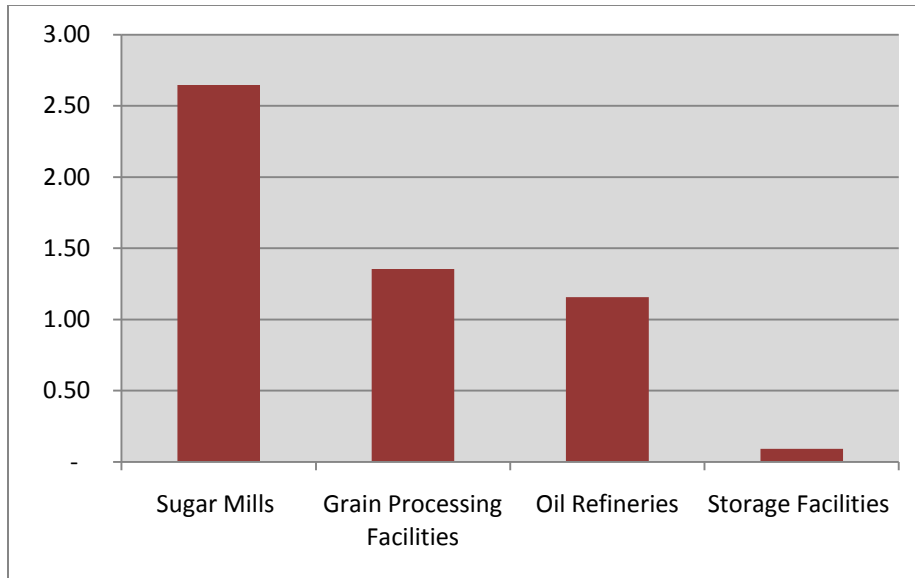


Chart 6: Energy consumption from renewable sources (unit: 1000 GJ)



A series of energy efficiency projects were also implemented at various sites in 2015, including the installation of more energy efficient motors at our Nantong site. Shown below is the energy efficiency rate (fuel, electricity, heat and steam) of our global operations (processing vs. storage).

Chart 7: Energy efficiency per ton of production (Unit: GJ/ton)



Grain processing facilities: the total amount of grain crushed.

Oil refineries: the total amount of refined oil produced.

Sugar mills: the total amount of sugar and ethanol produced.

Storage facilities: the total amount of commodities stored.

Greenhouse Gas Emissions (G4-EN15, G4-EN16, G4-EN18)

Since 2010, we have been tracking Greenhouse Gas Emissions across our industrial operations, silos and offices. Our annual emissions are audited and certified by third-party agency TÜV NORD in accordance with the ISO 14064 standard. Based on the data, we identify emission reduction opportunities and implement energy-efficient projects to minimise our footprint.

Our investment in renewable energy – such as biomass and solar power – has begun to reduce the carbon intensity of our global production. For example, our sugar mills in Brazil use bioethanol produced from sugar cane to fuel farming vehicles, and bagasse to power electricity generators, saving up to 37,728 tons of GHG emissions.

Table 4: Avoided GHG emissions

Clean Energy Type	Consumption	Saved GHG Emissions (t CO2e)
Bioethanol (L)	2'533'413	5'435
Biomass electricity (MWh)	336'806	32'293
Total:		37'728

In 2015, the audited total GHG emissions of all COFCO Agri assets in which COFCO Agri has operational control - industrial facilities, storage, port terminals and farming operations – stands at 763,352.93 tCO2e (801,520.58 if including a 5% buffer).

Table 5: COFCO Agri emissions breakdown

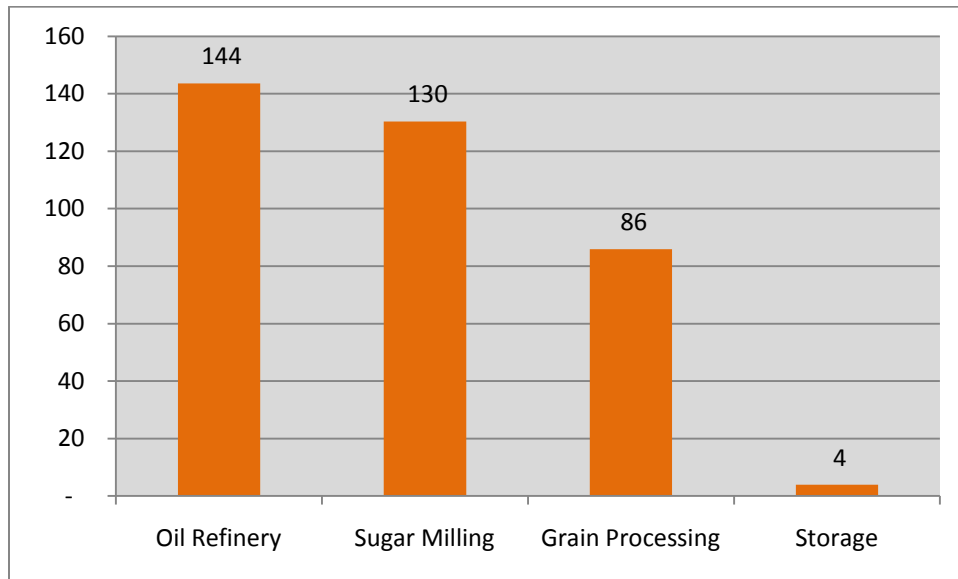
2015 GHG Emission of COFCO Agri Assets				
	t CO2e, GHG -all scopes, Scope 1	t CO2e, GHG -all scopes, Scope 2	t CO2e, GHG -all scopes, Scope 3	t CO2e, GHG -all scopes, All
Amount of fuel consumed by on-site equipment				
Diesel	7'257.96	0	1'571.93	8'829.89
Coal	177'238.44	0	27'157.73	204'396.17
Natural Gas	69'500.78	0	9'355.87	78'856.65
Oil				
Petrol	12.30	0	2.41	14.70
Intermediate Fuel Oil (IFO)	409.32	0	77.17	486.48
Wood	12'204.49	0	15'368.80	27'573.29
Quantity of refrigerant / cooling agent used				
R134A	91.52		0.00	91.52
R22	393.86		0.00	393.86
Energy consumption				
Amount of electricity consumed		120,007.74	33,178.4	153,186.15
Heat / steam purchased		115'684.70	0	115'684.70
Amount of fuel consumed by on-site vehicles				
Ethanol	0.02	0	2.65	2.67
Diesel	132'130.23	0	28'616.84	160'747.08
Petrol	10'838.50	0	2'122.76	12'961.25
Propane / LPG	102.03	0	12.82	114.84
Flex Fuel	11.30	0	2.38	13.68
Total	410'190.73	235,692.44	117,469.76	763,352.93



In an effort to demonstrate our commitment to combating climate change, we have been offsetting the scope 1, 2 and 3 GHG emissions of our Casa Nobre coffee warehouse in Alfenas, Brazil, making the operation 100% carbon neutral. We will expand this initiative to cover all the coffee warehouses under COFCO Agri’s operational control during 2016.

The GHG emissions intensity for COFCO Agri’s various operations is presented in the chart below:

Chart 8: GHG emission intensity of COFCO Agri operations (unit: kg CO2e / ton of production)



Air Emissions (G4-EN21)

Air emissions are an important aspect of environmental management within COFCO Agri. We follow local and national legislations, and establish up our own KPIs to minimize emissions of Particulate Matters, NOx and SOx.

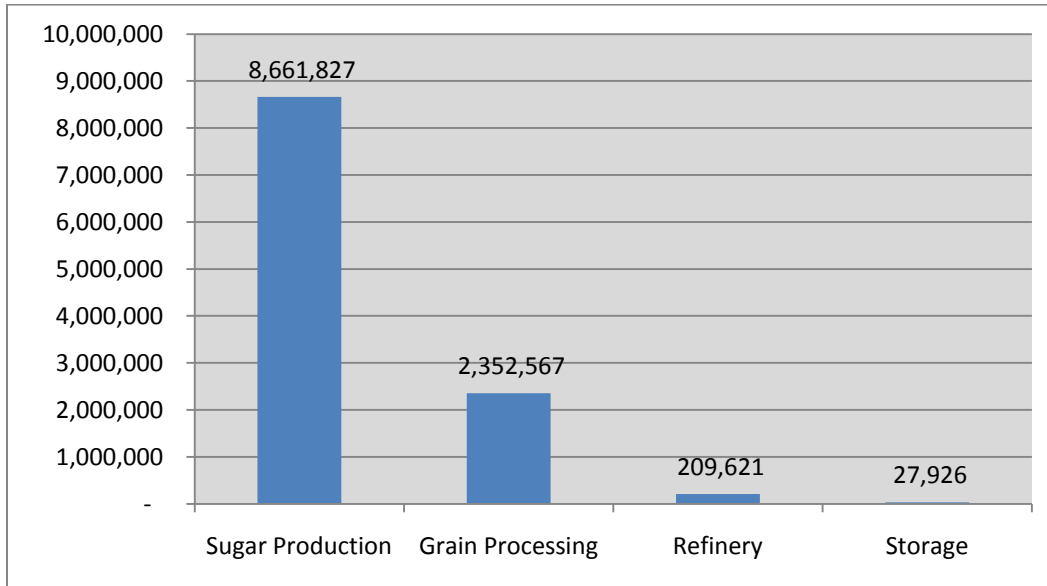
For main emission sources such as boilers and generators, we conduct regular tests to ensure that emissions are below national standards. Please see Annex 1 for details on the actual emission level of each main emission source at our facilities.

Water and wastewater (G4-EN8, G4-EN22)

Due to the nature of our business, an intensive use of water is required in industrial production, as well as in a range of agricultural processes. However, we strive to conserve this vital natural resource by maximizing our water efficiency.

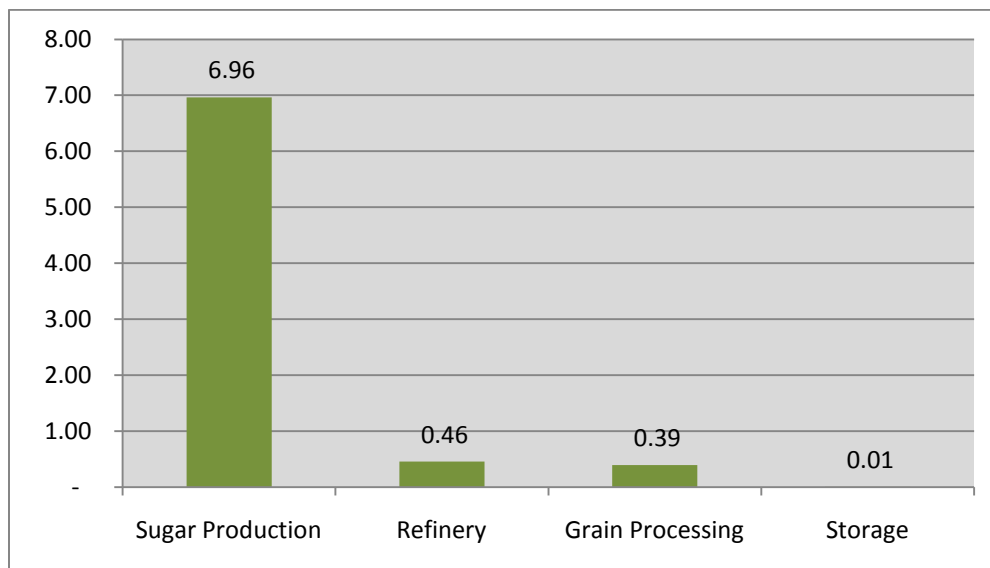
While the industrial and agricultural production processes are quite water-intensive, our water consumption is minimal at our storage facilities. Chart 9 shows water withdrawal by different categories of our operations.

Chart 9: 2015 water consumption by operation category (unit: ton)



Out of the total water consumption of 11,251,940 tons, 54% comes from surface water (for example rivers and lakes), followed by 35% from ground water and 10% municipal water. All but one of our industrial facilities have set clear objectives on water efficiency in their production process. In 2016, the Rondonopolis soy-crushing plant will also set a water efficiency target. The chart below shows the water intensity of each business category in 2015.

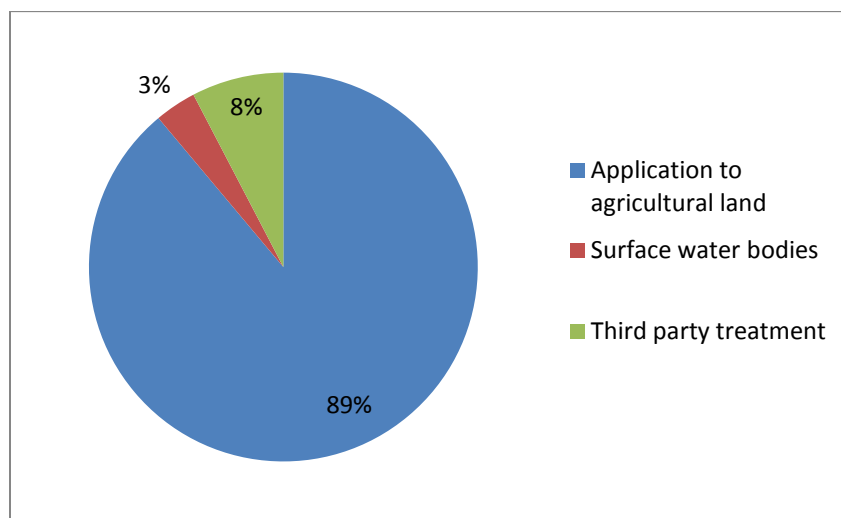
Chart 10: 2015 water intensity by operation category (unit: ton of water/ton of production)



Wastewater generation and discharge primarily takes place at our industrial sites and plantations, with wastewater treatment strictly following national and local legislation. At all our industrial facilities, we have KPIs which monitor wastewater quality (Chemical Oxygen Demand), treatment and discharge.

In 2015, over 6 million tons of after-treatment wastewater was discharged. From this total, 89% of the wastewater was recycled and applied to agricultural land, ensuring this water went back into the system to create or enhance wetlands and riparian habitats. Our four sugar plantations in Brazil and our refinery in India returned treated wastewater for agricultural use. The below breakdown shows how this wastewater was recycled and discharged.

Chart 11: Wastewater discharge destinations



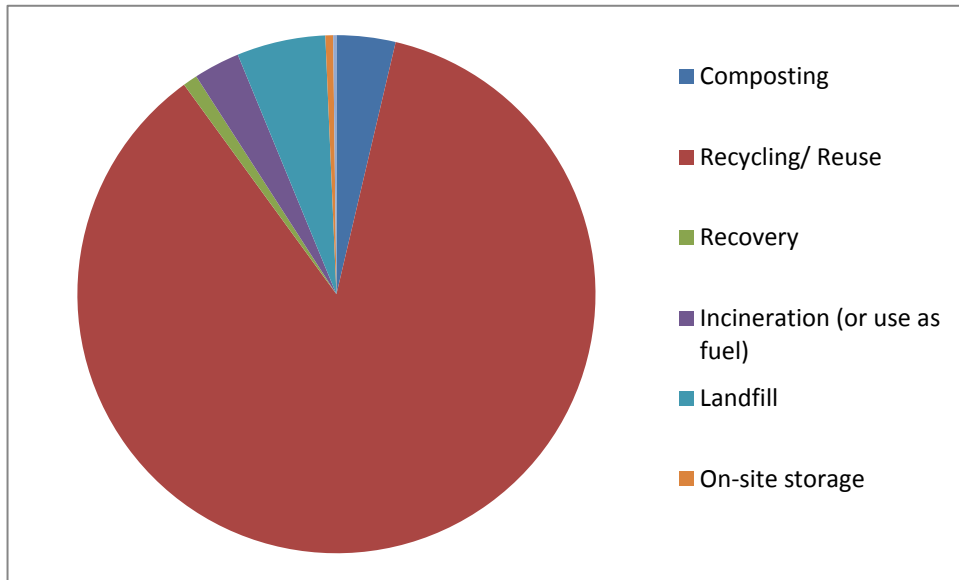
Waste (G4-EN23)

Our approach towards waste treatment is three-fold: minimize waste generation, recycle whenever possible and dispose responsibly what is left. This approach is driven both by our environmental commitments and by the need for cost-efficiency.

The typical wastes from our production process include hazardous waste such as chemicals residues, mineral oil, used lubricants and non-hazardous waste such as metallic waste, domestic waste or product waste from sugar cane cleaning.

Out of all the waste generated in 2015, over 86% was recycled or reused.

Chart 12: Breakdown of hazardous and non-hazardous waste treatment in 2015



Selecting and Managing Land Responsibly (GRI G4-EN13)

We recognize that secure and equitable rights to land and natural resources are essential to rural development, and to the livelihoods of rural communities. Our respect for customary and legal land rights of local communities and Indigenous Peoples is reflected in our Responsible Land Acquisition and Leasing Policy.

In Brazil, we ensure that land we lease to grow sugarcane is managed according to both our Responsible Leasing and Environmental policies. Our strategy for sustainable development and conservation of biodiversity in this region rests on environmental education and an exacting restoration programme.

We initiated an educational programme in 2014 to raise awareness regarding responsible land management and promote ecological restoration. Over 3,000 booklets and related educational materials were shared with partners and suppliers in the region, covering Brazil’s Forest Code, the importance of the Rural Environmental Registry (CAR) and the expectations of farmers on sustainable development.

In order to preserve the natural environment – including the banks of waterways and forests around the sugar plantations – we have planted more than 80 species of native plants in the vicinity of our operations. More than 1.6 million seedlings have been planted since 2001, totaling over 1,000 hectares.

Table 6: Restoration Programme at Sugar Mills

Sugar Mill	Total Plantlets Planted	Recovered Area (ha)	Plantlets planted in 2015
Catanduva	903,900	587	1,225
Meridiano	166,709	118	59,290
Potirendaba	154,995	131	43,281
Sebastianopolis	420,662	254	19,561
TOTAL	1,646,266	1,092	123,357

In 2015, within the 24 forest fragments surrounding the sugar plantations, we monitored 1,789 hectares of vegetation. This monitoring was aimed at evaluating the potential impact of our activities, classifying them as either positive or negative towards the environment, and outlining measures to enhance the positive effects and reduce the negative.

The external professionals carrying out the monitoring in 2015 reported no significant impacts as a result of our activities, and only requested several precautionary actions, including creating control lines and fire breaks, installing educational signs to avoid road accidents with animals, and removing invasive plants on the edges of forest fragments.

This environmental monitoring also included an analysis of water quality at 40 different sites covering over 55 parameters for 27 streams within the forest fragments and plantation area. The results showed water quality to be in compliance with environmental legislation, allowing for a rich diversity of marine life.

The monitoring of animals was periodically carried out in the forest fragments, in order to assess the abundance of birds, mammals, reptiles and fish at predefined points.

These initiatives – which have become a crucial component in our management of the sugar mills and plantations – are helping to ensure a healthy and biodiverse ecosystem from which we source sugarcane.

Pollution Prevention

Given our commitment to conserve soil and water, as well as to avoid harmful impacts on the natural environment, in 2015 we reviewed the list of pesticides we use in primary production, phasing out products the World Health Organization has classified as hazardous. Where we aerially spray pesticides in Brazil, our Best Practices for Aerial Application of Pesticides Procedure ensures we comply with the Food & Agriculture Organization of the United Nations Guidelines for responsible spraying. Coupled with our Environmental Policy, this helps avoid any pollution to our plantations or nearby communities through run-off, and ensures our employees are trained in the safe use of pesticides.

Sourcing with Integrity (GRI G4-EN32) (IFC ESAP Item 7, 8, 9, 10)

As a global food supplier, COFCO Agri engages with our key stakeholders across a wide spectrum of topics in order to source our products responsibly.

To meet the increasing demand for agricultural products, we work to find ways to make land more productive and to protect the biodiversity upon which all food production depends. That means responsible sourcing practices, and collaboration with independent bodies to help ensure long-term security of supply.

Soybeans

As a member of the Round Table on Responsible Soy Association (RTRS), COFCO Agri supports initiatives to address the social and environmental impacts of soy production. We have been steadily increasing the trading volume of RTRS-certified soybeans in our portfolio in the past few years, while integrating other certification schemes into our supply chain – such as the International Sustainability & Carbon Certificate (ISCC) and the Biomass Biofuels and Sustainability Voluntary Scheme (2BSvs).

As land use and deforestation are key sustainability challenges in soybean production, COFCO Agri joined industry peers and NGO partners in 2006 to initiate the Soy Moratorium in Brazil. We committed to cease all purchases from farmers who grow soy on land in the Amazon biome that was deforested after July 2006. The Soy Moratorium was recently aligned with Brazil's new Forest Code, with a new cut-off date of July 24, 2008. As such, we do not purchase soy from farms in the Amazon Biome that were deforested after this date.

Furthermore, we have put in place a Sustainable Sourcing Policy and a set of stringent procedures in soybean origination to promote best land management practices and to ensure fair labour practices for producers. This policy is initially aimed at the environmentally sensitive regions of the Amazon and Brazilian Cerrado, with a later roll out across Argentina and Paraguay.

Suppliers have been screened on a set of environmental and social criteria to determine whether or not they comply with the policy. Employees within the Credit, Origination and Legal departments received training to ensure all components of the new policy are understood, enabling them to play appropriate roles in helping the Company manage social and environmental risks.

COFCO Agri has been member of the ongoing Soy Working Group, which focuses on reducing deforestation and ensuring sustainable soy production in the Amazon. We have expanded our sustainable sourcing scope to include the Chaco and Cerrado biomes, and we utilize satellite mapping technology to ensure our products are not sourced from deforested land or areas of high conservation value.

As a signatory to the Soy Moratorium in Brazil, 100% of new soy suppliers have been screened on environmental criteria, including embargoed areas defined by IBAMA. Furthermore, since March 2016, all pre-financed suppliers have been screened on additional environmental criteria, including the

obligation to register at the Rural Environmental Register, known as CAR. This registration strengthens the requirement to avoid sourcing from deforested or indigenous areas.

Community Engagement (GRI G4-LA16, G4-EN34, G4-S01) (IFC ESAP Item 6, 13)

Wherever we operate, we strive to make our presence a positive one for local communities. Understanding their needs and concerns through constant dialogue is a crucial component of our commitment to sustainability and to the long-term health of our business.

Since 2007 we have been developing projects and social programs to improve the livelihoods of communities where we operate. These have been structured around three key action pillars: education, health and environment stewardship, and are either managed by our colleagues or through non-government organizations. Annual meetings are held with various municipal governments where we seek to align our actions with local initiatives and identify partnerships where collective action can increase our social impact.

During 2015, projects ranged in size and scope in several countries in Latin America and Asia. Most took place in Brazil, where twelve initiatives were either initiated or continued. These included a healthy pregnancy programme, a children's biodiversity educational programme and a girls' shelter project.

Stakeholder Grievances Mechanism

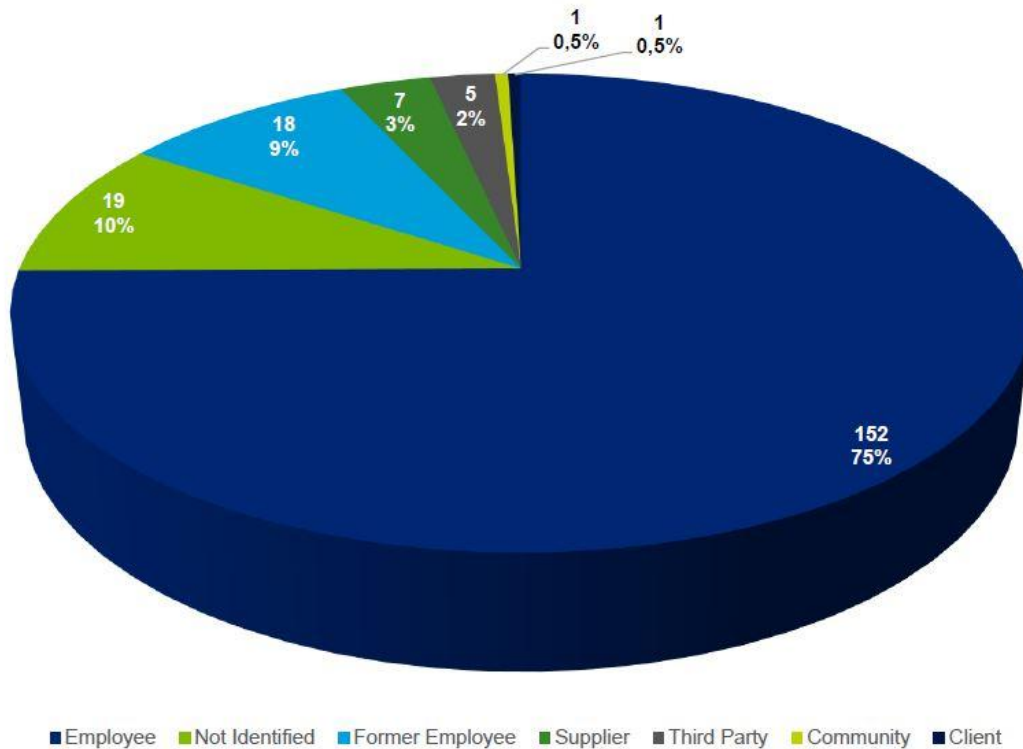
As mentioned in the Labour section above, we are in the final stages of expanding our South American grievance mechanism globally. This will ensure that any interested and affected parties or communities can communicate concerns or grievances -- the first step in COFCO Agri's effort to seek timely and effective resolutions.

The new mechanism will cover 28 countries across Asia, Europe, Africa and Latin America, enabling community members and stakeholders to register their concerns via email, hotline or telephone anonymously, in local languages.

During 2015 in Brazil, we received one grievance from a community near a facility; three quarters of all grievances came from employees (Chart 13).

Chart 13: Brazil grievances by source

January 2015 – December 2015



A new procedure will be made available to outline Company guidelines on how the mechanism works, together with Community Engagement Plans at specific facilities. These plans will be required at all COFCO Agri facilities which are situated in or in close proximity to communities, ensuring that we actively engage with the local public in a transparent process that is culturally appropriate. After a community risk assessment, seven facilities were discovered with a potential community risk for which the Community Engagement Plans are now underway. We expect our effort to encourage active engagement will yield a greater number of issues raised and formally resolved.

Anti-Corruption (GRI G4-S03)

Corruption and related governance issues pose a serious challenge to fighting global poverty and ensuring sustainable development. COFCO Agri is committed to operating with the utmost integrity, in compliance with policies and management systems which explicitly emphasize anti-corruption, anti-bribery and anti-trust behaviour.

Our corporate procedures state that all business functions must comply with the legal obligations and laws in every jurisdiction in which we operate. They include our Code of Conduct, Traders Guidelines and

Anti-Money Laundering Policy which impose specific obligations in regard to anti-corruption, anti-trust and combating fraud.

Two departments are dedicated to ensuring that our business conforms to applicable laws and regulations with particular focus on risk governance, compliance and anti-corruption:

Compliance Department

Our Compliance Department serves as a valuable resource for providing technical assistance and training in the regulatory sphere. In 2015, important notifications were regularly communicated via the Compliance Department to employees globally. All new employees undertook mandatory compliance training on COFCO Agri's policies, with existing employees provided with reminder guidance on responsible business practices such as conflicts of interest, anti-bribery or the use of entertainment and gifts. In the U.S., all staff received annual recertification on the U.S. compliance manual.

Internal Audit Department

COFCO Agri's Internal Audit department – which performs reviews of key processes and controls covering operations, financial controls and trading – performed 20 audits at our global offices and production facilities in 2015. These included a risk assessment of the control environment aimed at identifying possibilities of fraud, bribery and corruption, as well as specific review of instances of reported frauds or cases of bribery and corruption. During the 2015 reporting period, no confirmed cases of fraud or corruption in our operations were found. The Internal Audit department aims to assess every facility and office at least once every two years, meaning in 2016 that we will conduct the same assessment for facilities not included in the 2015 scope.

Conclusion

This report highlights the efforts we have undertaken in 2015 to implement our new sustainability strategy throughout our business. We fully recognize that a healthy and sustainable agricultural supply chain requires respect for people and human rights, good agricultural practices, high standards of food safety and responsible environmental management. While we continue to enhance our corporate sustainability performance, we are ready to collaborate with wider stakeholders as we strive towards this common goal.

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