

# COMMUNICATION ON PROGRESS (COP)

United Nations Global Compact

2016



AMATHEON AGRI



WE SUPPORT

**Growing value.**

# STATEMENT OF CONTINUED SUPPORT

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Dear Readers,

In December 2015, Amatheon Agri Holding N.V. became a member of the United Nations Global Compact (UNGC). We were proud and pleased to join a group of like minded companies who strongly believe that caring for the environment and community where one operates goes hand-in-hand with running a sustainable business.

Since Amatheon's inception, sustainable development and corporate responsibility have been central to our business strategy, values and practices. We see this as a way to create more value for investors, staff, customers and nearby communities. Receiving an Environmental Award in Zambia this year was a flattering acknowledgment of our efforts.

As a company aware of its unique social environment, we strive to support our stakeholders by conducting business fairly and ethically, respecting human rights, and complying with international standards and domestic laws. I'd like to take this opportunity to thank organizations and partners who have helped us on this journey: DEG, World Vision, Musika, WFP, FAO, UNCTAD, World Bank, GIZ, ABI Trust, ZOA International, suppliers and buyers for their significant contribution to Amatheon's development and success. Together, we are contributing to reaching the Sustainable Development Goals by 2030.

I hope you enjoy reading Amatheon Agri's first Global Compact Progress Report which provides a transparent and detailed account of how we are implementing and measuring the Ten Principles of the UN Global Compact. We are proud of our achievements and remain committed to these principles.

**Carl Heinrich Bruhn**  
Chief Executive Officer  
Amatheon Agri Holding N.V.



*Harvest In Zambia*

# AMATHEON AT A GLANCE

## ORGANISATIONAL PROFILE

Amatheon Agri is a European agribusiness and food company, headquartered in Berlin and operating in Sub-Saharan Africa. Focusing on farming, trading and food processing, Amatheon integrates its activities along the agricultural value chain. As a triple-bottom-line company, Amatheon acts as an anchor investor in rural areas to uplift neighboring communities economically, socially and environmentally. It is a combination of international expertise with localized Africa know-how, and a long-term vision with a sustainable approach, makes it set to become a leading player in the African agricultural sector.

Founded in 2011, Amatheon established its subsidiaries in Zambia in 2012, Uganda in 2013, and Zimbabwe in 2014. During this relatively short time-frame, Amatheon has proven its business model and demonstrated its ability to build large, replicable, scalable platforms – in both farming and food processing. With over US\$100 million invested in its operations to date, Amatheon believes that the key to unlocking Sub-Saharan Africa's vast agricultural potential is combining world-class farming techniques, partnerships with smallholder farmers, and vertical integration along the value chain.



Figure 1: Countries of Operation

## OUR ACTIVITIES



- **Farming**
  - Combining large-scale high-tech commercial farming operations and Outgrower programmes with smallholder farmers
  - Operating over 8,000 hectares of farmland
  - Training around 6,000 smallholder farmers
- **Trading**
  - Buying grain from smallholder farmers in over 50 rural depots
  - Storing and selling grain and livestock to domestic/regional markets
- **Food**
  - Processing fresh and packaged meat products – for wholesale and retail markets
  - Operating as the second largest meat company in Zambia

## SUSTAINABLE DEVELOPMENT

Amatheon's core business relies on healthy ecosystems, strong rural communities and talented staff. Knowing that large-scale commercial activities impact the environments and communities where they take place, Amatheon acts as an anchor investor to significantly uplift its surrounding community socially, environmentally and economically. This approach helps create social and economic infrastructure through participatory means to continue rural development in a business oriented and sustainable way.

For responsible investment to thrive, participatory and transparent land acquisition and development is essential. Amatheon does not engage in communal land and only works on privatized, titled land. The company carries out intensive and extensive due diligence on each piece of land that appears suitable for development. This due diligence involves public consultations with elders and communities, traditional and statutory representatives, formal and informal verification of ownership and thorough analysis of the land's history. Only through the joint approval of Amatheon's Legal, Farming and Sustainability departments, does a land acquisition take place.

Additionally, Amatheon is actively engaged in operationalizing the leading frameworks for responsible agri-investments, such as the Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), Principles for Responsible Agricultural Investment (PRAI), FAO and OECD's guideline for Responsible Agricultural Supply Chains and the Analytical Framework for Responsible Land Based Investments in African Agriculture. To achieve greater leverage and impact, Amatheon also partners with NGOs and local non-profits in the area where it works. As of 2016, eight partners for social and economic impact have teamed up with Amatheon Agri to provide finance, in-kind contributions, training, expertise or markets to the company's growing platform of agricultural productivity.



## ECONOMIC EMPOWERMENT

Alongside its large-scale farming operations, Amatheon uses its commercial farms as a nucleus to support and trade with thousands of small-scale farmers. Leveraging the platform, infrastructure and communication channels that Amatheon has established, the Outgrower Programme provides structured access to a network of smallholders – in turn allowing Amatheon to significantly increase its trading volumes while simultaneously achieving rural socio-economic impact. By incorporating smallholder farmers into the rural value chain, Amatheon helps build vibrant outgrower networks, fosters entrepreneurship, stimulates local productivity and diversifies sources of income.

The Outgrower Programme provides free trainings on conservation farming and business skills, and establishes rural depots to sell inputs and buy grain. In addition, Amatheon carefully selects farmers and links them with financial institutions so they can access credit and take their businesses to the next level. To date, more than 7,000 farmers have been registered in Zambia and Uganda, over 50 depots have been established, and 300 loans have been issued out to emerging farmers. The payback rate for loans was 100% and farmers were able to scale out their businesses. Importantly, more than US\$3 million has been injected into the local economies through grain purchases from smallholders throughout the past years.

## SOCIAL IMPROVEMENTS

More than 90% of Amatheon's workforce comes from its areas of operations, and as an anchor investor, the company is committed to boosting nearby social and economic infrastructure. Amatheon established Environmental and Community Sustainability Committees (ECSC) which bring together local leaders, community members, local government representatives and Amatheon staff in an open and participatory forum. This platform enables Amatheon to be constantly engaged with communities; tailoring support to their needs and engaging in two-way dialogue.

In Zambia, employees and seasonal workers have access to free counseling with regards to drug abuse, domestic violence, sexual abuse and HIV. Since Amatheon's inception, the nearby social infrastructure has been boosted by the construction of teacher's houses, extension of classrooms, initiation of school gardens, and wiring schools for future electrification and evening literacy classes. The company also organizes regular football tournaments, bringing together communities and national talent scouts while staff members compete with community teams.

In Uganda, Amatheon has provided school furniture to teachers and children of Wii-Anaka Primary School where 300 children were sitting on the floor during study time. Prior to any developments taking place, Amatheon hires external experts to conduct in-depth Environmental and Social Impact Assessments (ESIAs) which include desk research, site visits, public consultations, scientific studies and are bound to the approval of the respective country's national environmental management authority. In 2015, a new partnership was formed involving a local hospital which will see a mobile health unit reaching out to Amatheon's catchment area to deliver medical services. More than 400 community members attended the first outreach days to seek sexually transmitted disease (STD) testing, immunization and vaccination for children and pregnant women, HIV/AIDS counselling and treatment of basic illness.

## ENVIRONMENTAL ENHANCEMENT

Amatheon is committed to improving and protecting critical natural resources and operates using sound environmental practices – all of which are vital to the sustainability of agricultural businesses. Prior to any developments taking place, Amatheon hires external environmental experts to conduct in-depth Environmental Impact Assessments (EIA) which include desk research, site visits, public consultations, scientific studies and are bound to the approval of the respective country's national environmental management authority. As part of the EIA, an Environmental Management Plan is developed to mitigate any risks through monitoring key indicators such as water, soil, air and noise.

Amatheon strives to protect the soil and biodiversity, by using low-tillage cultivation methods, protecting water sources with appropriate signage, and measuring the company's environmental impact using indicators such as water, soil, air and noise levels. To continuously learn and improve performance, Amatheon attends workshops and seminars focusing on environmental matters, such as the United Nation's Climate Change Conference in Paris in December 2015.

On 5 June 2016, Amatheon Agri Zambia was honored to receive an Environmental Award by the Zambian Environmental Management Authority (ZEMA) for its contribution to the country's sustainable development. The prize highlights Amatheon's consistent engagement with the authority over agricultural development, utilization of best environmental technology and practices, a specialized department dedicated to Sustainable Development and a history of successful compliance with ESIs.



## UNGC PRINCIPLES FOR A SUSTAINABLE BUSINESS

The table below highlights the four main pillars and Ten Principles of the UN Global Compact. In this section, we explain how our activities align with the Ten Principles, how we measure them, and what we've achieved this year.

UNGC MAIN PILLAR	PRINCIPLES
Human Rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses</p>
Labour	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation</p>
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies</p>
Anti-corruption	<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>

## HUMAN RIGHTS

Amatheon supports international conventions on human rights which are well reflected in our HR policies and Code of Conduct. This is further demonstrated through our commitments to standards of the International Labour Organization (ILO) Conventions and the UN Universal Declaration of Human Rights. These voluntary commitments underpin our activities in conjunction with the relevant national legislation. In addition, we carefully select executive personnel to ensure an equal understanding the importance of human rights. The right leadership and company culture is helping us to operationalize these commitments.

### GUIDING PRINCIPLES

#### 1. Code of Conduct

Having a main office in Berlin and subsidiaries in Uganda, Zambia and Zimbabwe, we have developed a Group-wide Code of Conduct based on local and international guidelines. The Code of Conduct summarizes our principles and rules, applying an internationally standardised concept of what constitutes responsible corporate behaviours, and binds every employee within the Amatheon Group. More so, the Code of Conduct is based on the principles of the UN Global Compact and explicitly reiterates our commitment to respect for human rights, community, environmental protection and respect for the law. Every potential employee is required to read and sign the Code of Conduct before commencing work. Proven misconduct will lead to disciplinary charges for employees to uphold the company's integrity and philosophy.

#### 2. International Frameworks

Amatheon is committed to responsible land based investment and sustainable business development. Amatheon follows international recognised guidelines such as the Principles of Responsible Agricultural Investment (PRAI), OECD Guidelines for multinational enterprises, OECD-FAO Guidelines for Responsible Agricultural supply chain, UN Guiding Principles on Business and Human Rights and the International Finance Corporation (IFC) Performance Standards.

## MEASURES

### Recruitment Policy

- We adhere to relevant standards concerning working hours throughout the Group
- We ensure that wages comply with the law and industry standards in the countries where we operate
- We never withhold any of workers' salaries, benefits or any rights acquired or stipulated by law, or any of the workers' documents, in order to force them to work or as a disciplinary action
- We do not tolerate any discrimination based on color, religion, sex, nationality, age, disability or sexual orientation

### Occupational Health and Safety Policy (OHS)

- We are committed to the safety of employees at the work place
- We ensure all site personnel go through a safety induction program before they commence work
- We carry out hazard and risk assessments associated with work at the farm for the continuous safety of our employees
- We maintain a safe working environment for all our employees
- We ensure Safety Material Data Sheets are always up to date and available for consultation

### Human Resource Policy

- We respect and uphold internationally recognized human rights policies of non-compliance with forced, compulsory or child labour
- We do not promote any type of forced labour, including working under the regimen of imprisonment, in agreement with the International Labour Organization (ILO) Conventions 29 and 105 and national labour laws

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- Sexual Harassment Policy**
- We engage in active dialogue with our workers through periodic meetings
  - We ensure that trained counsellors are readily available to support employees sensitizing for sexual harassment among other topics
  - We do not tolerate sexual harassment in any way

- 
- Disciplinary Policy**
- We have a Disciplinary Code of Offences which states the rules and regulations of the company and what consequences the employee will face when they do not abide to them
  - We afford every employee with the right to a fair hearing and an opportunity to respond to any accusation of disciplinary code breach

- 
- Grievance Policy**
- We have a grievance procedure in place which stipulates how grievances are to be raised and handled through Amatheon's internal Compliance Committee and Human Resource Office
  - We make available grievance boxes at the various operating sites which are also available to surrounding community members
  - We have an independent and anonymous complaints hotline as well as complaints email address accessible to all staff

- 
- Anti-Child Labour Policy**
- We require every worker to be above 18 years old
  - We check National Registration Cards as prerequisite for recruitment
  - We oblige contractors to do the same

- 
- Environmental and Community Sustainability Committee (ECSC)**
- We have established a ECSC to be a multi-stakeholder platform in Amatheon's immediate catchment area and enable dialogue between communities, authorities and Amatheon staff

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- Social Development**
- We counsel both employees and community members with regards to drug abuse, HIV/AIDS and Malaria in Zambia
  - We support a local hospital to deploy mobile medical units to provide access to healthcare information and services, particularly Hepatitis B, HIV/AIDS, Sexually Transmitted Diseases and Malaria in Uganda
  - We facilitate access to knowledge for smallholder farmers
  - We create access to markets for smallholder farmers
  - We link smallholder farmers to financial institutions
  - We rehabilitate roads for the company and communities benefit
  - We host sport events for our staff and communities to join
  - We support local construction projects for social infrastructure



## ACHIEVEMENTS

- Cultural Diversity**
- ✘ We have a diverse team made up of Zambians, Zimbabweans, Ugandans, Kenyans, Germans, Dutch, Russians, British and Australians
  - ✘ We employ people regardless of colour, religion, sex, nationality, age, disability or sexual orientation
- 
- Zero Child Labour**
- ✘ We received no complaints on child labour in 2016
- 
- Environmental and Community Sustainability Committee (ECSC)**
- ✘ We successfully mitigated communities' and Amatheon's concerns around operations, aligned community engagement strategies and jointly planned social development projects
- 
- Social Development**
- ✘ We trained over 6,000 farmers in topics like Conservation Agriculture, Farming as a Business, Crop Health and Post-Harvest Handling in Zambia and Uganda
  - ✘ We established over 50 depots for farmers to be able to purchase inputs, sell grain and thereby gain access to market in Zambia and Uganda
  - ✘ We counselled over 500 people about alcohol abuse, domestic violence and HIV in 2016 in Zambia
  - ✘ We reached more than 400 people through our health intervention with a local clinic in Uganda to provide basic medical services to community members
  - ✘ We rehabilitated more than 34km of private and public roads in Uganda which increase community access to social services and markets
  - ✘ We initiated a soccer tournament for 10 teams comprising of staff, surrounding communities and the district team in light of Zambia's independence celebration
  - ✘ We provided 60 tons of building sand to the construction of a secondary school in Zambia



# LABOUR

Amatheon strives to create a working environment where all employees are inspired, motivated and happily engaged in their work. Our labour force is the backbone of our business, so there is a strong focus on health and safety, fair working conditions, zero corruption, gender equality and non-discrimination. It is essential to create a strong, collaborative environment where each employee's talent flourishes. Importantly, neighboring communities contribute more than 90% of our workforce which is one of many reasons we are committed to a happy and healthy community.

## GUIDING PRINCIPLES

### 1. International Frameworks

We support the International Labour Organization's Declaration on Fundamental Principles and Rights at Work by respecting and promoting its main principles such as freedom of association, elimination of discrimination, forced and compulsory labour, and abolition of child labour.

### 2. Internal Health and Safety Standards

We ensure high standards of health and safety in all of our operations through a continuous and verifiable health and safety program, including trainings and the provision of correct and suitable equipment.

## MEASURES

### Promoting Equality and Diversity

- We are committed to increasing the proportion of women at all levels of the company and encourage equal opportunities for disabled people
- We are committed to diversity among Amatheon's employees

### Occupational Health and Safety Policy (OHS)

- We ensure that all employees have been properly inducted and trained in risk assessments that apply to their work

- We conduct regular training sessions to raise employees' awareness and sensitize them on topics such as first aid, accidents, chemical handling, fire response, protective clothing, HIV/AIDS, sexual harassment and security

### Anti-Child Labour Policy

- We require every worker to be above 18 years old
- We check National Registration Cards as prerequisite for recruitment
- We oblige contractors to do the same

### Employee Representatives

- We support the establishment and functioning of local organisations and trade unions
- We have representative of the National Union of Plantation, Agriculture and Allied Workers (NUPAAW) present in Zambia
- In Zimbabwe we follow and comply with Category D (iv, v and viii) of the Code of Conduct and Grievance procedure for the Agricultural Industry (Statutory Instrument 116 of 2014)

### Social Security

- We provide social security benefits to employees through the National Pension Scheme, Workers' Compensation Fund, Housing, payment of utilities and medical treatment for workers and their families

### Security Policy

- We guide responsible security conduct through internal trainings and close supervision

## ACHIEVEMENTS

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### Wages

- ✔ We pay above minimum wages to our staff, which has been verified by the Zambian Ministry of Labour and Social Services

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### Minimised Health and Safety Risks

- ✔ We have designed a Safety Management Plan which encompasses working behaviours and safe work practices that are expected from Amatheon employees
- ✔ We counselled over 500 people about alcohol abuse, domestic violence and HIV in 2016 in Zambia
- ✔ We cover medical insurance for temporary and permanent employees
- ✔ We minimised risks of accidents surrounding the working environment through safety trainings, guidelines on vehicle usage, warning signs and effective implementation of our Occupational Health and Safety Plan
- ✔ We have a specific security policy outlines responsible conduct of security personnel
- ✔ We have a robust accident reporting scheme in place

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### Employee Accommodations

- ✔ We provide housing facilities and utilities for permanent staff and their families

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### Employment Creation

- ✔ We facilitate employment creation through providing access to market and finance for smallholder farmers to boost their business

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### Zero Child Labour

- ✔ We had zero cases of child labour reported in 2016



# ENVIRONMENT

Amatheon is sensitive to the fact that farming activities have a local and global environmental impact. As a result, environmental management plays an essential role in our sustainable development strategy with a commitment to reduce environmental footprints. Our aim is to minimise impacts through responsible, sustainable use of natural resources, to continuously improve environmental protection and to develop a greater sense of responsibility amongst employees and suppliers.

## GUIDING PRINCIPLES

### 1. Environmental and Social Impact Assessment (ESIA)

Prior to developing land, there are in-depth studies conducted by external consultants to identify the scope of environmental and social impacts both, positive and negative. The process of ESIA is extensive- including a variety of stakeholder consultations, creation of a baseline study about the vegetation, soil, biodiversity, water quality and field work to capture social survey data about communities in the catchment. Based on the findings, Environmental Management Plans are developed to mitigate potentially adverse impacts from the start. ESIA's are conducted in line with respective policies, legislations and other institutional frameworks applicable.

### 2. Internal Environmental Management Plans (EMPs)

Environmental Management Plans stem from the ESIA and specifically address each item that is exposed to the project development. The EMP guides the Sustainable Development Manager on the implementation of a holistic management system, and looks at land and soil, air quality, noise, water management, biodiversity, traffic, health and safety as well as cultural heritage sites. Based on this plan, Amatheon carries out regular monitoring to continuously improve its environmental performance and reduced footprint.

### 3. Promoting Conservation Agriculture (CA)

As part of Amatheon's Outgrower Programme, the company delivers free training to thousands of farmers in Zambia and Uganda, including modules on business education and Conservation Farming. Conservation Farming is specifically addressing sustainable and environmentally sound agriculture. Three principles guide its implementation - minimal soil disturbance, permanent soil cover and crop rotations. Conservation Agriculture is a way combine profitable production with climate change resilience and sustainability and has been proven to work in a variety of agro-ecological zones and farming systems.

## MEASURES

### Environmental Policy

- We have an environmental policy which sets the foundation and operational procedures for the protection of soil, ground and surface water, air quality and the ecosystem in general

### Environmental Management Plan

- We routinely assess environmental hazards and risks of our operations through environmental audits, and appropriate measures are introduced to reduce any identified risks

### Environmentally Sound Processes

- We categorically avoid investments where impact on communities and the environment have not been properly considered and mitigated in design
- We attend seminars, conferences and workshops focusing on environmental friendly agricultural practices to continuously learn and improve companies performance
- We apply low-tillage cultivation methods in all countries where we operate
- We protect water sources with warning posts, pillars and signs

- Conservation Agriculture**
- We train smallholder farmers on soil protective farming through Conservation Agriculture
  - We partner with Conservation Farming Unit, World Vision, DEG and Musika in Zambia to deliver high quality trainings at no cost

- Water Utilization**
- We contract independent scientific bodies, who verify water tables and ensure water is not contaminated
  - We build drainage systems which prevent run off water from fields to contaminate streams

- Sustainable Investment Practices**
- We conduct in-depth environmental and social impact assessments prior to developing land
  - We measure and mitigate the company's environmental impact using indicators such as water, soil, air and noise levels
  - We sell affordable solar panels through our Farm Shop to spread renewable energy among communities to reduce wood and charcoal usage

## ACHIEVEMENTS

- Conservation Agriculture**
- ✦ We have trained more than 6,000 farmers in conservation farming methods through partnerships with the Conservation Farming Unit, World Vision, DEG and Musika
  - ✦ We practice low-tillage farming approaches in our areas of operation

- Access to Renewable Energy**
- ✦ We have sold more than 40 solar panels to the community in the last year

- Environmental Protection in Production**
- ✦ We have in place functional environmental management plans, environmental policies and respective on-boarding sensitization for employees

- ✦ We carry out regular environmental audits to verify compliance and recommend further improvements
- ✦ We participated in the United Nations' Conference of Parties COP 21 on Climate Change
- ✦ We have conducted 16 Environmental and Social Impact Assessments approved by national authorities at country levels

- Zero Environmental Incidents**
- ✦ We recorded no environmental incidents which had major impact on water, soil or air

- Used Oil being recycled**
- ✦ We partner with certified companies to pick up and recycle used oil

- Waste Disposal**
- ✦ We dispose of domestic and hazardous waste responsibly through a certified company

- Environmental Award 2016**
- ✦ We received awarded an Environmental Award by the Zambian Environmental Management Authority – the award was issued on 17 June 2016 to Amatheon Agri Zambia for its significant contribution to sustainable agricultural development in the country



## ANTI-CORRUPTION

At Amatheon, we value integrity and ethical behaviour in our dealings with business partners, authorities and employees. Amatheon complies with the relevant legislations and is categorically opposed to all forms of corruption, including extortion, bribery and any illegal or immoral behaviour in all our activities and across countries.

### GUIDING PRINCIPLES

#### Anti-Bribery and Anti-Corruption Policy

The nature of our business requires us to interact with officials of various governments, district authorities and private third parties around the world. Amatheon prohibits its employees from engaging in acts of corruption, and from paying bribes or kickbacks to - or accepting bribes or kickbacks from - public officials and private individuals such as the personnel of companies with which Amatheon does business.

### MEASURES

- |   |  |
|---|--|
| Code of Conduct                         | <ul style="list-style-type: none"> <li>We do not accept or comply to unethical business practices</li> </ul>   |
| Anti-Bribery and Anti-Corruption Policy | <ul style="list-style-type: none"> <li>We have a policy in place that defines bribery and corruption to sensitize our employees</li> <li>We encourage staff to take e-learning classes and share specific examples in our policy to establish a clear understanding of the subject</li> <li>We impose rigorous consequences upon discovery of bribery or corruption cases – this applies to both, staff and contractors</li> </ul> |

### ACHIEVEMENTS

- |                                       |   |
|---------------------------------------|---|
| Application of Local Codes of Conduct | <ul style="list-style-type: none"> <li>We have a monthly register compiled by the HR department which reports on work against corruption</li> <li>We plan to introduce an anti-corruption training for all employees</li> </ul> |
| Induction requirements                | <ul style="list-style-type: none"> <li>We ensure acknowledgment of our anti-corruption policy during on-boarding phase of new employees</li> </ul>  |
| Anti/corruption component             | <ul style="list-style-type: none"> <li>We ensure there is an anti-corruption component in all MoUs we sign with our partners and contractors</li> </ul>   |



# CONTACT

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