



## CHAIRMAN'S MESSAGE



At Sucden, adapting to a changing world is in our nature and part of our identity. However, 2020 was a particularly challenging year in this respect, with the virus outbreak having an impact on many aspects of our business.

During the year, we reshuffled our organization to arrange remote working conditions for all offices and we were able to maintain our agro-industrial and shipping operations; we built safe working conditions based on social distancing, while still maintaining the warm social relationships at the heart of our company and business culture.

Aside from these unexpected challenges, we found many reasons to thrive in our commodity business, and had the opportunity to demonstrate our license to operate:

- We contributed to the supply of agricultural commodities in an environment where food became a global top priority.
- In a difficult environment, we maintained commodity flows, adapted our logistics, served our clients, and worked with suppliers to strengthen our supply chain.
- Seeing our employees dedicated to serving our partners and performing their roles with diligence in difficult working conditions gave us confidence for the future.
- We were reassured that our business partners remained aligned with our sustainability objectives and priorities.

On this last point, we intensified efforts to bring sustainability issues to the forefront of our company's culture, continuing our sustainability meetings remotely, and advancing discussions with our banks on sustainability-linked loans. In 2020, we decided to grow our Corporate Foundation to make the most of the commitment of all our employees. These individuals are the driving force behind the positive impact we have, and this very different year further demonstrated the qualities of our staff, and their dedication to their communities as well as to their work.

In 2020, I set a clear direction to continue our activities in line with our commitment to the UN Global Compact and other major sector-specific initiatives. In addition to those long-term commitments, we now look to our stakeholders – suppliers, customers, employees, local authorities, financing bodies and other business partners – to discover the pragmatic steps we must take to make change real. Here we benefit from the long-term relationships of trust we have, in accelerating the positive impact we can generate.

In 2021, we will maintain this direction. No matter the circumstances, the Sucden family will continue to create opportunities and drive the transition to a sustainable commodity supply chain by keeping in mind our values and our commitments to a sustainable future.

Serge Varsano

Chairman

# GROUP OVERVIEW



Sucden is principally a major trading house engaged in the soft-commodities supply chain. Our mission is to facilitate exchanges between producers and consumers worldwide. To do so, we trade on the world's major exchanges in a wide range of products and services, including sugar, coffee, cocoa, ethanol, ocean freight, as well as undertaking futures and options brokerage. To support this, we are active in agriculture and sourcing, processing, logistics, distribution, merchandising, financing, research and risk management. We combine global know-how with local expertise to connect supply and demand in a sustainable way.

We are an independent company with more than 68 years of activity on the commodities markets. We analyze all opportunities from a long-term perspective, always considering any constraints or expectations from our business partners and the local authorities.

USD7.0 billions

SUCDEN GROUP TURNOVER IN 2020

10.3mt

OF SUGAR ORIGINATED AND SHIPPED OR DISTRIBUTED IN 2020

495,000 tons

OF COCOA-BEAN-EQUIVALENT ORIGINATED IN 2020

312,000 tons

OF COFFEE BEANS ORIGINATED IN 2020

#### 2020 highlights

We acquired the residual shares of the Russian sugar business that included Eletski sugar factory in Lipetsk region and about 64,000 hectares of land.

We arranged our first loan linked specifically to corporate sustainability performance, to complement our existing bank financing dedicated to sustainable cocoa.

We reduced our water consumption per ton of produced sugar in Russia by 13% in 2020. On average, we used 3.83 m³ of water to produce 1 ton of sugar, compared to 4.4 m³ in 2019.

In 2020, the volume of certified coffee we traded increased to 107,000 tons.





#### FOUR VERTICALLY INTEGRATED LINES OF BUSINESS:

#### SUGAR, COCOA, COFFEE AND **ETHANOL TRADING AND DISTRIBUTION**

#### Sugar - Sucden:

Originates and ships or distributes about 10.3 million tons of sugar annually

#### Cocoa - Sucden:

Originates approximately 500,000 tons of cocoa-beanequivalent annually.

#### Coffee - Sucden:

Trades about 300,000 tons annually.

#### Ethanol - Sucden:

Trades approximately 200,000 m<sup>3</sup> of ethanol annually.

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#### **AGRO-INDUSTRY**

In Russia, we are a major sugar producer, processing **36,500 tons** of sugar beet a day.

capacity of over 800,000 tons of crystalized sugar a year.

We manage more than **230,000 hectares of land**, growing sugar

Additionally, we produce milk from a herd of 2,700 cows.

OF LAND UNDER MANAGEMENT IN RUSSIA IN 2020



#### **BROKERAGE**



#### **SHIPPING**

Armateurs in 2016/2017, taking delivery of four Handymax vessels, each with a capacity of 43,000 tons

# OUR APPROACH TO RESPONSIBILITY

#### Our material issues **Business ethics** Health and safety Soil management Company culture Wellbeing at work Transport and logistics Utilities management for Talent management factories **Direct Impacts Our action areas BUSINESS PRACTICES PEOPLE ENVIRONMENT** The way we behave in all of our How we interact with people defines Our main business is linked to activities around the world is of us as a business. We commit to treat soft-commodities production, so fundamental importance. We will people in all walks of life with dignity the way we treat the world around conduct our business with integrity, and respect, wherever we operate. us will inevitably affect our future. accountability and responsibility. Equally, we promise to provide our Therefore, we are committed to

#### **Impact on SDGs**

READ MORE P.8





employees with a safe place to work.

**READ MORE P.12** 



**READ MORE P.17** 

constantly reducing our environmental impact and conserving natural resources.









At Sucden, corporate responsibility is part of our company culture. We aim to be a global leader in connecting agricultural supply and demand in a sustainable way, and our vision of sustainable growth is based on five key areas.

Livelihoods of growers and workers

Responsible and sustainable supply

Nature conservation and forest protection

Understanding our carbon footprint

Managing suppliers

Chain of custody

Implementing sustainability programs

Engaging with local people

Local social investment and support

**Indirect Impacts** 



#### **SUPPLY CHAIN**

Our supply chain affects communities in the areas we source from. We are protecting forests in the coffee and cocoa supply chains through innovative tree planting programs. We are looking to better understand our overall carbon footprint in this critical part of our business.

**READ MORE P.23** 



#### COMMUNITIES

We aim to invest in the communities we interact with. We will make the most of our employees' local knowledge and involvement and to effect positive change and identify innovative solutions.

**READ MORE P.30** 





The diagram outlines how we use five areas to address our impact, and how each contributes to the United Nations Sustainable Development Goals. We ensure sustainability is always part of the company's mindset and that we look to maximize the positive impact we have. We have developed a stepwise approach to identifying our key material issues and the direct and indirect impacts we have.

#### Step 1 - Risk assessment and compliance principles

As a golden rule, we comply with all laws and regulations that apply. In practice, we make sure we conduct a risk and opportunity assessment on matters we identify as significant to our activities<sup>1</sup>. This creates a clear framework for focusing on our responsibilities. We disclose potential risks and issues in this report, which we have identified based on French and EU regulations, as well as on the UN Sustainable Development Goals.

#### Step 2 - Know our impacts and identify our material risks

Given our diverse activities - trading, agricultural and industrial production, and logistics - we face many challenges. Consequently, analyzing the materiality of these issues is essential to establishing a responsible and efficient strategy. In summary, we identify the main impacts we can have as follows:

#### **Direct impacts Business practices**

The way we behave in all of our activities around the world is of fundamental importance. We will conduct our business with integrity, accountability and responsibility.

- Business ethics
- Company culture

How we interact with people defines us as a business. We commit to treat people in all walks of life with dignity and respect, wherever we operate. Equally, we promise to provide our employees with a safe place to work.

- Health and safety
- Wellbeing at work
- Talent management

<sup>1</sup> Food waste and sustainable food choices are not considered as material when connecting suppliers and major industrial clients.

#### **Environment**

Our main business is linked to soft-commodities production, so the way we treat the world around us will inevitably affect our future. Therefore, we are committed to constantly reducing our environmental impact and conserving natural resources.

- Soil management
- Transport and logistics
- Utilities management for factories

#### **Indirect impacts** Supply chain

Our supply chain affects communities in the areas we source from. We are protecting forests in the coffee and cocoa supply chains through innovative tree planting programs. We are looking to better understand our overall carbon footprint in this critical part of our business.

- Livelihoods of growers and workers
- Responsible and sustainable supply
- Nature conservation and forest protection
- Understanding our carbon footprint
- Managing suppliers
- Chain of custody
- Implementing sustainability programs

#### Communities

We aim to invest in the communities we interact with. We will make the most of our employees' local knowledge and involvement and to effect positive change and identify innovative solutions.

- Engaging with local people
- Local social investment and support

#### Step 3 - Continuously work on our company culture, and establish a sustainability mindset

#### Setting an efficient governance framework, with responsibility as part of our organization and culture

Governance is vital and is an integral part of the Group's management structure. Sucden's Management Board sets our sustainability strategy and considers responsibility issues, reviews and acknowledges achievements and ongoing programs, and allocates resources.

To ensure resources are available and that we meet our objectives, the Board has appointed a Responsibility Forum to implement the strategy, coordinated by Sucden's Chief Responsibility Officer and made up of sustainability and operational managers from around the Group. These managers are responsible for developing programs and initiatives and contributing to the development of a responsibility culture in all subsidiaries and regions. The Forum meets quarterly to update on activities, align and implement strategies, share best practices, and suggest improvements.

#### Ensuring responsibility and sustainability everywhere

To maximize our impact and conform with our principles and values, we will involve all the Group's functions in our responsibility activities. This means that as well as tackling our material risks, we are keen to involve all employees in our responsibility and sustainability activities. This can be through matters such as office recycling or banning the use of plastic cups. which though seen as small scale, still have a positive impact.

#### Improving internal and external communication

To continuously enhance awareness of responsibility and sustainability around the company, we run local training sessions and publish a corporate newsletter, to help employees communicate with our business partners on these issues.

#### Step 4 - Define how we will reach our objectives

Having set the above framework, the Board intends to make the most of our desire to continuously improve our sustainable way of doing business, and thus our license to operate. Therefore we have set the following guidelines:

#### Commitments

Sucden is happy to go public with its convictions, as demonstrated by memberships and public positions such as Global Compact, Cocoa and Forest Initiative, and the International Cocoa Initiative.

#### Certifications

When certifications are available and valued in the industry, we intend to play a part. This includes certification of our industrial operations, as well as of the products we trade. As well as commitments to positive action, those certifications help encourage us to strive for excellence.

#### Direct actions and internal processes

In addition to certifications, we act in the field to ensure we have a positive impact in our sphere of influence, such as with business partners, local families at origins, and local authorities. In this respect, our teams address external issues as well as internal processes to ensure we apply our values across the Group. Our Compliance Framework is part of this demanding process management.

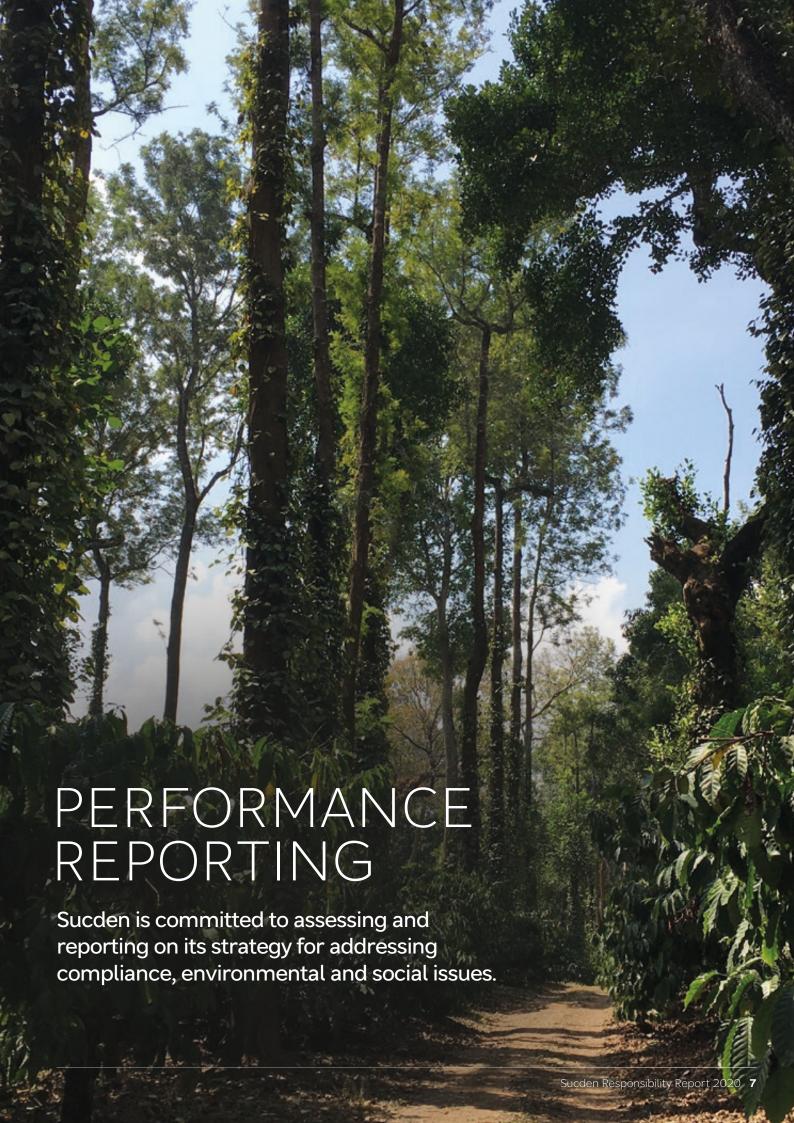
#### Partnerships to initiate local action

Given the challenges we face, we seek to build partnerships with important bodies, and support existing collective initiatives. Generating a positive impact means bringing many skills together, and requires experimentation given the complexity of certain issues. Using a wealth of available expertise, we can accelerate the transition to fully traceable and sustainable supply chains.

#### **Corporate foundation**

We have established a corporate foundation to enhance our employees' local involvement. The Sucden Foundation now provides funding to projects that can have a positive impact on nutrition and health, education, environment and social issues. It enables us to make a distinct and significant contribution to the community by funding of two types of project:

- Those where employees are personally involved.
- Those that increase the positive impact we have on the environment and communities where we operate.





To be able to conduct our business ethically and with integrity, we are developing our compliance and certification processes.

#### **Contributing to the** following UN Sustainable **Development Goals**





#### **KEY CHALLENGES, RISKS AND OPPORTUNITIES**



#### **Corporate Code of Conduct** and regulatory risk

Sucden aims to conduct its business in compliance with all laws that apply where we operate. Therefore we must comply with an increasing number of rules and regulations issued by the French, EU, US and other relevant countries' authorities, and by international organizations

It has also become a legal obligation under French law (Transparency, anti-corruption and economic modernization Act 2016-1691 of 9 December 2016 'loi Sapin II') to take the measures necessary to prevent and detect all possible types of corruption. More generally, we have procedures designed to ensure we conduct business activities in compliance with our obligations for international sanctions, anti-money laundering, prevention of corruption, and the fight against the financing of terrorism. This is especially important when we source or sell commodities in countries considered at risk.

#### **Expectations and opportunities**

We expect demand for sustainable and responsible commodities to grow in the coming years. Being close to producers of sugar, cocoa, coffee and ethanol, we are well placed to support this demand, by tracking origins and supporting local populations in responsible development.

In addition, as our way of doing business very much stresses building ethical long-term relationships with our business partners, we see responsibility and sustainability becoming just as important to our customers.



#### **Conducting business ethically** and lawfully

Our Code of Conduct<sup>1</sup> sets out the rules, principles and values all employees should follow at all times when working. It is an overarching document we can update regularly, and is supplemented by other information and policies such as our Forest protection policy or anti-corruption policy.

We also have a comprehensive Compliance Framework to ensure that we conduct business in line with any laws and regulations that apply, and in line with the principles and values set out in the Code of Conduct.

Among other things, the Compliance Framework includes:

- a risk map to identify the main risks Sucden may face
- details of our whistleblowing policy
- our Know Your Customer (KYC) and Know Your Supplier (KYS) procedures
- policies relating to international sanctions, anti-money laundering and anti-bribery
- training on compliance issues for employees exposed to corruption
- regular financial and compliance audits.

We have established a Compliance Committee to meet regularly to decide on our compliance strategy, to monitor issues, and to implement and make decisions on the approved compliance program.

We have also introduced a Personal Data Protection Policy to comply with the EU General Data Protection Regulation.

#### Our performance in 2020

Through the Compliance Committee, we ensure we continue to apply our compliance policy and that all employees understand it.

In 2020, we carried out our first internal audit of the compliance policy - and of the measures taken to prevent and detect corruption - which has confirmed the effectiveness of the Compliance Framework







#### Commitments towards global initiatives

We ensure our business partners and interested parties know our views on responsibility, and this is illustrated by the commitments and initiatives we endorse at Group or activity level.

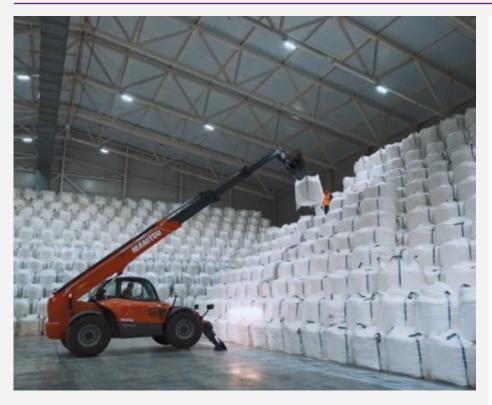
#### Our performance in 2020

Our commitments include corporate as well as sector-specific initiatives. As such, we continue to adhere to the following:

- Global Compact: This is the overarching public commitment for the Group and all its diversified activities.
- Regarding cocoa, we are a member of the
- · Cocoa and Forest Initiative (CFI)2, which encourages industry efforts to protect forests and ensure traceability of cocoa.
- · International Cocoa Initiative (ICI)3, which promotes child protection in cocoa-growing communities, and works to ensure a better future for children and their families.
- For the maritime transport activity, we remain a member of the Maritime Anti-Corruption Network (MACN)4. MACN aims to implement its principles, provide information, and raise awareness of the challenges its members face regarding corruption. It works with governments, NGOs and civil society to identify and mitigate the root causes of corruption. Through membership, we participate in its worldwide efforts to tackle corruption in the shipping industry.
- We also participate in many general sector initiatives.

- 1 https://www.sucden.com/en/corporate-responsibility/code-of-conduct/
- 2 https://www.worldcocoafoundation.org/initiative/cocoa-forests-initiative/
- 3 https://cocoainitiative.org/
- 4 https://www.maritime-acn.org/





#### Certifying our practices and processes

In addition to our commitments, we are keen to demonstrate that our practices and processes reflect the highest standards in our industry. We believe certification raises standards all round and encourages higher standards in third parties. Consequently, our certification strategy is based on the following:

- Certification of our processes for trade-certified products: this increases demand for certified products and is one way, among others, to demonstrate the reliability of our processes and traceability of our products.
- Certification for our asset-based activity: our vessels and plants in Russia are engaged in a certification strategy that addresses environmental, health and safety, supply chain, and social practices.







#### Our performance in 2020

In 2020, we renewed and improved our previous assessments as follows:

- EcoVadis. This is the world's largest and most trusted provider of business sustainability ratings: several entities within the Group asked for an EcoVadis external assessment. In 2020, our main French entity maintained its gold level<sup>1</sup>.
- Sugar. Several offices and subsidiaries of the Group are certified to trade Bonsucro<sup>2</sup> sugar, a standard for promoting sustainable sugarcane production, processing and trade around the world. In 2020, we expanded our certification to be able to provide Bonsucro-certified sugar to all clients, and sold more than 70,000 tons of it.
- Sugar-beet pulp pellets. In 2020, we renewed our GMP+ certification, an animal-feed safety-assurance certification that allows customers full traceability of products, as well as insurance on hazard management at each stage of the supply
- Cocoa. We are certified to trade UTZ. part of the Rainforest Alliance, as well as Fairtrade. Overall, in 2020, we sold about 53,000 tons of certified cocoa.
- Coffee. We are certified to trade UTZ, Rainforest Alliance, 4C, Fairtrade, CAFE Practices and Organic-certified coffee. In 2020, we sold more than 100,000 tons of certified coffee.
- Ethanol. We are certified according to the International Sustainability and Carbon Certification (ISCC) system, and supplied about 50,000m<sup>3</sup> of certified ethanol in 2020

- 1 Gold level is granted to the top 5% of performers.
- 2 https://www.bonsucro.com/what-is-bonsucro/



#### Sucden in Russia

Dobrinski and Atmis-Sakhar are both certified to the following standards: ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Health and Safety Management).

In addition, all our sugar factories have been certified for food safety to the FSSC 22000 standard.

In the agricultural business, the three historical areas we operate in are part of the Farm Sustainability Assessment by SAI (Sustainable Agriculture Initiative) Platform and we apply those principles. In 2018-2019, our audited zones achieved gold and silver status, and in 2020, the Group produced 243,000 tons of FSA-certified sugar in Russia, of about 1,385,000 tons total. We are progressively including the newly acquired entity in the SAI approach, starting in 2019 by completing a self-assessment on the SAI Platform. The new entity's FSA certification is scheduled for 2021.

#### Sucden at sea

In line with our certification strategy, our four vessels maintained certification to ISO 9001 (Quality Management) and ISO 14001 (Environmental Management).

#### **Embedding sustainability and values** in our company culture

We wish to ensure all employees know about our values and commitment to sustainability and believe they should all witness our efforts. Therefore, we ask local management to consider all five pillars (see page 4) of our responsibility strategy, and promote them locally. This approach helps us address smaller issues not detailed in this report, but which are very useful for helping everyone be a part of our responsibility strategy. For example, helping reduce the environmental impact of our office activity through waste-reduction plans and similar office challenges.



# PEOPLE

Sucden is a family business and we work on a personal level. We are open and straightforward, believe in the value of working closely with clients and partners throughout the value chain, and in building strong relationships.

This approach has been instrumental in our success as a business and bolsters our reputation as a company people want to work for. We offer our talented employees the opportunities, support and training necessary to be the best they can be. We welcome individuality and innovative thinking.

# Contributing to the following UN Sustainable Development Goals













B DECENT WORK AND FROMOMIC GROWTH



## KEY CHALLENGES, RISKS AND OPPORTUNITIES

### Risks related to attracting and managing people

People are vital to our business, and our human-resource management covers three key areas: maintaining our image as a top employer, developing and retaining talented people, and ensuring wellbeing at work.

We have a thorough recruitment system that aligns individuals with roles, and a working environment that helps people develop, by empowering them, yet at the same time challenging them.

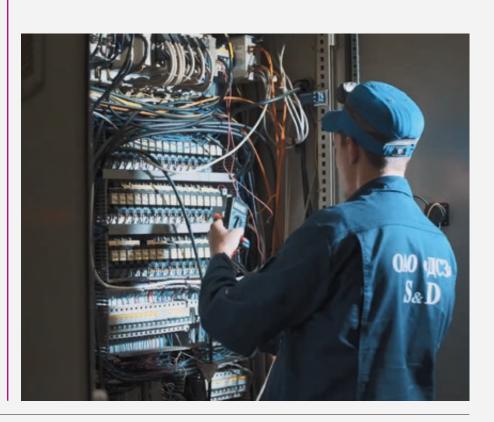
We are keen to retain talented people by providing assignments that are ambitious and varied while offering an ongoing intellectual challenge, alongside attractive pay and real opportunities for development within the Group. This continues throughout an employee's career, helping create a sense of belonging and pride in working for the company.

### SUCDEN EMPLOYEES AROUND THE WORLD

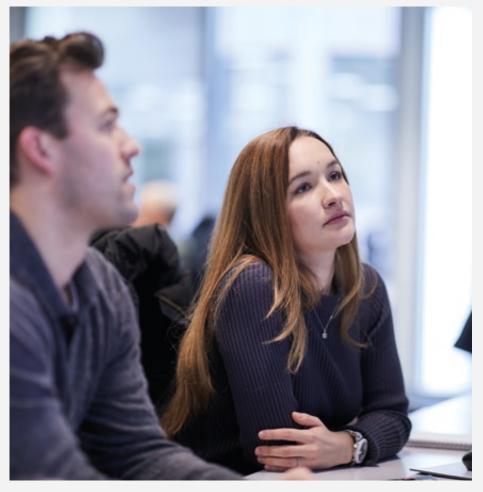
About 80% of the Group's employees are in Russia, working in a range of agro-industrial activities. The other 20% are involved in our trading activities and services, in areas ranging from sugar, coffee, cocoa and ethanol, to ocean freight, and futures and options brokerage.

Our maritime business is part of our European operations, and we hire crew members for limited periods linked to vessel activity, in line with industry practice.

We ensure proper management of skills and sharing of knowledge, which potentially offers a number of significant advantages: an increase in individual and collective skills, retention of sensitive know-how, and reinforced cohesion within teams; an increased motivation for senior employees, an accelerated learning pace for new hires, and steady retention of junior employees.

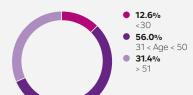












Sucden employees in numbers at December 31st, 2020

Region	2020	2019	Men	Women	<30	30 <age<50< th=""><th>&gt;50</th><th>Temporary Workers</th><th>Permanent workers</th></age<50<>	>50	Temporary Workers	Permanent workers
Asia	357	246	275	82	55	269	33	118	239
Europe	489	469	364	125	85	259	145	11	478
Middle East and Africa	83	81	64	19	8	65	10	3	80
North America	82	85	40	42	4	58	20	1	81
Russia	4,330	4,904	3,001	1,329	509	2,338	1,483	486	3,844
South America	149	132	99	50	31	87	31	1	148
Total	5,490	5,917	3,843	1,647	692	3,076	1,722	620	4,870



#### **Building a safe environment**

Sucden has developed internal processes to ensure we meet both the regulations and best practices for safety. This is especially a priority for our industrial operations in Russia, where we are aiming to reach a no-accident target. To achieve this, we are focusing on processes and training to bring an overall awareness of any occupational safety risks, as well as focusing certifications. We also conduct internal and external audits in our four factories, to reduce the risk of accidents, increase awareness, and continuously enhance our processes.

#### Our performance in 2020

In 2020, we engaged experts to run a comprehensive diagnosis of our Occupational Health and Safety management system in our four Russian sugar factories. This led to us creating plans for the next few years to further improve our safety culture and management system, based on the world's best safety management practices.

The Dobrinski and Atmis-Sakhar plants are ISO 45001-certified.

In 2020, our frequency rate<sup>1</sup> of occupational accidents was 1.1 (0.9 for activities in Russia) and the severity rate<sup>2</sup> was 0.06 (0.07 for activities in Russia), compared to 1.6 and 0.03 respectively in 2019.

#### **WORKING AT SUCDEN DURING THE COVID-19 CRISIS**

Sucden employees have not been immune to the pandemic. Although most of those infected had mild symptoms, about 60 were hospitalized and, unfortunately, six employees died, all in Russia. Each entity rapidly took the measures necessary to protect employees, following local health recommendations strictly. We also implemented working from home whenever possible, other than at our agro-industrial facilities in Russia.

We provided support to the medical teams in the front line, helping them improve both working conditions and the organization of healthcare. We also contributed to the research on Covid-19 treatments, and global research on viruses and epidemiology.

In addition, Sucden joined 30 other companies in contributing to the World Cocoa Foundation's pandemic relief efforts, predominantly geared towards Côte d'Ivoire and Ghana. These funds supported the national emergency plans of governments in West Africa, South America and South East Asia. In total, WCF collected US Dollars 835,000 for relief efforts.

Sucden also contributed directly.

In Côte d'Ivoire, we:

- supported the local government in purchasing additional health equipment and materials.
- distributed protective equipment to farmers through cooperatives. In total, 23 communities and 690 farmers received protective equipment.
- adapted our training to include national guidelines on Covid-19, and trained by video where possible.

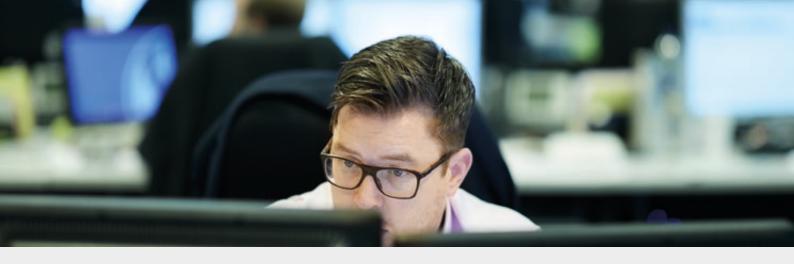
In Nigeria, we reallocated our budget for the annual Farmers' Day to pandemic relief efforts. During the summer, we distributed 5,600 facemasks and bottles of hand sanitizer, liquid hand wash, 160 washing stations, and education materials on Covid-19. These materials were aimed at better equipping farming communities in the Olakoko region, to help them face this unprecedented challenge.

#### Sucden at sea

We took great care of our sea crews in regard to the risks generated by the Covid-19 pandemic, especially in the confined environment of on-board accommodations. As well as regular testing before and during their time on board, we installed new air-sanitizing systems in all enclosed spaces. While crew change around the world has become a growing issue since the start of the pandemic, we spare no efforts in making sure seafarers can return to their homes safely and in good time, in accordance with any regulations. So far we have not had a single case of Covid-19 among our crews.

<sup>1</sup> Frequency rate calculation: number of lost-time accidents of Sucden employees x 1,000,000/number of hours worked during the reporting period.

<sup>2</sup> Severity rate calculation: number of calendar days lost (fatalities excluded) of Sucden employees during the year x 1,000/number of hours worked during the year.



#### Wellbeing at work - adaptability in all its forms

The Group is committed to the wellbeing of its employees in the workplace. A satisfied employee is less absent, more creative, more committed and more productive. We also promote social<sup>1</sup> and cultural dialogue in any way we can.

Young professionals - defined as millennials - are opting for companies that encourage them to flourish. And, more generally, employees now rate empowerment and the quality of human relations high in their motivation. The rate of absenteeism at Group level indicates what we have achieved. In 2020, this rate was 4.2%, compared to 3.1% in 2019. Staff turnover is another indicator of overall satisfaction. This turnover rate, excluding Russia, was 9%, compared to 12% and 15% in 2019 and 2018 respectively. In Russia, the rate is much higher (23%), given its specific

1 In France, existing collective agreements cover gender equality and employment of seniors.

characteristics where plants operate only in the sugar-beet production period. At Group level, our goal is to find the right balance between new hires and experienced employees. The results shown for our industrial sites in Russia and South America are the direct result of more-difficult working conditions.

On our industrial sites, to improve wellbeing at work, we are investing in a modern, high-performance work environment, including matters such as integrating new technologies in our agricultural processes and renovating canteens.

#### Flexibility at work

Flexible working can bring a real sense of freedom to work-life balance, and can be a major factor in improving and maintaining performance, as well as in attracting staff. We apply it in different ways, for example, financing childcare in company crèches, allowing staff to work from home or work part-time after having taken maternity leave, or helping people resolve personal issues that affect health, family life or working life.

The pandemic has been a turning point in how we organize work. We will continue working from home, though in a clearly defined framework, as agreed with staff, and we plan to create more space by reducing the number of shared desks.

#### Employee shareholding: a stronger commitment to the Sucden adventure

Our shareholding scheme complements other schemes such as profit-sharing and incentive schemes, and a social protection program that guarantees minimum social benefits for all employees worldwide. This social policy is one of the components of our success, which is based on a strong collective culture, a protective environment and a sharing of the rewards reaped from business growth.

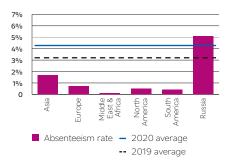


#### Turnover rate by region in 2020

Region	Permanent employees	Number of people hired	Departures	Terminated at the employer's initiative	Turnover rate 2020 <sup>1</sup>	Turnover rate 2019
Asia	239	9	9	0	3.8%	12.6%
Europe	478	45	55	19	11.5%	11.5%
Middle East and Africa	80	8	6	0	7.5%	6.2%
North America	81	15	13	2	16.0%	16.5%
South America	148	16	16	7	10.8%	15.9%
Russia	3,884	551	865	45	22.5%	21.0%
Group average	4,870	644	964	73	19.8%	19.3%

1 Turnover rate is calculated by dividing the number of departures by the total number of permanent employees.

#### Absenteeism rate





CONTINUED

## Attracting talent and managing competencies – Sucden creates opportunities

Our employees' acquisition of new skills and knowledge is critical to our success, and our managers are responsible for providing development opportunities and support. We have fostered close relationships with top French universities, as well as with agronomic schools. We also contribute to various business schools by paying apprenticeship tax. In addition, our employees are active in their alumni networks and tend to expand their professional networks.

Sucden creates business opportunities, aiming to convert these into career opportunities for our employees.

#### Sucden at sea

In line with professional practice in the shipping industry, employees are responsible for their training and certification, and we require these for employment at Sucden.

#### Sucden in Russia

The recruitment of qualified employees in Russia is difficult, given the rural location of our industrial sites. We spend significant time and resources on recruitmnent<sup>1</sup>, employee development and training.

#### Our performance in 2020

Training overview in 2020

Region	Training hours	Number of employees	employee
Asia	2,259	357	6
Europe	3,940	489	8
Middle East and Africa	384	83	5
North America	50	82	1
Russia	191,799	4,330	44
South America	500	149	3
Group 2020	198,932	5,490	36
Group 2019	257,534	5,917	44

#### Training hours



#### Sucden in Russia

In 2020, in partnership with the district of Beloglinsky, we opened an agricultural training center that aims to provide courses for agronomists, mechanics and drivers. This facility has already been recognized by local authorities as an official exam center.

Developments for the coming years include specific training programs for our employees, interactive on-site and online classes with foreign partners, engineering classes with motor prototypes, and sponsorships with sugar factories. The training center will be used by our four agrofirms.

<sup>1</sup> As for the whole Group, recruitment processes reflect the commitment to encourage diversity and avoid all types of discrimination.

# ENVIRONMENT

We monitor our impact on the planet, with a specific focus on our asset-based activities in Russia, and at sea with our fleet of Handymax vessels. We have processes of excellence to minimize our direct environmental impact, while we can reduce our indirect impact through our employees being aware when making traveling decisions or selecting suppliers.

### KEY CHALLENGES, RISKS AND OPPORTUNITIES

### Main contributors to Sucden's direct carbon footprint

Our industrial and agricultural business activities in Russia, and our maritime transport activities, have the most significant impact environmentally. Other activities, such as industrial and warehousing operations in Asia, Africa and Brazil, have a much lower environmental impact.

#### Employees' business trips

Our employees must travel to visit clients, suppliers and our global businesses, and to meet other ongoing business requirements. Because of the Covid-19 pandemic, GHG emissions resulting from business travel have significantly decreased during 2020, and for head-office employees represent about 293 tons of CO<sub>2</sub>, compared to 1,978 in 2019.

#### Office-based activity

We do not consider the environmental impact of our office activities as significant and, therefore, do not include data in this section.

# Contributing to the following UN Sustainable Development Goals









9 INDUSTRY, INNOVATION AND INFRASTRUCTURE







13 CLIMATE ACTION







#### **KEY CHALLENGES, RISKS AND OPPORTUNITIES CONTINUED**

#### **Environmental or accidental risk**

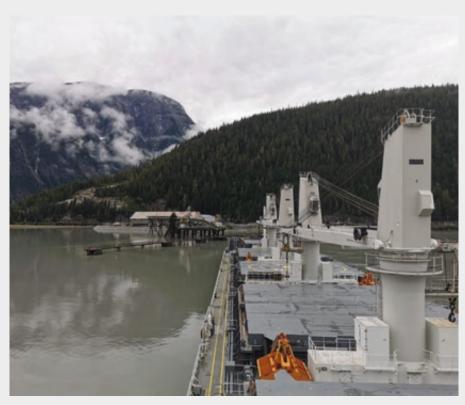
We operate four sugar beet factories in Russia that can produce about 800,000 tons of sugar a year, and cultivate about 220,000 hectares of land. To reduce the risk of accidents, our teams in Russia are constantly working to increase their control of the industrial process through an ISO 9001-certified quality process, continuous monitoring of occupational safety issues (ISO 45001 certification) and ongoing deployment of a certified environmental management system (ISO 14001 certification). We manage the agricultural business so as to limit the environmental impact of production, using techniques that are shared across the sector.

#### Climate change risk

Climate change affects agricultural production around the world. In Russia, we work to mitigate this risk by continually verifying that the seeds we use in crops, sugar beet or cereals, are the most suitable for local conditions.

As a player in the supply chain for agricultural commodities such as sugar cane, cocoa and coffee, we also help support farmers in adapting their production to the long-term risks related to climate change. This can include ideas for income diversification and improved agricultural practices, as well as reforestation. Within our supply chain, we recognize the impact this has on our indirect carbon footprint, and will be seeking to understand this material impact to a greater degree. We explain in more detail on pages 23 to 29.

#### **OUR STRATEGY, POLICIES AND PERFORMANCE**



#### Improving environmental management and site safety

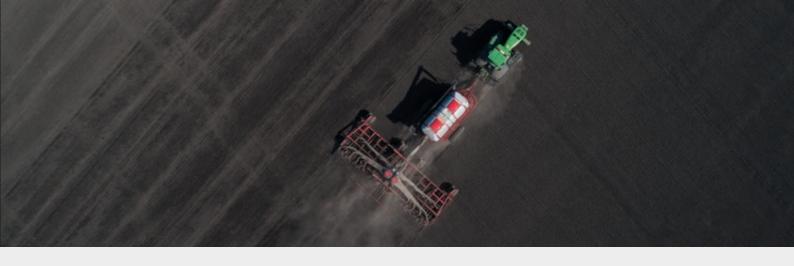
#### Sucden in Russia

Sucden Russia has adopted a local policy for implementing Group strategy and managing the business in an ethical and responsible manner. For the environment, this includes a focus on certifying our environmental management systems, and on monitoring and optimizing the following: sustainable agriculture, energy efficiency, renewable energy use, ISO 26000 or IFC standard guidelines, water-consumption efficiency, waste optimization and food safety. Each Russian industrial or agricultural entity has specific environment officers to support management in dealing with environmental issues and concerns. This structure also helps ensure compliance with the standards that apply locally.

#### Sucden at sea

In line with 2020 IMO regulations, all our vessels now run on cleaner fuel with a lower sulfur content, thereby reducing our environmental impact. We have also equipped each vessel with a brand new fuel-purifying system, able to filter up to 80% more residual fines, bringing further improvement in fuel quality and a reduction in carbon emissions.

In 2020, we also installed mineral-water plants onboard the entire fleet. These produce drinking water from sea water, using the existing fresh water generator. This new system covers all drinking water consumption onboard and has cut our fleet's plastic waste by nearly 30,000 bottles a year, reducing our carbon footprint by over five tons of CO<sub>2</sub>.



### Saving energy and limiting our direct carbon footprint

#### Sucden in Russia

We are committed to reducing our energy consumption and carbon footprint, since it is both beneficial for the environment and helps reduce our costs. In addition, cutting the production of waste and optimizing our energy use are key to ensuring our overall plant efficiency and the reliability of our industrial processes.

We monitor our energy consumption consistently and consider ongoing investments to help us reduce it in both our industrial and agricultural business units. As a rule, any investment must consider energy savings.

We apply industry best practices and technologies when modernizing or increasing the capacity of our factories. The Eletski factory has been designed to reduce greenhouse gases (GHG) emissions by 35% thanks to using the best available technology in 2016. We use specialized software to continuously optimize and model the energy balance of our factories, and act to reduce emissions when closed, for instance by substituting with LED lights. Overall, we monitor our greenhouse gases emissions by ton of produced sugar and have set ambitious targets for 2025.

In our agricultural business, we invest in high-performance, modern equipment (such as tractors and beet harvesters) that enable us

to optimize the management of cultivated land in energy consumption and quality of tillage. In addition, our analytical crop management includes energy consumption among its key parameters.

#### Sucden at sea

To minimize the environmental impact of our shipping operations, as well as improve business opportunities, we have invested in modern ships that optimize energy consumption. Our vessels are specifically designed to reduce bunker consumption, have modern, efficient engines, and the latest hull shape, which is specifically coated to reduce water resistance. We maintain a strong focus on maintenance to ensure we can continue to achieve this high performance.

#### Our performance in 2020

#### Sucden in the world

The following table shows by energy type the energy consumed by Sucden's operations. We calculate greenhouse gas (GHG) emissions based on these figures, using country-specific emission factors. We monitor our carbon footprint based on energy consumption from all industrial, agricultural, logistics and maritime activities.

#### Sucden in Russia

In 2019, a mass and thermal balance has been performed for each factory to identify available actions to optimize energy efficiency and carbon footprint. In 2020, weather conditions led to a significant decrease of sugar-beet yields, along with a significant increase in the sucrose content. This resulted in the following metrics:

- CO<sub>2</sub>eq per cultivated hectare 318 kg in 2020, compared to 425 in 2019
- CO<sub>2</sub>eq per ton of sugar produced 482 kg in 2020, compared to 572 in 2019.

Compared to 2015,  $CO_2$ eq per ton of sugar produced decreased by 10%, and we are targeting an additional 10% by 2025.

#### Sucden at sea

The Energy Efficiency Design Index for Sucden's vessels is 4.18 grams of  $\mathrm{CO}_2$  per ton-mile compared to a standard target for the vessel category of 5.90 grams of  $\mathrm{CO}_2$  per ton-mile. Our vessels will comply with International Maritime Organization regulations through to 2024, and have lower fuel consumption and higher fuel efficiency than standard designs. Fuel consumption is just over 20 metric tons a day at 13.5 knots, compared to a standard 27-28 metric tons a day for similarly sized vessels at the same speed.

318 kg co<sub>2</sub> eq

482 kg co, eq

Energy consumption and GHG emissions

Zone	Gas	Electricity	Fuel and gasoline	Ene	ergy consumption		GHG emissions
	MWh	MWh	MWh	MWh 2020	MWh 2019	teq CO <sub>2</sub> 2020	teq CO <sub>2</sub> 2019
Asia	8	1,553	607	2,168	4,243	2,324	1,638
Russia	1,857,717	34,374	251,108	2,142,237	2,160,338	465,524	544,322
Shipping <sup>1</sup>	0	0	191,973	191,973	203,864	53,753	66,052
South America	0	968	0	968	937	852	332
Total	1,857,717	36,895	443,689	2,337,346	2,369,382	522,453	612,344

<sup>1</sup> Shipping section includes all consumption from Sucden vessels.



CONTINUED

### Monitoring and acting on our indirect carbon footprint

Our commodity trading aim is to match supply and demand throughout the globe, and this involves significant transportation management for our operations and on behalf of clients. We transport long distance by sea (containers) and manage short distances by train or by truck depending on each country's available infrastructure. Such transportation is one of the most significant items affecting our carbon footprint, and we aim to monitor our impact.

#### Our performance in 2020

In 2020, we started the monitoring our impact by setting a method to assess emissions related to the bulk vessels we use mainly to transport sugar mainly, but also ethanol, coffee and cocoa. Our method includes all flows where we are responsible for transportation, and applies a specific emissions factor from the Thetis database to each vessel

CO<sub>2</sub> emissions for bulk transportation represents about 221,082 tons of CO<sub>2</sub>, with an average emission factor of 9.1 grams of CO<sub>2</sub> per ton-mile.

In Russia, GHG emissions related to sugar beet transportation by truck represents 20,064 tons of CO<sub>2</sub>. Sugar transportation by truck represents 13 715 tons of CO<sub>2</sub>.

#### Transported volumes in 2020 by transportation type

Maritime transportation volume	Sugar	Other commodities	Total
	in metric tons	in metric tons	in metric tons
Bulk	4,380,451	212,194	4,592,645
Container	1,103,478	371,575	1,475,053
Total	5,483,929	583,769	6,067,698

## Managing our waste and production residue

#### Sucden in Russia

Sugar production generates valuable by-products¹ such as beet residue that can be used as fertilizer. In addition, we produce limited volumes of waste from logistics and commercial activities (such as used pallets and scrap packaging). Agricultural activity itself generates little waste. Even so, we constantly look for innovative opportunities to recycle an increasing volume of our waste, with agricultural managers and refinery leaders monitoring all production residues and waste, and collaborating to maximize recovery rates.

#### Sucden at sea

With the exception of organic waste released at sea during voyages, all other waste is either treated on board when possible or managed by specialized disposal companies on shore, all monitored in a specific on-board waste registry. Our captains and crews have instructions regarding environmental management on board, with waste management documented as part of this.

# 1 Sugar, pellets and molasses are considered as products; beet pulp is considered as a by-product. By-products are included in the waste reporting disclosed in this report and are included in the recycled volume and recovery rate.

#### **Our performance in 2020**

The table below shows the waste generated by our industrial and agricultural activities.

#### Sucden in Russia

In 2020, we made new substantial investments (more than US Dollars 1 million) and put in significant effort into optimizing

waste management, including installing a pulp press in Dobrinski and Tbilisski sugar factories and pellet presses in Eletski and Tbilisski sugar factories, to reduce the pulp volume spread in the fields and increase the volume of marketable pellets.

#### Waste production quantity and recovery rate

Zone	Non- hazardous	Hazardous	Total wa	ste production	Recycled volume	Recovery rate
	in metric tons	in metric tons	2020 in metric tons	2019 in metric tons	in metric tons	%
Asia	46,871	270	47,141	900,095	35,616	76%
Russia	302,434,604	1,675,721	304,110,325	333,044,578	297,268,189	98%
Shipping	0	198,630	198,630	208,355	0	0%
South America	248,660	33,700	282,360	214,448	174,216	62%
Total	302,730,135	1,908,321	304,638,456	334,367,476	297,478,021	98%



#### **Optimizing our water consumption**

#### Sucden in Russia

Reducing water consumption is one of the key measures of our sustainability policy for our Russian managers to focus on, particularly reducing the volume of discharged water. In the sugar-beet refining process, we can re-use the water used to clean beets within closed-loop systems, which we now deploy in our four factories.

Overall, we monitor our water consumption per ton of produced sugar and have set a clear 2030 target to reduce water withdrawals by 50% compared to our 2018 baseline.

TON OF SUGAR BEETS
PROCESSED, COMPARED TO 0.8 IN 2019 AND 1.4 IN 2018

#### Our performance in 2020

#### Water consumption

Zone	2020	2019
	m³	m³
Asia	11,501	13,056
Russia	3,111,059	3,346,926
South America	8,567	13,100
Other	0	115
Total	3,131,127	3,373,197

#### Sucden in Russia

In 2020, we conducted a fertigation test to assess the potential of recycling sugar beet water (sugar beet is 75% water). This technology can allow us to improve water management in sugar plants and farms.

#### Fertigation test

ha	m³
50 ha	180,000
200 ha	500,000
	50 ha

In addition to this project, we will invest in reaching our 2030 target, including installing water-cooling towers.

#### Sucden at sea

The entire Sucden fleet is able to produce fresh water for crew and maintenance use (17 metric tons of fresh water a day) by desalinating sea water through a boiling system using waste heat recovered from the main engine.





CONTINUED

### Conserving our soil and protecting biodiversity

We strive to protect biodiversity, especially in our agricultural and maritime activities, where we can have a direct impact. The land we cultivate is habitat for numerous species, and we employ agricultural practices that protect the soil through crop rotation as well as fertilizer and pesticide management.

#### Sucden in Russia

We set up an agrochemical soil analysis program in the Dobrinski district to measure soil quality. We analyze all fields once every five years and monitor annual applications of mineral and organic fertilizers closely.

#### Sucden at sea

Our ships travel from one continent to another, and we take great care not to alter local biodiversity as a result of our activity. To this end, our vessels are equipped with advanced water-ballast treatment systems, preventing the contamination of local ecosystems by foreign bio-organisms. Furthermore, any chemicals we use on board comply with the best management practices stipulated by the International Maritime Organization in its Evaluation of Safety and Pollution Hazards of Chemicals document.

#### Our performance in 2020

We conducted feasibility studies for the fertigation project in Russia, assess this technical solution for local agricultural practices



#### **Animal welfare**

#### Sucden in Russia

Aside from our main activity of cereal and sugar production, we produce milk from the 2,700 cows on our farms. We oversee animal welfare in our milk-herd management, and base our analysis on the five fundamental freedoms stated in the CIWF (Compassion in World Farming) criteria. We ensure the following:

#### Our performance in 2020

Applying the CIWF criteria means we do the following:

- Comfort: daily mulching increased from 8 to 12 kg of straw per animal
- Ventilation: renovating the buildings to manage heat stress, ensure a humidity level not exceeding 70%, and ensure the safety of the animals
- Dairy team: ran training to ensure high-quality care and prevent and control diseases
- Feeding: daily control of forage quality, from maize, alfalfa and pulp.

Fundamental freedom	Example at Sucden
Do not suffer from hunger or thirst	Renovated drinking troughs and set rations to cover the needs of each category of animal.
Do not suffer discomfort	Put rugs in hobbled barns to improve comfort. Built barns with deep-bedded cubicle sand.
Do not suffer pain, injury or illness	Permanent care such as trimming, with trained people present in each farm.
To be able to express natural behavior	Decreased use of the tie-stall barn in favor of free housing.
Do not experience fear and distress	All people in contact with animals are aware of this and must treat animals with respect.

# SUPPLY CHAIN

The cocoa and coffee businesses make a significant contribution to the economies of producing countries and also to the wellbeing of the households and farming families who cultivate these crops. Our sourcing role is not only strategic for us, but also for the sector. We focus on working with our clients to implement many sustainability programs. We are reinforcing our understanding by monitoring our supply chain closely, to measure cocoarelated and coffee-related impacts at a community and household level.

#### **Contributing to the following UN Sustainable Development Goals**

































#### **KEY CHALLENGES, RISKS** AND OPPORTUNITIES

Cocoa is primarily grown by smallholder farmers in West Africa. Côte d'Ivoire and Ghana together produce nearly three million metric tons of cocoa. The average farm size in this region is between two and three hectares, and the average yield ranges from 300 to 500 kg per hectare. It is therefore estimated that there are between two and three million cocoa farms in Côte d'Ivoire and Ghana alone. The sheer number of cocoa farmers and the total cocoa production in this region means cocoa contributes significantly to these countries' economies.

Many cocoa farmers face challenges such as a lack of available labor, decreasing moisture and fertility of soils, and low productivity. These difficulties highlight the need to improve labor practices, safeguard forests, and raise farming family incomes.

In addition, the regulatory landscape for supply-chain diligence is changing in both the United States and Europe. Current as well as upcoming legislation will seek to address the risks of forced labor, child labor, as well as deforestation problems in supply chains. As a supplier to chocolate manufacturers and processors, we collaborate with our sourcing partners to produce cocoa that will always meet regulatory requirements. To achieve this, we implement market-leading sustainability and supplier-development programs that seek to tackle these key challenges.

Our aim is to source and supply cocoa that not only helps cocoa-growing families and communities prosper, but also helps all producing countries and the planet as a whole. To fulfill our objectives and confront the sector's many challenges head on, we are committed to working with stakeholders such as cocoa-sector administering bodies, NGOs, foundations, industry associations, and other companies that have the expertise required to tackle forest conservation and improve current, problematic labor practices.

We buy coffee from more than 20 origins, with key sourcing operations in Vietnam, India, Indonesia and Colombia. The majority (around 70 per cent) of the coffee we deliver to our customers has been grown by smallholder farmers, who often rely on coffee for their entire livelihoods.

Although mechanical harvesting is becoming more common, coffee cherries are still harvested manually in many places, and harvesting remains the most labor-intensive stage of coffee production. Together with other farming tasks, coffee cultivation thus creates income opportunities for millions of workers worldwide. Beyond its economic importance, coffee also provides a good opportunity for integrating nature conservation within the productive system. In particular, where coffee is grown within a shaded system, the native trees play an important role for biodiversity and as carbon sinks.

In general, the ecosystems where coffee is grown are being affected by land degradation and climate change, putting millions of hectares at risk of becoming unsuitable for coffee production. Simultaneously, smallholder farmers struggle with low coffee prices and labor shortages, as farm workers seek safer and fairer work circumstances. As a result, millions of livelihoods are at stake, as is the future of coffee supply, including its quality and diverse origins.

Taking a share of responsibility for the supply chain that we rely on for our coffee business, implies recognizing the undeniable role of coffee in human livelihoods, culture and productive landscapes and participating in tackling the challenges that are endangering its very existence.



There is no single solution to the economic, social and environmental challenges that face the cocoa sector. We operate a flexible approach that adapts our growing programs to suit all local conditions, while also meeting all of our clients' objectives. To progress this work towards expanding and achieving sustainable cocoa supply, we work through three service-focused, interconnected pathways:







2020 proved to be a challenging year for the effective implementation and expansion of our sustainability programs, due to the global pandemic. The consequence was that many field activities were restricted in cocoa producing areas. We had to adapt many ways of working to this new reality, including adopting strict social distancing, safety and hygiene measures. Despite a difficult environment and thanks to dedication and commitment of our many field teams, we continued to implement programs very effectively, and were able to accelerate many activities as part of our continuous sustainability efforts in Côte d'Ivoire, Ghana and Nigeria. We also successfully expanded our program into the Dominican Republic, where we are currently working with an additional 600 farmers this year.





#### Our performance in 2020

In 2020, we fully aligned all our program, across all origins, within our three strategic pathways of supporting farming families, safeguarding the planet, and providing trustworthy cocoa.

#### Support farming families

#### Tackling child labor

#### Côte d'Ivoire

To tackle child labor, we activated our plan to scale up our child-labor monitoring and remediation systems (CLMRS), across all our direct supply chain in Côte d'Ivoire. In total, we targeted more than 10,000 farmers and 20,000 children. To implement our CLMRS, we worked with 17 cooperatives, training 17 child protection managers and over 230 field agents. With the International Cocoa Initiative, we implemented an additional six CLMRS-monitored cooperatives, supported by a client. In these programs, when we have detected instances of child labor, we have conducted both direct and indirect remediation action. Direct remediation usually consists of distributing school kits, helping farmers' children access birth certificates, providing infrastructure for schools, and refurbishing classrooms. Indirect remediation focuses on efforts to generate income and empowerment for women. In each case, we continue to monitor impact on child development with a view to stopping all child-labor activity.

#### Ghana

We initiated a partnership with the NGO, Child Rights International, to set up community-based child-labor monitoring and remediation systems within a subset of communities from where our supplier, Kuapa Kokoo Farmers' Union, sources cocoa. During the fourth quarter, Child Rights International began a detailed profiling of 100 communities as the basis for selecting 40 where they would set up local governance structures or reinforced them to identify and remediate cases of child labour. In addition, through another client program, we began a collaboration between the International Cocoa Initiative and another supplier, the Cocoa Abrabopa Association, to help Abrabopa set up a child-labor monitoring and remediation system across 406 communities, involving 3,500 cocoa farming families.



#### Tackling forced labor

#### Côte d'Ivoire

To identify and address the potential risks of forced labor in the Côte d'Ivoire cocoa sector, we have developed and tested a supplier risk-assessment tool, in collaboration with Societal Compliance Initiatives, an NGO with expertise in labor practices. As a follow up and, in an effort to support suppliers in managing and mitigating the risk of forced labor, we have developed supplier handbooks, to offer suppliers guidance on developing internal systems to address the risk of forced labor, as well as that of child labor and deforestation within their supply chain.

#### Dominican Republic

In 2020, we initiated a partnership with the NGO, Winrock International, to conduct a baseline study on the socio-economic situation of farmers in the sourcing network of our supplier, ROIG, in several regions of the Dominican Republic. This assessment has a particular focus on understanding the risks of child labor and forced labor. This is so we can better tailor programs to tackle and remediate these priority risks.

#### Improving farm practices

#### Côte d'Ivoire

We began a farmer training and coaching program with over 12,000 farmers, in partnership with the international civil society organization (CSO), Solidaridad. As part of this,

we co-developed a Good Agricultural Practices (GAP) assessment tool, based on 14 field observations, that provides information on whether farmers are adopting these critical, improved practices for health, safety, productivity and the environment. Based on the findings of the tool, we can tailor farm-improvement recommendations specifically for each participating farmer.

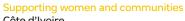
#### Nigeria

The Olakoko Project is working with farmers across three states, Ondo, Osun and Ogun. We are training over 8,000 farmers to improve agricultural practices. The training concentrates primarily on correct pruning, effective and environmentally sensitive pest and disease management, and improving soil fertility. In addition, Sucden Nigeria, through this project, has joined CocoaSoils, a multi-stakeholder partnership between The International Institute of Tropical Agriculture in West Africa, the Wageningen University, the IDH, and many other NGOs, civil society, public and private sector partners. This partnership promotes Integrated Soil Fertility Management (ISFM). This approach is emphasized because it is proven that improved soil fertility can improve cocoa-farmer yields and income. Sucden Nigeria joined this partnership as one of the trial adopters. We will continuously test different soil-fertility techniques amongst selected Olakoko farmers.



#### Our performance in 2020 continued





#### Côte d'Ivoire

Sucden partnered with Solidaridad to train 125 women, in four selected communities, on financial education, entrepreneurship, and income-generating activities. The training is designed to help women increase their income and have a greater say in how it is used in their household. In addition, we provided direct support to women in two communities to help them start collective income-generating activities: specifically, the women received cassava chippers to produce and sell attieke or placali, as another approach to improving family incomes. Furthermore, we have supported them by arranging storage of their goods in secure warehouses. This program is a type of indirect remediation for child labor.

It provides women with greater economic opportunities that promote schooling among children by helping with the payment of school fees. Children attending school, rather than working in the field, reduces the incidence of hazardous child labor.





#### Safeguard the planet

The objectives for this pathway mean we should work only with sourcing partners that do not buy cocoa from protected forest areas. We support on-farm forest restoration by promoting agroforestry techniques, and help cocoa farming families develop climate-resilient cocoa farming.

We have built farm-compliance assessment checks within our Sourcemap data collection and analysis systems, in partnership with Proforest. By using technology, we ensure farmers supplying cocoa to our partner cooperatives are located far enough away from protected forest areas. All origins we source from directly are covered by this compliance system. So far, we have polygon-mapped over 50,000 farms and confirmed their locations relative to any nearby protected areas.

#### Côte d'Ivoire

We initiated a pilot program involving over 5,500 farmers. This is designed to provide a comprehensive evaluation of different agroforestry approaches in cocoa farming. This insight helped us develop our tailored approach to farmers' specific needs and capacities within the three levels of non-cocoa tree-planting-density programs we have identified: a basic agroforestry model of 16 trees/ ha; a medium, intercropped model, with 25-50 trees/ha; and a more complex model of up to 100 trees/ha. This program is match-funded by DeveloPPP.de, which is co-financed by the development finance organisation DEG from public funds of the German Federal Ministry for Economic Cooperation and Development. We are also testing a methodology for assessing greenhouse gas emissions and carbon sequestration from cocoa farms in our Côte d'Ivoire supply chain. These assessments will continue throughout 2021, with the assistance of an expert third party, Agri-Logic.



FARMERS TRAINED IN GOOD AGRICULTURAL PRACTICES AND AGAINST CHILD LABOR IN COTE D'IVOIR

# 188,213

#### Ghana

We are preventing further encroachment of existing cocoa farms into protected forest areas by designing farm-management plans for where we know cocoa is grown within two kilometres of protected areas. Our Sustainability Manager has been trained by Proforest to help farmers with agronomic techniques that protect and preserve the environment. Our overriding goal is to work with our sourcing partners to integrate these protective systems into their farm-management procedures and protocols.

#### Provide trustworthy cocoa

To provide trustworthy cocoa to our clients, we have designed risk-based due-diligence systems for cocoa, starting with suppliers in Côte d'Ivoire. Within these systems, we have tested and developed successful risk-assessment tools; provided supplier handbooks that offer practical guidance on preventing deforestation, child labor and forced labor; and helped our suppliers with developing policies and procedures to improve sustainable farming. We are scaling this work up in 2021 and beyond.

#### **Partnerships**

We have further increased, developed and engaged in our strategy of using experts in support of our sustainability aims.

As part of our Support farming families pathway, and through the Sucden Foundation, we have substantially contributed to the CLEF and ELAN education initiatives of the Jacobs Foundation. Sucden will provide US Dollars 500,000 over the next five years to these programs, which are based in Côte d'Ivoire.

The CLEF (Child Learning and Education Facility) Initiative will provide five million children with access to quality education by supporting the Ivorian Government's ten-year Education Strategy.

The ELAN (Early Learning and Nutrition Facility) initiative will provide services and training about early childhood development and nutrition to 1.3 million children and their families.

To improve our tackling of forced labor in cocoa supply chains, we have worked with the International Cocoa Initiative and are testing a novel and technology-based approach to acquiring risk indicators that help us better target our remediation efforts to the areas we think most need it.

To further our Safeguard the planet pathway, we will continue to support the Cocoa and Forests Initiative in Côte d'Ivoire and Ghana, and continually refine our approach to promoting agroforestry systems, supporting women's empowerment initiatives, and implementing traceability measures across all our direct supply-chain systems.

Finally, as part of achieving our goal to Provide trustworthy cocoa, and through our memberships of the European Cocoa Association (ECA) and other international organisations, we are engaging with the European Union representatives on the subject of supply-chain due diligence. Many members of the Sucden Cocoa team participate in important meetings with EU officials to assist in developing our game-changing and practical due-diligence framework for cocoa.







Ensuring the long-term health of the coffee supply chain cannot be achieved by a single organization alone. Aligning the sector under a common vision and direction is step number-one on the path to a common strategy and a long-lasting impact. Sucden Coffee is therefore committed to contributing to the sector's goals and targets, as introduced by Sustainable Coffee Challenge and Global Coffee Platform.

The 2025 targets defined by the Sustainable Coffee Challenge are:

#### Coffee: resilient supply

2025 targets: Increase smallholder production by 11.9 million bags, through renovation, rehabilitation, and technical investments in existing areas, to adequately meet long-term demand from a diversity of origins.

#### Markets: strengthen market demand

2025 targets: Ensure at least 50% of global coffee purchased by roasters and retailers is sourced according to sustainable practices.

#### People: improve wellbeing and prosperity

2025 targets: Fully protect the rights and wellbeing of coffee workers and establish living income or wage benchmarks in at least 80% of ICO member-producing countries, and initiate public-private interventions to close or surpass living income or wage gaps.

#### Planet: conserve nature

25 targets: Restore 1.5 million hectares of tree cover, conserve 500,000 hectares of forest and secure 100 million tons of carbon.



#### Our performance in 2020

#### Coffee: resilient supply

- In Colombia, we have provided advice on good agricultural practices to 3,000 farmers in our sustainable supply chains.
- In Indonesia, in partnership with our client and in collaboration with the World Agroforestry Center (ICRAF), we trained 900 farmers in agroforestry and associated practices within the Empower project.
- In India, in collaboration with our local partner, we reached 150 new farmers with training in agroforestry and good agricultural practices.

#### SD Coffee target 2025:

Train at least 15.000 farmers annually on good agricultural practices in our main coffee sourcing landscapes.

Globally, we provided technical assistance and training in good agricultural practices to 4,500 farmers through our regular extension service or through projects.

#### Markets: strengthen market demand

- We purchased 30,000 metric tons through our own certified programs.
- In Colombia, we developed several new sustainable supply chains for our clients.

#### SD Coffee target 2025:

Increase the share of certified coffee in our trade, to achieve 50% in 2025.

Globally, 32% of the coffee we purchased in 2020 was certified, compared to 17% in 2019



#### People: improve wellbeing and prosperity

#### Highlights in 2020

- In Indonesia, we trained several key farmers in online strategies for marketing red-pick coffee beans. Their sales increased by 25% on average after the training.
- Additionally, we trained farmers to build and manage small-scale commercial nurseries able to provide additional income to the farming households through the sale of coffee and shade tree seedlings (read more about this activity in the Stories from the field).

#### SD Coffee target 2025:

Involve at least 5.000 farmers in income-diversification projects.

#### Progress 2020:

We involved 500 farmers in agroforestry- related activities.

#### Planet: conserve nature

#### Highlights in 2020

- In Indonesia, 15,000 seedlings were produced by small-scale plant nurseries managed by farmers trained and supported by our project.
- In India, our implementing partner, the Forestry College in Ponnampet, produced and distributed 12,000 shade trees to farmers in our supply chain. Additionally, they provided various native tree varieties for local primary schools to plant on their property.
- In Brazil, in collaboration with our local supplier and partner, we supported the Minas d'Água project aimed at preserving and restoring water streams in farm properties. As a result, 5,000 native tree seedlings were distributed and 200 hectares of land were protected in 2020.

#### SD Coffee target 2025:

Increase tree cover in our main coffee-sourcing landscapes by providing access to 300,000 seedlings to be planted on coffee farms and community land.

#### Progress 2020:

Globally, we have distributed 27,000 shade trees to be planted on coffee farms and community land.

#### STORIES FROM THE FIELD - INCOME DIVERSIFICATION THROUGH A PLANT NURSERY BUSINESS

Since 2018, the Empower project in Pagar Alam, Indonesia, has trained local farmers in tree seedling production and nursery management for commercial purposes. The capacity to produce their own high-quality planting material is empowering for local communities as it provides alternative sources of income for farmers who are interested in professionalizing their nurseries. Tizen (31) and Zairin (42) are two examples of such farmers.

Tizen has started selling fruit tree seedlings such as durian, avocado and guava to local farmers. Since June 2020, he has been able to increase his monthly income by US Dollars 70 on average. "I became so passionate about producing superior seedlings that I hope to be able to grow my business and perhaps start a training center for other farmers one day."

Zairin, together with four other farmers, has started a collective nursery business by building a relationship with government agencies as potential clients. This farmer group has managed to win a contract for nearly US Dollars 3,000 for various tree seedlings intended for a government land-rehabilitation project in other districts.



# COMMUNITIES

We are well aware of our impact on our local communities and further afield, dealing with local producers, employing people, paying our taxes, and supplying food ingredients to consumers around the world. We aim to increase our positive impact by helping our employees support other causes.

**Contributing to the** following UN Sustainable **Development Goals** 

1 NO POVERTY







3 GOOD HEALTH













#### **KEY CHALLENGES, RISKS AND OPPORTUNITIES**

As a trading house, we have an international footprint, with offices and sourcing operations in 25 countries and employees traveling to almost every country in the world. Everywhere we operate, we consider that our employees' behavior has an impact on our reputation, we want our business partners to see our values applied at all times.

Our 6,000 employees are often faced with, or introduced to, local concerns such as nutrition and health, education, environment, and social and livelihood issues. They voluntarily interact with local communities and contribute to solving issues. This positive impact forms part of the long-term of confidence we build with our partners, and we look forward to maintaining this by constantly supporting these activities.

#### **OUR STRATEGY, POLICIES AND PERFORMANCE**

We support programs and projects that let us make a distinct contribution to the community. We look to our employees to use their expertise, to create opportunities for collaborating with our clients and other strategic partners and, most importantly, to solve problems rather than simply treat symptoms.

We allocate 2% of our consolidated net income to these activities either directly or through our corporate foundation. This works in three main ways:

- **Employee initiatives** We look to generate a positive impact on local communities by encouraging and supporting employees' personal involvement in projects outside their work. They can apply for funding from the Sucden Foundation for projects they, or their close relatives, are involved in.
- **Generating positive local impact** We aim to have a positive impact in the regions where we work, to improve the lives of local communities as well as the environment, and so encourage our employees to identify initiatives we can participate in.
- Supporting universal causes We provide support to causes we believe in as a company.





#### Our performance in 2020

In 2020, Sucden contributed more than US Dollars 2.1 million to various organizations and initiatives. This represents about 2% of our consolidated net income.

Some examples of charities supported by Sucden or its Corporate Foundation in 2020:

- HIV / AIDS Sucden Foundation has been a partner to Sidaction<sup>1</sup>, a French agency dedicated to the elimination of HIV/AIDS in West Africa, for the last five years. In 2020, the Foundation renewed its support for the next three years. The work is run by organizations in Côte d'Ivoire, Cameroon and Togo, aiming to prevent the proliferation of HIV/AIDS, especially in pregnant women, and helping to distribute medical treatment to those infected.
- Enfants du Mékong / Children of the Mekong We supported an employee's personal involvement in the association's effort to buy tons of food for children and families in the Mékong.
- Covid-19 related work To support medical staff in the fight against Covid-19, we arranged for nurses and doctors to be accommodated close to hospitals in Paris, and contributed to research programs into
- Institut du Cerveau et de la Moelle épinière - ICM<sup>2</sup> (Brain and Spine Institute) ICM is an international brain and spinal cord research center, whose innovative concept and structure make it the only institute of its kind in the world. The ICM brings patients, doctors and researchers together to developing treatments rapidly for disorders of the nervous system, and enables patients to benefit from them as

- Landscape project in India We will support, over the next three years, small coffee farms in their efforts to adapt their environment through planting shade trees to improve soil conservation, diversify the landscape, and generate additional long-term income.
- In Russia, we contributed to improving people's livelihood by supplying equipment, contributing to the construction of community buildings, and providing financial support for local schools and children.

Additionally, some subsidiaries donate locally to specific causes, such as financing nurseries or schools for children, local charity programs or supporting employees' humanitarian projects. Their contribution is included in the Group figures disclosed in this section.

## USD 2.1 million

DONATED JANUARY TO DECEMBER, 2020

**7**%

**NET INCOME DONATED IN 2020** 

1 https://www.sidaction.org/ 2 https://icm-institute.org/en

quickly as possible.

# AUDITOR'S REPORT

#### Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

#### For the year ended 31 December 2020, To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (Comité Français d'Accréditation or COFRAC) under number 3-1049<sup>1</sup>, we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2020 (hereinafter the "Statement"), included in the entity's Management Report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

#### Responsibility of the entity

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

#### Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional quidance.

#### **Responsibility of the Statutory Auditor** appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code:
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, nor on the compliance of products and services with the applicable regulations.

#### Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes or CNCC) applicable to such engagements and with ISAE 30002:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

<sup>1</sup> Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

<sup>2</sup> ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information

<sup>3</sup> Measures taken for the safety and health of employees; Talent and competency management policies; Policies and actions to reduce the environmental impact of the activity; Commitments and actions against climate change, Sustainable agricultural practices; Principles and procedures for ensuring business ethics and integrity, Actions against child labour; Commitments to improve the societal impact of the value chain; Solidarity actions, including in the context of the COVID-19 pandemic.

<sup>4</sup> Environmental management & site safety, Indirect carbon footprint; Conserving soil and protecting biodiversity, Animal welfare; Conducting business ethically and in compliance with applicable laws; Commitments towards global initiatives; Relations with partners and communities.

- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks:
- We referred to documentary sources and conducted interviews to:
- assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
- corroborate the qualitative information (measures and outcomes) that we considered to be the most important<sup>3</sup>.
   Concerning certain risks<sup>4</sup>, our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities<sup>5</sup>.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;

- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important<sup>6</sup>, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities<sup>5</sup> and covers between 67% and 100% of the consolidated data selected for these tests;

We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

#### Means and resources

Our work was carried out by a team of seven people between January 2021 and April 2021 and took a total of around three weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around ten interviews with the people responsible for preparing the Statement.

#### Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on 23rd of April, 2021 KPMG S A

#### Fanny Houlliot

Partner Sustainability Services

#### **Laurent Genin**

Partner

5 SDI (Russia); Nedcoffee Vietnam Co.,Ltd (Vietnam); Nedcoffee B.V. (Netherlands); Sucden CI (Côte d'Ivoire).

6 Sucden employees as of December 31st, 2020; Turnover rate; Training hours per employee; Frequency rate of lost-time workplace accidents; Severity rate of workplace accidents; Absenteeism rate; Energy consumption; Water consumption; Waste production quantity; Waste recovery rate; Greenhouse gases emissions due to energy consumptions; Volume of certified deliveries (Sugar, Cocoa, Coffee, Ethanol); Total number of shade trees distributed by the Group through programs implemented with Pur Projet and FOA (in Côte d'Ivoire between October 1st, 2019 and September 30th, 2020); Number of small-holder farmers who are directly trained under training programmes to support the promotion of good agricultural, environmental and social practices as part of the UTZ / Rainforest certification process (farmers trained in Côte d'Ivoire between October 1st, 2019 and September 30th, 2020); Number of small-holder farmers who are directly trained under training programmes to minimize child labour practices as part of the UTZ / Rainforest certification process (farmers trained in Côte d'Ivoire between October 1st, 2019 and September 30th, 2020).



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Designed and produced by SampsonMay www.sampsonmay.com

Images on pages 15, 25, 26 and 27: Delphine Dekeister for PUR Projet





