

# COMMUNICATION ON PROGRESS 2018

United Nations Global Compact





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# 1. Statement of the CEO

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Dear Reader,

This is our third annual Communication on Progress (COP) report since Amatheon Agri Holding N.V. proudly joined the United Nations Global Compact (UNGC) in 2015. As part of our inclusive-growth strategy, and in combination with our long-term vision and sustainable approach, we constantly seek to align our business activities towards the ten principles of the UNGC and to set a good example for other companies to follow.

Knowing that large-scale commercial activities impact the environments and communities where they take place, responsible actions and the sustainable delivery of our products is imperative to our company. In order to appropriately mitigate operational risks and respect the environment and communities in which we operate, Amatheon Agri acts as an anchor investor to significantly uplift its surrounding community socially, environmentally and economically. This approach helps create healthy ecosystems and strong rural communities for the long term.

Particularly for companies that operate in challenging markets around the world, I believe it is vital to be well-balanced and grounded with a strong culture of ethics and compliance, and that the sustainable delivery of operations, products and growth remains the focus. I am proud of the diversity of our activities within the value chains and countries in which we operate, and I would like to take this opportunity to thank our staff and partners for their valuable contributions. I am looking forward to working together in the future, and growing value in all that we do.



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







## 2. About Amatheon Agri

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### From Farming to Healthy Food.

Amatheon Agri is a European agribusiness and food company, headquartered in Berlin, Germany and operating in three sub-Saharan African countries: Zambia, Uganda and Zimbabwe. Founded in 2011, Amatheon Agri's activities focus on farming, trading and food processing, both with its own commercial farms and a network of smallholder farmers. With a combination of international expertise, local Africa know-how, and a long-term vision with a sustainable approach, the company is positioned to become a leading player in the African agri-sector.

Over the past seven years, Amatheon Agri 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, the company 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 value chain integration.

### Combining Commercial Farming with a Network of Smallholders.

In addition to its commercial farms, Amatheon Agri supports small-scale farmers and creates fruitful partnerships that boost economic participation in the surrounding areas of the company's operations. With a no-contract approach, Amatheon Agri has established rural depots that allow farmers easier access to quality inputs and that act as a trading platform for those who wish to sell their produce to the company. Farmers also receive free training in Conservation Farming and Farming as a Business, which helps to improve their production and marketing and fosters an entrepreneurial mindset.

### Sustainable Approach.

Amatheon Agri's sustainable approach is driven by our vision, mission and values, along with the relevant UN Sustainable Development Goals (SDGs). Similar to the interlinked nature of the SDGs in addressing poverty, the environment and human rights, Amatheon Agri's core business relies on a triple-bottomline approach: healthy ecosystems, strong rural communities and the health and well-being of our employees – which are embodied in our policies and Code of Conduct. This highlights our overarching approach towards colleagues, stakeholder and the surroundings in which we operate.

Moreover, Amatheon Agri is proudly engaged in operationalising 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. Amatheon Agri's investments are built on participatory and transparent land acquisition and development.

# Applying UNGC Principles for a Sustainable Business

This section provides more detailed insights into how our activities align with the UNGC Principles, following the four pillars:

- Human Rights
- Labour
- Environment and
- Anti-corruption

## PILLAR 1 HUMAN RIGHTS

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights

**Principle 2:** Make sure that they are not complicit in human rights abuses

Amatheon Agri continues to fully respect and support international conventions on human rights, demonstrated through our commitments to the standards of the International Labour Organization (ILO) Conventions and the UN Universal Declaration of Human Rights. The company's planning and operating standards are explicitly anchored in our policies and Code of Conduct, based on local as well as international guidelines, and is in conformity with the UN Global Compact principles 1 and 2. We support the elimination of all forms of forced and compulsory labour and the effective abolition of child labour. Each staff member in our head office in Europe as well as in our subsidiaries in Uganda, Zambia and Zimbabwe, agrees to act accordingly. In fact, the Code of Conduct is based on the principles of the UN Global Compact and explicitly reiterates our commitment to respect human rights, community, environmental protection and respect for the law. Every potential employee is required to read and sign the Code of Conduct before final recruitment. Executive personnel are selected carefully to ensure an equal understanding of the importance of human rights.

In addition, 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.

**AMATHEON'S STANDARDS****...AND OUR ACCOMPLISHMENTS**

<b>Recruitment &amp; Cultural diversity</b>	<ul style="list-style-type: none"> <li>We have a diverse team made up of Zambians, Zimbabweans, Ugandans, Kenyans, South Africans, Swazi, Germans, Dutch, Russians, British and Australians and do not tolerate any discrimination based on colour, religion, sex, nationality, age, disability or sexual orientation.</li> <li>We adhere to relevant standards concerning working hours throughout the Amatheon Group.</li> <li>We ensure that wages comply with the law and industry standards in the countries where we operate.</li> <li>We never withhold any workers' salaries, benefits or rights acquired or stipulated by law, in order to force them to work or as a disciplinary action.</li> </ul>
<b>Zero Child Labour</b>	<ul style="list-style-type: none"> <li>We respect and uphold internationally recognized human rights policies of non-compliance with forced, compulsory or child labour.</li> <li>We received no complaints on child labour in 2018.</li> <li>We check National Registration Cards as a prerequisite for recruitment and oblige contractors to do the same.</li> </ul>
<b>Occupational Health and Safety policy (OHS)</b>	<ul style="list-style-type: none"> <li>We are committed to the safety of employees at our work place and ensure all site personnel go through a safety induction program before they commence work.</li> <li>A decline in the number of sicknesses among employees has been monitored in 2018.</li> <li>We carry out hazard and risk assessments associated with work at the farm for the continuous safety of employees.</li> <li>We ensure Safety Material Data Sheets are always up to date and available for consultation.</li> </ul>
<b>Respect Human Rights</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Sexual harassment policy</b>	<ul style="list-style-type: none"> <li>We received no complaints on sexual harassment in 2018.</li> <li>We engage in active dialogue with our workers through periodic meetings.</li> <li>We do not tolerate sexual harassment in any way.</li> <li>We ensure that trained counsellors are available to support employees, sensitizing for sexual harassment among other topics.</li> </ul>
<b>Disciplinary policy</b>	<ul style="list-style-type: none"> <li>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 by them.</li> </ul>
<b>Grievance policy</b>	<ul style="list-style-type: none"> <li>We have a grievance procedure in place which stipulates how grievances are to be raised, e.g. during disputes between employees.</li> <li>Our Grievance policy is handled through Amatheon's internal Compliance Committee and Human Resource Office.</li> <li>We make available grievance boxes at the various operating sites which are also available to surrounding community members.</li> <li>We have an independent and anonymous complaints hotline as well as complaints email address accessible to all staff.</li> </ul>

<p><b>Grievance policy</b></p>	<ul style="list-style-type: none"> <li>• We have an active Environmental and Community Sustainability Committee (ECSC) as a multi-stakeholder platform in Amatheon’s immediate area of operations.</li> <li>• The ECSC committee members meet regularly (every 3 months) to dialogue between communities, authorities and Amatheon staff.</li> <li>• We successfully mitigated communities’ and Amatheon’s concerns around operations, aligned community engagement strategies and jointly planned social development projects.</li> </ul>
<p><b>Social Development</b></p>	<ul style="list-style-type: none"> <li>• We trained over 8,000 farmers in topics like Conservation Agriculture, Farming as a Business, Crop Health and Post-Harvest Management.</li> <li>• We trained more than 2,000 farmers in Livestock handling.</li> <li>• We established rural depots for farmers to be able to purchase inputs, sell grain and thereby access markets.</li> <li>• We reached more than 200 people through our health care partnership with a local hospital in Uganda, whereby basic medical services are provided to community members through Health Outreach Days in remote areas.</li> <li>• We are partnering with ASB and German companies through a healthcare partnership in Zambia, to improve health care services, facilities and delivery in Mumbwa District.</li> <li>• We are discussing possible opportunities to support extension services and provide market access to refugees living in camps in northern Uganda.</li> <li>• We are discussing possible synergies with leading education experts about extending their coverage to Mumbwa District</li> </ul>



## PILLAR 2 LABOUR

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining and furthermore uphold

**Principle 4:** The elimination of all forms of forced and compulsory labor

**Principle 5:** The effective abolition of child labor

**Principle 6:** The elimination of discrimination in respect of employment and occupation

Amatheon Agri continues to respect and proactively support the four UN Global Compact principles on labor - taken from the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, including freedom of association, elimination of discrimination, forced and compulsory labour, and abolition of child labour. Concurrently, Amatheon Agri constantly strives to create working environments where all employees are inspired, motivated and can identify with and excel in their areas of work. Our labor force is the backbone of our business, so we focus on health and safety, fair working conditions, zero corruption, gender equality and non-discrimination. Contracts of employment are categorically based on law standards in the countries where we operate.



**AMATHEON'S STANDARDS****...AND OUR ACCOMPLISHMENTS**

Promoting equality and diversity	<ul style="list-style-type: none"> <li>We are committed to increasing the proportion of women at all levels of the company and encourage equal opportunities for disabled.</li> <li>We are committed to diversity among Amatheon's employees and have a team in place made up of Zambians, Zimbabweans, Ugandans, Kenyans, South Africans, Swazi, Germans, Dutch, Russians, British and Australians.</li> </ul>
Occupational Health and Safety policy (OHS)	<ul style="list-style-type: none"> <li>We ensure that all employees have been properly inducted and trained in risk assessments to minimise risks of work accidents.</li> <li>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.</li> <li>We have designed a Safety Management Plan which encompasses working behaviours and safe work practices that are expected from Amatheon employees.</li> <li>We counselled people about alcohol abuse, domestic violence and HIV in Zambia.</li> <li>We cover medical insurance for temporary and permanent employees.</li> <li>We have a robust accident reporting scheme in place.</li> </ul>
Zero Child Labour	<ul style="list-style-type: none"> <li>We respect and uphold internationally recognized human rights policies of non-compliance with forced, compulsory or child labour.</li> <li>We received no complaints on child labour in 2018.</li> <li>We check National Registration Cards as a prerequisite for recruitment and oblige contractors to do the same.</li> </ul>
Employee Representatives	<ul style="list-style-type: none"> <li>We support the establishment and functioning of local organisations and trade unions.</li> <li>We have representatives of the National Union of Plantation, Agriculture and Allied Workers (NUPAAW) present in Zambia.</li> <li>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)</li> </ul>
Social Security	<ul style="list-style-type: none"> <li>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.</li> <li>We guide responsible security conduct through internal trainings and close supervision.</li> </ul>
Wages	<ul style="list-style-type: none"> <li>We pay above minimum wages to our staff, which was verified by the Zambian Ministry of Labour and Social Services in 2016.</li> </ul>
Employee Accommodations	<ul style="list-style-type: none"> <li>We provide housing facilities and technical equipment for permanent staff and their families.</li> </ul>

## PILLAR 3 ENVIRONMENT

**Principle 7:** Businesses should support a precautionary approach to environmental challenges

**Principle 8:** Undertake initiatives to promote greater environmental responsibility

**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies

Amatheon Agri is aware of its important role in delivering sustainable value to the local environment and the communities surrounding its areas of operations. Our efforts towards reducing our environmental footprint is integral to our entire business and value chain. As a result, our sustainable development strategy foster sound behaviors in our employees and suppliers, to integrate sustainable practice and efficiency in our networks, and to contribute to local communities.

Furthermore, Amatheon adopted three Guiding Principles:

### 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 ones. The ESIA process is extensive, including a variety of stakeholder consultations, creation of a baseline study about the vegetation, soil, biodiversity and water quality, and field work to capture social data about communities in the catchment area. 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.

### 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 Amatheon 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 frequent monitoring to continuously improve its environmental performance and reduced footprint.

Promoting Conservation Agriculture (CA)

As part of Amatheon’s Outgrower Programme, the company delivers free training to thousands of smallholder farmers in Zambia, including modules on Conservation Farming and business education. Conservation Farming specifically addresses sustainable and environmentally sound agriculture, and 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 has proved to work in a variety of agro-ecological zones and farming systems.

**AMATHEON’S STANDARDS**

**...AND OUR ACCOMPLISHMENTS**

<p><b>Environmental Policy</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• We have trained more than 8,000 farmers in conservation farming methods through partnerships with the Conservation Farming Unit, DEG, USAID, Musika and World Vision.</li> <li>• We practice low-tillage farming approaches in our areas of operation.</li> </ul>
<p><b>Environmental Management Plan</b></p>	<ul style="list-style-type: none"> <li>• We routinely assess environmental hazards and risks of our operations through environmental audits, and appropriate measures are introduced to reduce any identified risks.</li> <li>• We have in place functional environmental management plans, environmental policies and respective on boarding sensitization for employees.</li> <li>• We conducted 16 Environmental and Social Impact Assessments approved by national authorities in country levels.</li> </ul>
<p><b>Zero Environmental Incidents</b></p>	<ul style="list-style-type: none"> <li>• We categorically avoid investments where impact on communities and the environment have not been properly considered.</li> <li>• We attend seminars, conferences and workshops focusing on environmental friendly agricultural practices to continuously learn and improve the company’s performance.</li> <li>• We protect water sources with warning posts, pillars and signs.</li> </ul>
<p><b>Conservation Agriculture</b></p>	<ul style="list-style-type: none"> <li>• We train smallholder farmers on techniques on how to recuperate degraded soils and to improve ecosystem services.</li> <li>• We are currently setting up trials in Zambia and Uganda for organic cultivation in order to avoid synthetic pesticides, easily soluble fertilizers and genetically modified organism that could harm soil fertility, promote soil erosion or negatively affect its surrounding environment.</li> <li>• We partner with Conservation Farming Unit, World Vision, DEG, USAID, Musika and World Vision in Zambia to deliver high quality trainings at no cost to the farmer.</li> </ul>

<b>Water Management</b>	<ul style="list-style-type: none"><li>• We regularly carry out water samplings to verify water tables and ensure water is not contaminated.</li><li>• We participate in training workshops for sustainable water management.</li><li>• We build drainage systems which prevent run off water from the fields to contaminate streams.</li><li>• We dispose of domestic and hazardous waste responsibly through certified companies.</li></ul>
<b>Sustainable practices</b>	<ul style="list-style-type: none"><li>• We partner with certified companies to pick up and recycle used oil.</li></ul>



**PILLAR 4 ANTI-CORRUPTION**

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery

Integrity and responsible behaviour in all our activities - both with business partners and employees - are fundamental values for Amatheon Agri. As a matter of course, we comply with the relevant legislation and regulations in all countries in which we operate. Amatheon is categorically opposed to all forms of corruption, including extortion, bribery and any illegal or immoral behaviour. It is the nature of our business to interact with officials of various governments, district authorities and third parties in Africa and 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.

**AMATHEON'S STANDARDS**

**...AND OUR ACCOMPLISHMENTS**

<b>Code of Conduct</b>	<ul style="list-style-type: none"> <li>• Our Code of Conduct bans all forms of corruption.</li> </ul>
<b>Anti-Bribery and Anti-Corruption Policy</b>	<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 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>
<b>Application of local codes of conduct</b>	<ul style="list-style-type: none"> <li>• We have a monthly-case register compiled by the HR department which reports on work against corruption.</li> </ul>
<b>Induction requirements</b>	<ul style="list-style-type: none"> <li>• We ensure our anti-corruption policy is acknowledged during the on-boarding phase for new employees.</li> </ul>
<b>Anti/corruption component</b>	<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>





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