



# SUPPLY CHAIN INTEGRITY

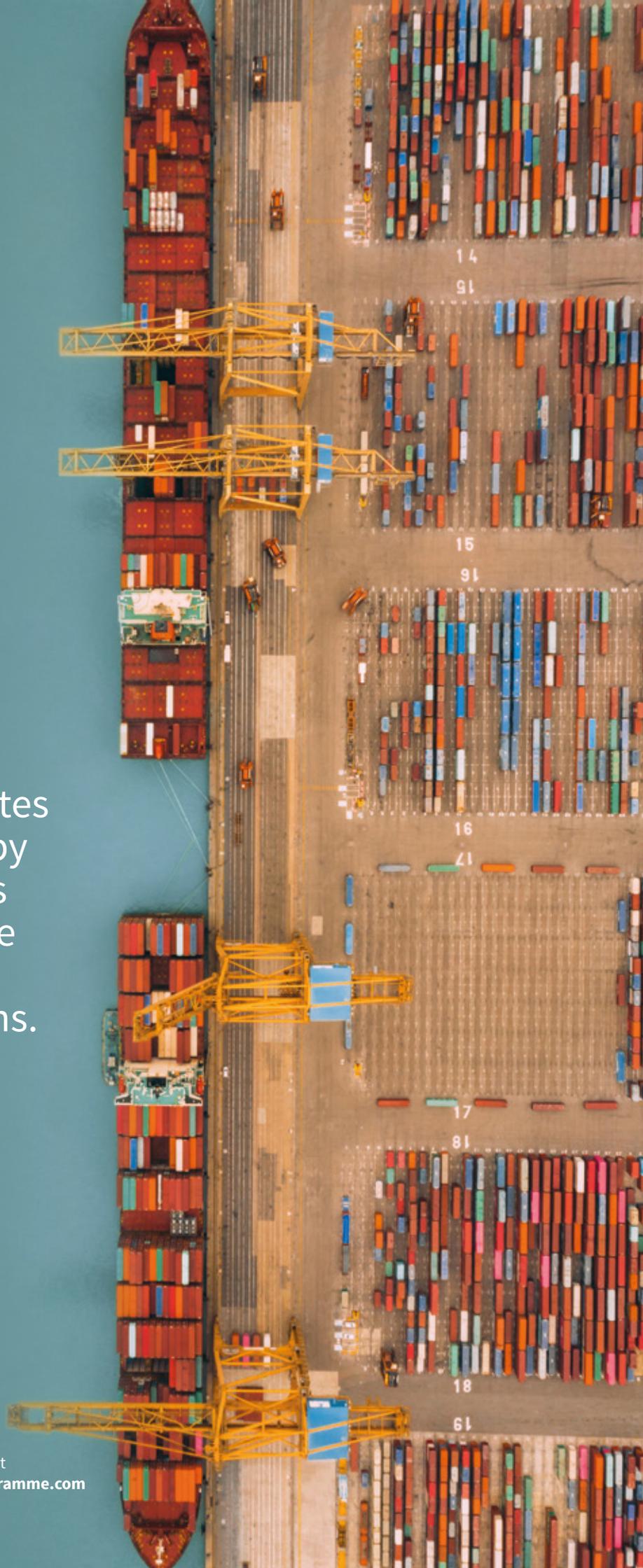


# ABOUT VIVE

VIVE is a sustainability programme, jointly owned and managed by AB Sustain and Czarnikow, that promotes supply chain integrity by focusing on continuous improvement and value creation throughout ingredient supply chains.



Find out more at [www.viveprogramme.com](http://www.viveprogramme.com)



## WHY CHOOSE VIVE?

VIVE enables businesses to deliver sustainable improvements, demonstrate traceability and differentiate products – promoting supply chain integrity and stimulating commercial advantage.

Our mission is to work with the organisations that are most committed to driving sustainable improvement in their supply chains and to help them make this happen.

Since VIVE's launch, we have established numerous strategic partnerships with supply chain participants, industrial consumers, alternative sustainability programmes and financial institutions. These strengthen the VIVE programme by providing additional resource and expertise across the supply chain, and increase VIVE's brand exposure.



Brazilian sugar and energy producer.



Malaysian sugar and sweetener producer.



A total beverage company, offering over 500 brands in more than 200 countries and territories.



Represents Australian sugarcane growers and supports sustainable production through the Smartcane BMP program.



Dutch cooperative with international banking operations focused on the food and agri sector.

Find out more

Page 9 for information about how VIVE is changing the ingredients supply chain.

# VIVE TO DATE

“The growing number of endorsements from the international food and beverage sector gives us increased confidence in our strategic direction.”

**Will Rook**  
Head of Refined Sugar and Ingredients, Czarnikow

## Joining forces to improve supply chain integrity.

### STRENGTH IN PARTNERSHIP

The VIVE programme marries over 20 years of sustainability expertise from AB Sustain with established trade and supply chain prowess from Czarnikow. The strength of this partnership enables VIVE to offer continuous improvement and commercial advantage from being involved in the complete supply chain process.

### GAINING TRACTION

Heading into its fifth year of operation, the VIVE programme has gained global traction. It is now implemented across 21 facilities in ten countries with over 2 million MT of VIVE Claim Level sugar (refined and unrefined) available from VIVE participants.

VIVE’s value creation is acknowledged by the growing number of partners and endorsers who actively encourage their own suppliers to participate. In May 2019, The Coca-Cola Company reaffirmed such support by acknowledging the VIVE programme as one of its top-tier sustainability partners.

### RECENT DEVELOPMENTS

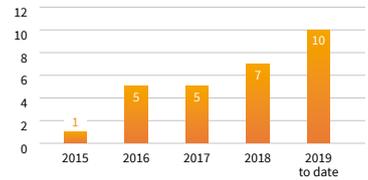
The publication of our first progress report in 2019 underscores our commitment to transparent communication, informing strategic decision-making and complementing other stakeholder engagement activities. These include close collaboration with industry-leading sustainability benchmark programmes, including Smartcane BMP and Proterra, to strengthen global coverage and the creation of a new, multi-language website.

VIVE’s recent expansion into complementary ingredient commodities mirrors Czarnikow’s strategic diversification and our parallel offer will enable food and beverage clients to standardise cross-commodity sustainability performance reporting.

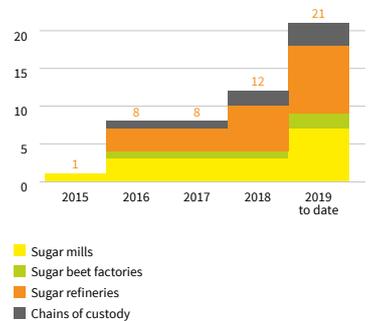
### FUTURE FOCUS

- Roll-out of multi-commodity offering
- Targeted increase in participants by geography
- Higher volumes of VIVE products supplied to food and beverage sector
- Increased endorsements from food and beverage companies
- Implementation of green funding across global supply chains.

Geographical expansion number of countries



Number of VIVE participants



“As VIVE gains momentum, we are discovering more opportunities to strengthen the integrity of participant supply chains.”

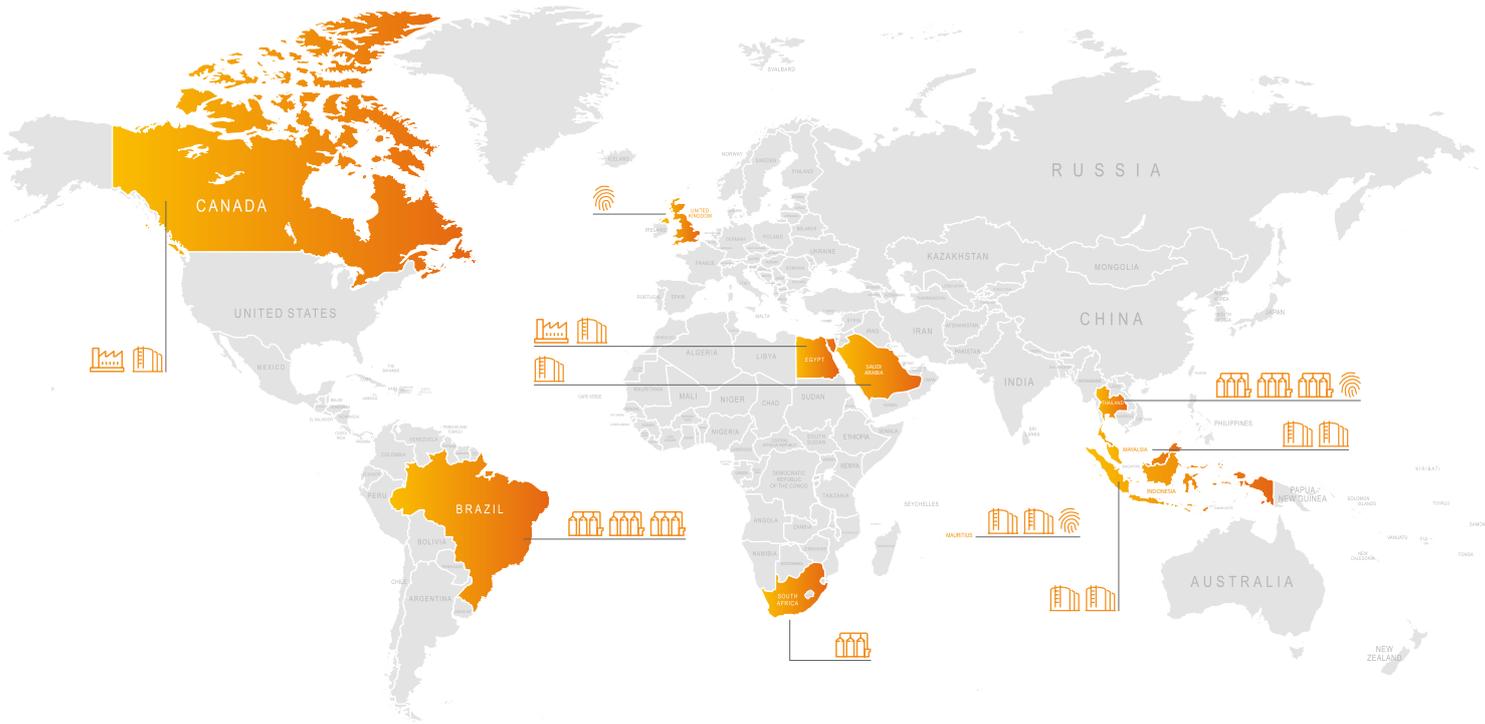
**Simon Phelps**  
Commercial Director, AB Sustain



Left **Will Rook**, Czarnikow  
Right **Simon Phelps**, AB Sustain

# GLOBAL REACH

Gaining commercial recognition through global expansion.



**VIVE supply chain participants**

- SUGAR BEET FACTORY 
- SUGAR CANE MILL 
- SUGAR REFINERY 
- CHAIN OF CUSTODY 

The VIVE programme consists of five modules that, in combination, cover and benefit all operations and activities that contribute to the sustainability of supplied ingredients.



FARM



FACILITIES



SHIPPERS



FORWARDERS



CHAIN OF CUSTODY



HOT TOPIC

# EMPOWERING SMALLHOLDER FARMERS THROUGH VIVE

**Gathering information at scale at the smallholder farming level can be time-consuming, expensive and inconsistent.**

Although many sugar mills conduct farmer outreach programmes, farm surveys and gather various levels of data for their own business needs, these differ by mill and rarely meet the reporting requirements of industrial consumers – larger food and beverage companies. More often than not, the language used and the depth of information required is confusing and daunting for smallholder farmers.

The VIVE Smallholder programme is tailored for farms of fewer than 15 hectares and focuses upon engaging smallholders in the importance and value of recording accurate farm level data. Data is captured cost-effectively – even in remote areas – with mill extension officers using smartphones to upload and store in-field information in a secure cloud-based system. Through a targeted 30-question survey, the VIVE Smallholder programme provides a common framework that meets industrial consumer requirements and is designed to raise awareness of best practice, empowering smallholder farmers to better understand sustainability reporting, and improve their performance.

Participating mills can use the VIVE Smallholder programme survey results to demonstrate:

- One-to-one relationships with supplying smallholder farmers
- Consistent and accurate data capture
- Evidence of sustainable practices
- Basic level of compliance with The Coca-Cola Company's Sustainable Agriculture Guiding Principles.



# VIVE FOR ALL

The VIVE programme has been designed to accommodate participants wherever they are in their sustainability journey. Through a three-step approach, VIVE promotes a gradual path to sustainability improvement, tailored to meet each participant's resources and priorities.



## EMPOWERING CONTINUOUS IMPROVEMENT

Continuous improvement in sustainability performance is fundamental to the VIVE programme. VIVE operates on a three-year improvement cycle, during which all indicators are verified twice. To create initial impetus, in Year 1 an on-site verification assessment against all indicators is carried out in line with the programme scope agreed with each participant. On-site verification assessments are also conducted in the next two years, with half of the indicators covered in the second year and the remainder in the third. This facilitates the production of bespoke action plans to deliver projected improvements and, in subsequent years, performance analysis against stated objectives.

Participants are obliged to ensure that all information provided each year is accurate and complete. Their responses and supporting evidence are reviewed through on-site third-party independent assessments. The underlying operating principle of the programme's assessments is to establish, firstly, whether a governance structure for sustainability is in place and, secondly, to assess whether sustainability is being effectively implemented.

Through this robust yet flexible approach, participants are empowered to follow their own realistic and attainable continuous improvement plans.

## VIVE PARTICIPANT PROGRESS TO DATE

	STEP 1 FOUNDATION LEVEL	STEP 2 CLAIM LEVEL	STEP 3 EXCELLENCE LEVEL
Sugar beet factories	-	-	100%
Sugar cane mills	-	43%	57%
Sugar refineries	-	33%	67%
<b>Total participation in VIVE</b>	-	<b>33%</b>	<b>67%</b>

VIVE's ambition is to encourage and support participants to improve their sustainable performance by the end of each three-year cycle and progress through the VIVE steps.



HOT TOPIC

# MINIMISING WATER USAGE AND MAXIMISING WATER QUALITY

Interview with Andrew Hansford, Assessor Team Manager, AB Sustain.



**VIVE guiding principle: All VIVE participants should ensure that their supplying farmers manage water use with the intention of maximising water efficiency wherever possible and ensuring the quality of water used is compatible with agricultural production.**

**Q: What are your main responsibilities?**

**A:** My main responsibility is to validate evidence, ensuring that VIVE participants have sufficient controls in place to manage risk in targeted areas. I also coordinate the training and onboarding for all new VIVE participants and support current participants before, during and after each assessment.

**Q: In your experience how important is water management to the sustainability of ingredient supply chains?**

**A:** Unpredictable weather patterns, water scarcity and water quality issues pose a serious threat to the long-term success of commodity farmers and food processors. The implementation of responsible water management is a vital step towards the sustainable performance of companies in this sector.

**Q: How does the VIVE programme help sustainable water management?**

**A:** As part of the VIVE programme, we ask companies to think about how and where they source their water and the best approach for water management in their area. We ask if irrigation for a given ingredient is required, if it is sourced from the best location, of the best quality and used in the most efficient way possible. We support companies to put the right plans in place to reach their desired goals.

**Q: Can you provide an example of a water-related improvement implemented by a participant of VIVE?**

**A:** Having suffered recently from drought, one of our VIVE participants in Thailand managed to build resilience into its business and farming base by reviewing irrigation practices and encouraging the use of drip systems. Farmers who implemented these were able to manage their water supplies with greater efficiency, allowing the newly established crop to grow during the extended dry period.

**Q: What does VIVE need to do to ensure its own continuous improvement in this area?**

**A:** As is often the case, there is seldom just one correct approach when it comes to successful and sustainable water management. Focusing on irrigation methods and water quality are usually the first steps but managing soils, cultivation practices, cover crops and farmer training can also have a massive impact. The VIVE programme must continue to acknowledge and review these important interdependencies to help support our participants in making the right choices for the right reasons.



## CHANGING THE INGREDIENTS SUPPLY CHAIN

### VIVE's work with participants positively impacts other stakeholders across the supply chain.

Identified benefits include:

- Assessment of supply chain risks and opportunities to better inform business decisions
- Operational cost savings and increased productivity through the sharing of best practices
- Enhanced supply chain transparency and traceability, leading to increased consumer confidence in the ability to meet demand for sustainably-sourced ingredients and end-products
- Reduction in costs and time relating to 'audit fatigue' by working with other benchmarking and certification bodies
- Improved corporate sustainability credentials and reputation, leading to brand protection and enhancement
- Reduction in cost of capital through 'green funding' activities with leading sustainable banks.

# INTERNATIONAL OUTLOOK

The VIVE programme is embedded into the work carried out across all teams at Czarnikow and AB Sustain, and is seen as a competitive strength by both companies. The following people are a selection of those who have day-to-day responsibilities relating to the global roll-out and development of the VIVE programme.



**WILLIAM ROOK**  
HEAD OF REFINED SUGAR AND INGREDIENTS, CZARNIKOW

Location London

**VIVE responsibilities**

Board member of Czarnikow, responsible for setting VIVE’s strategic direction and managing key client relationships.

**Current focus**

Overseeing the implementation of VIVE’s multi-commodity offering, including the identification of potential global sourcing partners.



**BEN FRENCH**  
TRADER, CZARNIKOW

Location Singapore

**VIVE responsibilities**

Leading the commercialisation of VIVE across Asia.

**Current focus**

Supporting participants across the seven facilities currently participating in VIVE across Asia, and driving further improvement in the region.



**DOUG AARVOLD**  
ASSOCIATE DIRECTOR, CZARNIKOW

Location London

**VIVE responsibilities**

Responsible for roll-out of VIVE across Africa and Middle-East.

**Current focus**

Increasing the volume of VIVE Claim Level white sugar sold to food and beverage manufactures in East Africa.



**PABLO ZILLI**  
SENIOR MANAGER, CZARNIKOW

Location São Paulo

**VIVE responsibilities**

Managing the relationships with Brazilian producers participating within VIVE.

**Current focus**

Driving continuous improvement amongst current Brazilian sugar mill participants and identifying additional VIVE participants to help meet the growing demand from food and beverage companies for sustainable sugar.



**ANDREW HANSFORD**  
ASSESSOR TEAM MANAGER, AB SUSTAIN

Location Peterborough

**VIVE responsibilities**

On-the-ground delivery of VIVE programme assessments, as well as VIVE client support, training and on-boarding.

**Current focus**

Reviewing and improving the VIVE Shipping Module for targeted pilot in Q1 2020.



**CAVAN GARDNER**  
INTERNATIONAL ASSESSOR TEAM LEAD, AB SUSTAIN

Location Peterborough

**VIVE responsibilities**

Providing technical support to the VIVE programme, including module content development and assessment methodology.

**Current focus**

Streamlining the experience of VIVE’s participants from on-boarding and training through to the end of the assessment cycle.



HOT TOPIC

# IMPROVING COMMERCIAL OPPORTUNITIES THROUGH PRODUCT TRACEABILITY

**VIVE guiding principle: VIVE participants should ensure that they can trace all their raw materials back to individual farms, all products through their facilities and all finished products forward to their individual customers.**

More and more people shop for food and drink based on information about where products come from, how they are processed and how employees are treated. Companies that implement sustainable best practice and product traceability can increase their brand reputation and recognition, benefitting commercially.

By sourcing VIVE products and demonstrating the integrity of their sugar and ingredients supply chains, food and beverage companies can meet this growing demand. This is made possible through VIVE's five-module approach, which covers all operations and activities that have a bearing on sustainability and provides increased traceability and added assurance.

For example, VIVE participants must ensure that the VIVE status of all raw materials, intermediate and finished products in their supply chains are known at all times through clear identification and process control. The VIVE team monitors and audits participants to help them achieve this within given timeframes and also provides support by overcoming practical hurdles.

With sugar and ingredients often transported in bulk, for example, there are times where the physical segregation of VIVE Claim Level product is not feasible. In these instances, VIVE participants are required to adopt a mass balance approach where VIVE products are kept administratively separate from other products. Participants using this methodology benefit from a VIVE mass balance report generated by an automated system that provides a live view of all VIVE sugars globally. This report assists VIVE participants by keeping track of their VIVE mass balance volumes, minimising the chance of any double counting and improving commercial opportunities by facilitating the global trading of VIVE products.

**VIVE is jointly owned and managed  
by AB Sustain and Czarnikow.**



AB Sustain is part of AB Agri Ltd, the agricultural division of Associated British Foods PLC, a diversified, international ingredients and retail group with sales of £12.8bn and over 124,000 employees in 48 countries.

**AB Sustain**

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United Kingdom



Czarnikow is a supply chain, pricing and financing services company in its chosen supply chains of sugar and complementary products such as ingredients and packaging. Czarnikow operates globally from ten offices, with a local presence in a further four countries, and employs around 190 people.

**Czarnikow**

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