

**Associated  
British Foods**  
plc



BAFWAC

# **Illovo and SUSFARMS: Building climate resilient sugarcane supply chains**

an Associated British Foods case study

November 2017

# Associated British Foods plc

## Company details

Associated British Foods (ABF) is a diversified food, ingredients and retail group worth US\$16.5 billion, with 124,000 employees across 48 countries. ABSugar, ABF's sugar processing division, employs over 30,000 people through several different companies. One of these, Illovo, is Africa's largest sugar producer. Illovo employs 12,000 people (rising to 30,000 at peak times) and produces raw and refined sugar for local, regional African, EU, USA, and world markets. Illovo owns refineries and processing plants as well as agricultural sites, and employs outgrowers who supply external cane to Illovo. <https://www.abf.co.uk/>

## Summary of action

Illovo, a subsidiary company of ABF, is dependent on outgrowers for cane to maintain its status as Africa's largest sugar producer. The threat of water scarcity has led Illovo to fund various projects, including R&D and water infrastructure, as well as the Sustainable Sugarcane Farm Management System (SUSFARMS) initiative. The implementation of SUSFARMS principles has resulted in US\$6.8 million savings annually.

## Program rationale

Over half of the cane processed by Illovo is produced by independent outgrowers, who vary in size from extensive farms to smallholders. Drops in cane supply from outgrowers can significantly impact Illovo's productivity. Maintaining and developing outgrower supply remains a key area of focus for Illovo, and Illovo actively engages outgrowers on this issue. Customers, funders and potential investors are also increasingly interested in the environmental impact of products and services.

## Program approach

To alleviate water-related risk, Illovo has funded water conveyance infrastructure to serve vulnerable outgrowers and ensure a sustainable sugarcane supply.

Outgrowers also benefit from Illovo's support for drought resistant crop development and investment in new technology.

Within its own direct operations, Illovo is committed to the effective use of water and is constantly pushing forward with the SUSFARMS initiative, a farming system designed to encourage sustainable sugarcane production through the implementation of better management practices (BMPs). The main objective of SUSFARMS is to focus on the three main sustainability principles of prosperity, social and environment.

Three key focuses of SUSFARMS:

- Conservation of natural assets
- Maintenance of critical ecosystem services
- Sustainable use of agricultural resources

Illovo's Midlands region, led by the Noodsberg Canegrowers in conjunction with UCL Company (Pty) Ltd, is a leader in sustainability practices in the South Africa sugar industry and initiated the development of SUSFARMS over a decade ago in partnership with WWF.



## Results & Benefits

- The avoided loss of sales from not implementing SUSFARMS is estimated at USD \$6.8million per annum.
- Wider impacts of implementing BMPs will be: reduced negative impacts on the environment, compliance with legislation, maintenance of a high level of social responsibility, and assistance in ensuring financial sustainability for growers.

## Lessons learned

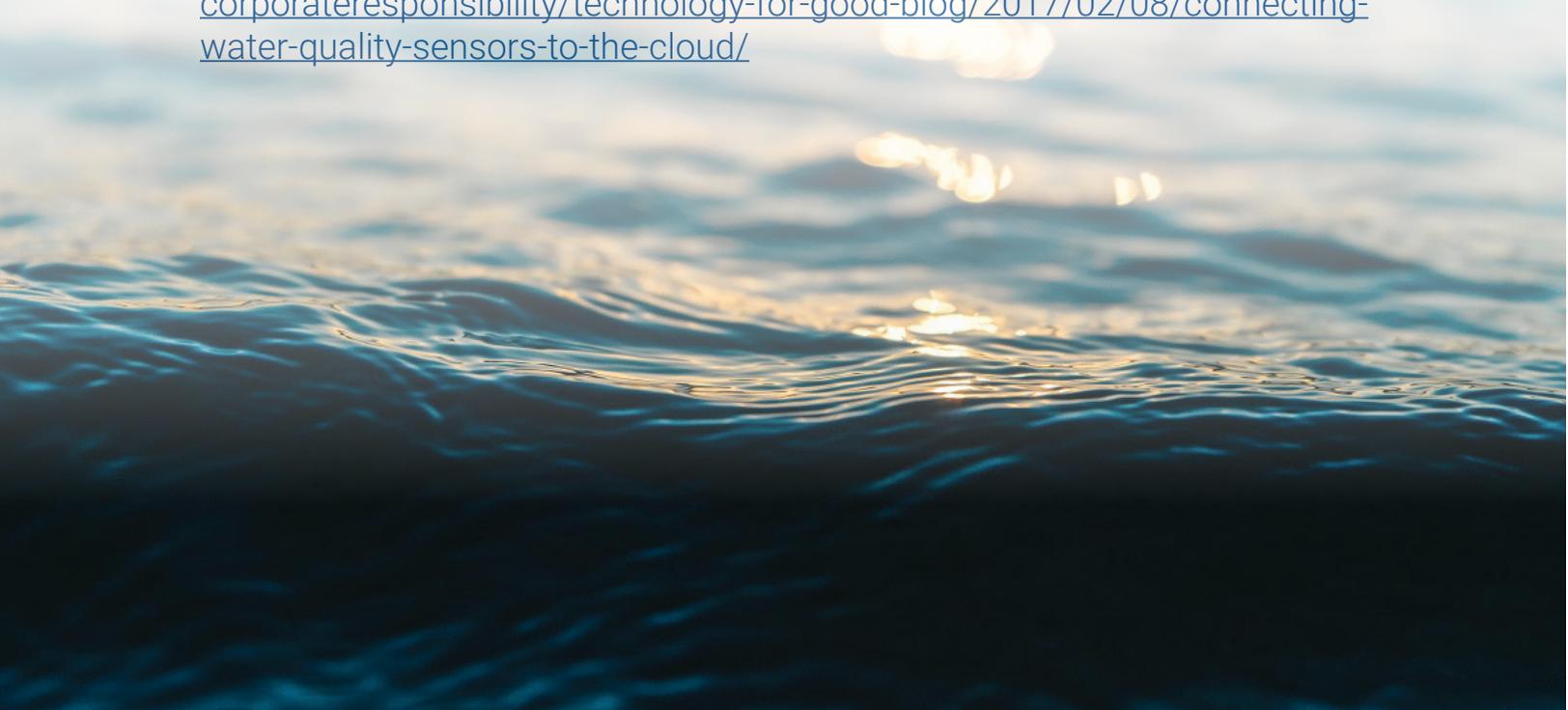
Illovo has committed itself to implement BMPs as part of the SUSFARMS program, something which will require a concerted effort in the coming years. Illovo has already seen the benefits of a sustainable approach, financially and otherwise, and the challenge is now to expand its leadership status beyond the South Africa sugar industry, regionally or even globally.

## What next?

Illovo is planning to complete baseline self-audits with the SUSFARMS tool by the end of 2015 on all own and managed farming operations.

## Sources

- <https://www.ericsson.com/thinkingahead/the-networked-society-blog/2017/10/19/can-iot-save-peoples-lives/>
- [https://www.ericsson.com/thecompany/sustainability\\_corporateresponsibility/technology-for-good-blog/2017/02/08/connecting-water-quality-sensors-to-the-cloud/](https://www.ericsson.com/thecompany/sustainability_corporateresponsibility/technology-for-good-blog/2017/02/08/connecting-water-quality-sensors-to-the-cloud/)





# BAFWAC

BAFWAC was jointly launched by CDP, CEO Water Mandate, SUEZ, and World Business Council for Sustainable Development (WBCSD) in December 2015. The initiative commits companies to analyze and report water-and-climate-related risks and impacts, and to implement collaborative response strategies along the value chain.

**[bafwac.org](http://bafwac.org)**