

Benefits of the L3F Program

<i>Benefit group</i>	Name of benefit	Monetization method
Stable, sustainable supply chain	Increase the number of suppliers that are professional commercial partners	Annual number of person days saved in maintaining current relationships with suppliers because L3F is helping to maintain relationships
	Mitigate price volatility through price transparency and farmers adopting sustainable practices	Reduced cost of capital from an expected reduction of working capital
	Reduce risk of crop loss by sustainable farming practices	Potential avoided annual revenue loss from supply shortages
	Gain direct connection to groups of farmers / suppliers (with fewer middle men)	Improvement in profit margin

Note: Depending on the commodity being assessed, not all benefits may apply

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Long-term contracts	Implement more efficient processes (e.g. automated invoicing) because of long-term buying commitments from customers (e.g. Mars)	Annual number of person days saved in maintaining current relationships with existing customers (e.g. Mars)
	Increase long-term strategic investments because of long-term contracts	Reduction of cost of capital applied to portion of relevant debt because of LT contracts
	Reduce distribution costs because of long-term contracts that allow for regularly scheduled harvests, processing, and export	Annual cost savings from fixed distribution cost Annual cost savings from variable distribution cost
	Reduce storage costs because long-term contracts allow for regularly scheduled harvests, processing, and export	Volume that no longer needs to be stored times storage cost

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Sustainable product	Reliable access to higher volumes of high-quality product	Annual cost savings from fixed and variable distribution cost because of high volumes of high quality product
	Increased revenue/profit from greater customer demand from sustainable sources	Annual cost saved from having to buy high-quality product from sources outside the L3F program
	Reduce waste loss or improve processing in the manufacturing	Annual volume that was processed and year-on-year decrease in processing cost

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Brand value and innovation	Gain new customers as a result of L3F media coverage	Volume and margin for price premium for sustainable product Annual growth rate for future sustainable-product sales Annual growth rate for sustainable-product market share
	Retain the best talent because, e.g., employee values align with the corporate commitment sustainability	Cost saving from reduced voluntary turnover per new employee and how likely this due to L3F
	Fund L3F program activities with investments from public institutions or other external organizations	Multiplier applied to benefit category 1 and 3 derived from the total value of grants and co-financing programs related to L3F
	Reduced marketing spend due to improved positioning on quality, sustainably-sourced products	Annual reduction in marketing spend due to L3F
	Implement smart supply chain management tools such as solutions for traceability, drones, etc.	Annual incremental profits

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Corporate risk	Reduce reputational risk (avoiding revenue loss) from sustainability-focused scandals	Avoided cost from annual revenues at risk due to reputational damage without the L3F program
	Reduce risk of failing to comply with regulation because of sustainability actions	Avoided cost from typical government fines and potential future taxes, duties or export restrictions
	Reduce risk of a supply chain collapse or losing the license to operate	Avoided cost from share of profits at risk without L3F
	Reduce cost resulting from better stakeholder relations and more efficient processes	Annual number of person days saved from better stakeholder relations

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