



Sustainability is Everybody's Business

A Thought Leadership Article
by Simon Bakker, CEO and Founder
of Kennemer Group

The Resilience and Inclusion through Investment for Sustainable Agrikultura (RIISA) Project aims to create gender-inclusive, environmentally sustainable livelihoods and profitable agribusinesses for smallholder cacao farmers.

Menonite Economic Development Associates (MEDA) Philippines and the Philippines Partnership for Sustainable Agriculture (PPSA) aims to promote Gendered-Environmental Social Governance (G-ESG) practices in the cacao sector through the Strategic Learning Agenda (SLA). The SLA will develop learning products and facilitate knowledge exchange to improve the awareness of key enabling actors on G-ESG approaches that can be applied within the cacao market system and help improve the cacao industry. One of the learning products of the SLA is a Thought Leadership Article.

In this Thought Leadership Article, **Kennemer Group Chief Executive Officer and Founder Simon Bakker** shares about their journey in integrating sustainability and inclusivity into the cacao industry. By fostering partnerships and empowering smallholder farmers through financial inclusion, agroforestry, and climate programs, Kennemer aims to build resilient, sustainable communities while addressing environmental and social challenges.

About the cover

On the cover are dried cacao beans sorted based on size before post-processing. Photo taken at BIAO Agrarian Reform Beneficiary Cooperative, Brgy. Biao, Davao City.





SUSTAINABILITY IS EVERYBODY'S BUSINESS



I've always believed that the key to empowering smallholder farmers lies not in large-scale interventions, but in building resilient systems and communities. Our journey at Kennemer in the Philippines has always been about redefining how we approach business to integrate sustainability and inclusion. Change is inevitable, and with the challenges we're currently facing in the cacao industry and agriculture as a whole, it might be the only way forward. If calamities such as the COVID-19 pandemic and the ongoing climate crisis have taught us anything, it's that all industries must adapt to the complexities and unpredictability of today's environments.

G-ESG (Gendered-Environmental, Social, Governance) is a relatively new concept that has gained momentum in recent years, though it remains an unfamiliar concept in the agribusiness industry. Several businesses are already adopting G-ESG approaches, the key lies in demystifying the concept over time. In essence, G-ESG entails adopting sustainable practices across environmental, social, and governance aspects, with gender considerations embedded in each area. While easier said than done, it isn't a magical solution to the challenges burdening our agri-food systems. With an open mind, it can be a great starting point.

Kennemer **Landscape** Approach

The Kennemer Group companies are mutually reinforcing. Agronomika's microfinance program establishes networks of smallholder farming families. Kennemer Foods and Kennemer Eco use these networks to support the farming, outgrower, and climate programs

Agronomika develops **inclusive women-led networks** through beneficial microfinancing scheme



This provides **financing support for sustainable livelihoods** that are integrated with the community's ecosystem



Through the network, **funnel other benefits** from Kennemer such as technical assistance, capacity building, market access, and climate financing



Our pillars

Kennemer Group's strategy is based on three core businesses: Inclusive Agriculture, Rural Finance, and Climate Solutions



A Problem-Solving Journey

We started Kennemer Foods as a smallholder inclusive cacao sourcing venture and post-harvest center in Davao, Mindanao. Over time, we realized there weren't sufficient volumes of cacao to sustain our operations. Our journey evolved as we began addressing the challenges that farmers and producers face in growing cacao that result in low productivity and income. We started by providing inputs and services such as planting materials, training, agri-technology, and linking them to export markets. We noticed that to bring systemic change to our communities we need to look more holistically at the landscape which surrounds us and in which our communities live. Over the years our programs have evolved into comprehensive solutions where environmental and inclusive economic development enhance each other.

We have developed into a group of companies working together to provide these synergies: Besides focusing on a variety of agricultural livelihoods through Kennemer Foods, Agronomika Finance Corporation delivers inclusive financial products and services to farmers and rural entrepreneurs while Kennemer Eco develops nature-based systems which include sustainable forest management, rehabilitation and protection of natural assets.

The driving force behind Kennemer has always been designing solutions that reflect the communities' needs and add value to them and it has been a problem-solving journey ever since.

At the same time, we also recognize the need for stakeholders to work together and collaborate across industries and interests to really have systemic and sustainable impact, we need to develop multi-stakeholder partnerships and collaborations in a geographic area, taking both social and environmental interdependencies into account. Operating in a "landscape" approach allows us to look beyond our programs to engage with everyone and be truly inclusive.

One of the best examples of our approach in action is our partnership with the Mennonite Economic Development Associates (MEDA) in their Resilience and Inclusion through Investment for Sustainable Agrikultura (RIISA) Project. This collaboration combines our programs on cacao-centric agroforestry, cacao supply chain and training, and microfinance and is being implemented in Paquibato, Davao.

Incentivizing Sustainable Practices

Rehabilitating and protecting the environment, especially natural forests, is key for sustainable agriculture and rural development. Kennemer's climate programs, such as the Mindanao Tree Planting Program (MinTrees) and Mindanao Forest for People and Sustainable Livelihoods (MinFor) are key to the landscape approach. These programs focus on climate and environmental issues while also working with highland communities that rely on cutting forests for their livelihood by providing them with alternatives.

Our engagements taught us that farming communities understand the language of protecting nature and see the impact on their crop production. Our goal is to professionalize and empower smallholder farmers to make cacao farming a sustainable business. To achieve this, we need to enable them to adopt sustainable agricultural practices which entails an incentivization model that sustains these efforts long-term.

Our climate programs enable us to channel funding into rural areas and help communities protect and rebuild the environment. This supports them in engaging in environmentally and economically sustainable livelihoods, and contributes to mitigating climate change and improving Mindanao's biodiversity.

Driving Social Equity through Inclusive Finance

Another key challenge for smallholder farmers to engage into more productive agricultural systems has always been a lack of access to financial services which hampers economic growth and development. With 73% having no accounts, farmers or workers in the agriculture sector had the highest financial exclusion level in 2021¹. We've observed that many of these farmers are engaged in subsistence farming, and have been excluded from financial opportunities. The

1 Bangko Sentral ng Pilipinas (BSP). 2021 Financial Inclusion Survey. Retrieved through this link: https://www.bsp.gov.ph/Inclusive_Finance/Financial_Inclusion_Reports_and_Publications/2021/2021FISToplineReport.pdf



Kennemer Eco Solutions have an existing partnership on carbon-trading initiatives with key smallholder farmer members of Malabog Integrated Enterprise Development Cooperative (MIEDECO), Brgy. Malabog, Davao City.



Mario Regidor, a 60-year-old cacao farmer, is an engaged member of his cooperative and an active participant in carbon trading facilitated by Kennemer Eco Solutions.



traditional banking system targets populations with stable incomes and salaries, often setting requirements that poorer households cannot fulfill. In general, agriculture is considered too risky to finance, which results in farmers being the least banked among all types of workers.

Through microfinance, we're able to provide farmers with access to financial services that enable them to build and develop their livelihoods, plant more trees, regenerate their farms, and reap economic benefits. We needed a program that not only provides financial services but also addresses the need for financial inclusion, reaching more farmers and communities. In the Philippines, women have proven to be more responsible financial decision makers and have had a positive impact on their families by efficiently allocating resources for health, education, and nutrition. We also saw an opportunity to leverage their ability to build community cohesion.



In the country, cacao farms are predominantly small-scale operations managed by families and small communities. At the production level, there is an opportunity to improve inclusion and gender equity through a household approach that engages both men and women. This approach can help distribute the workload more equitably and support women in managing their responsibilities.



Through Agronomika, we've pioneered a microfinance program for women that provides smaller, manageable loans that align with family incomes, reduce financial risks and promote sustainable agricultural production. We've established Barangay Livelihood Centers (BLCs) where weekly meetings facilitate loan repayments, market transactions, training sessions, and connections to our programs at KenFoods and KenEco. These centers serve as hubs for various Kennemer programs and provide the opportunity for more village-based landscape development initiatives to converge.

Learning by Doing

Our focus is on becoming not just gender-neutral but gender-supportive and transformative. We started by integrating these principles into community engagements and challenging traditional gender roles and stereotypes.

Some of our strategic initiatives under our ESG approach include gender mainstreaming and inclusivity measures to ensure gender parity and eliminate the pay gap in the workplace. We also conduct risk assessments on labor issues, examining the environmental and social risks and impacts of our programs, while also informing the design of our programs and operations.

On the community level, we also have guidelines and mechanisms in place to ensure that, while helping farmers build their livelihoods, we do not risk causing environmental harm. Kennemer's Impact and Sustainability Office plays a key role in setting corporate targets and policies, ensuring capacities in the programs to integrate the G-ESG lens and monitoring progress and impact.

As we grow as a business, we also continue to learn by doing. Ultimately, this is a call to think about value beyond profit, leaving behind a legacy for generations to come—the state of our planet and the society we've built. The private sector has a great responsibility and opportunity to set an example. We are well-positioned to influence policymakers, investors, and industry councils to create an enabling environment for sustainability through G-ESG approaches. It is up to us to mainstream this concept so that we can rally support for its potential to impact not only the cacao industry but also the broader agribusiness landscape, making Philippine agriculture more inclusive and sustainable over time.

The best way to overcome our current challenges is through collective action. As we formalize our G-ESG principles and approaches, we encourage agribusinesses to look into it and consider adoption. Any agribusinesses interested in starting their G-ESG journey, we can just recommend to not let the unfamiliar acronym faze you. Often, our danger is rushing to reach large numbers where the challenge becomes managing numerous variables. I urge you to start small and focus on success in the communities where you work. Engage with communities, understand their challenges, and then scale up. Every organization must embrace the learning journey; fortunately, we can learn from one another. I believe the purpose of this journey was and is to provide meaningful support to communities, helping them build sustainable agroforestry and livelihood systems within a larger landscape.



MIEDECO has a designated consolidation area in Brgy. Malabog where farmers bring their wet beans, which are regularly collected by Kennemer Foods. These farmers are actively participating in the carbon trading initiatives launched by Kennemer Eco Solutions.



PPSA

Philippines Partnership for Sustainable Agriculture

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