

LDC Environment Committee – December 2022 Meeting Minutes

Members:

- Michael Gelchie Group CEO (**Chair**)
- Murilo Parada Chief Sustainability Officer
- André Roth Global Head, Grains & Oilseeds Platform
- Nigel Mamalis Advisor to the CEO
- Nyame De Groot Global Head of Carbon Solutions Platform
- Olivier Laboulle Global Head of Sustainability, Coffee Platform
- Vitor Correa Global Head of Safety, Health & Environment
- Wei Peng Global Head of Sustainability, Grains & Oilseeds Platform

Additional Invitees:

- David Cleary (Director of Agriculture - The Nature Conservancy)

Minutes:

- In his introduction, Michael restated the importance of environmental matters for the Group's operations from both risk management and business opportunities perspectives, highlighting that such relevant role has triggered the need to enlarge the group involved in sustainability matters and therefore the members of the environment committee. Michael has also paid his tribute to Guy Hogge for his legacy in driving LDC's environmental agenda and thanked David for his participation in the meeting.
- Murilo presented the progress made by LDC in the environment area, including the conduct of a materiality assessment and its preliminary results - 3 of the top 5 material sustainability topics for LDC are environment-related [(climate change, land use or habit change/degradation and responsible sourcing)]; the planned next steps in order to elaborate a refreshed sustainability strategy building on the materiality assessment results; the plans under discussion to enhance LDC's sustainability reporting in line with GRI standards; the plan to adjust the Group's sustainability governance structure aiming to strengthen collaboration across different functions, regions and platforms; and the development of a global responsible sourcing policy.
- Highlighting recent trends and emerging issues related to environmental matters, David updated the Committee members on the following relevant topics:
 - **Continuous funding for environment/conservation causes:** Despite all challenges of the recent years (Covid-19, increasing pressure in the macro-economic context, Ukraine conflict, etc.), there has been no cutting back of financial resources/donor funding for environmental initiatives, which reflects the increasing relevance of the topic and governments and private players' commitment in relation thereto.
 - **Rapid uptake of regenerative agriculture:** Positive trend for more food and agriculture companies to make concrete commitments and targets to support

regenerative agricultural practices. Carbon sequestration is only one benefit from regen agriculture, among many others such as soil health, water conservation, better yield, etc. Companies are encouraged to promote regenerative practices considering all these elements.

- **Climate change as the epicenter of discussions:** Climate change continues to take the central place in environment-related discussions. Agribusiness sector is well positioned to drive positive change as it represents approx. 25% of total global GHG emissions. Therefore, agribusiness companies shall expect an increasing level of scrutiny in land use and decarbonization policy, commitments and actions.
 - **COP 27 Soy roadmap:** The soy sector has presented a somewhat disappointing roadmap at COP 27, failing to keep its commitment in line with the 1.5-degree climate trajectory. In particular, there is urgent need to step up the commitment on zero native vegetation conversion to win the credibility back for this initiative.
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- Vitor presented LDC's key environmental KPIs and 2022 results, as well as internal data collection process. Overall, good progress was made on improving water and energy efficiency compared to previous year, while the scope 1 GHG emissions and waste to landfill have gone up due to new projects/increased production capacities.
 - Nyame provided a status update on formalizing LDC's decarbonization strategy and future (scope 1, 2, 3) GHG reduction targets. Nyame highlighted challenges in interpreting and aligning with certain target-setting guidance and standards, especially with relation to scope 3. Murilo emphasized the need to set ambitious yet realistic targets. David confirmed the importance of setting targets that are realistic and volunteered to put the Group in contact with TNC experts to assist with this exercise.
 - Wei presented LDC's progress towards its zero deforestation and conversion commitment, including the risk-escalating methodology for deforestation due diligence for LDC's global supply chains. Based on such methodology, preliminary results showed that the majority volume of LDC's biggest supply chains is from low-risk countries or low-risk areas in high-risk countries. The remaining challenges are to complete this exercise for remaining crops to finalise the global baseline, and to improve supply chain traceability and supplier engagement in identified hotspot regions. Wei outlined next milestones and timeline for the zero-deforestation commitment implementation. A deep-dive meeting on this topic was scheduled with David/TNC team in the following week.
 - Mike wrapped up the meeting highlighting the main takeaways and action points, and thanked all members for their participation, in particular David.