

LDC Environment Committee – September 3, 2020

Members: Ian McIntosh (Group CEO), Michael Gelchie (Deputy CEO), André Roth (Head, Grains & Oilseeds Platform), Guy Hogge (Global Head – Sustainability), Cristina Hastings Newsome (Global Sustainability Manager – Oilseeds and Grains)

- Cristina highlighted the progress we have made in work done in our Palm supply chains, in particular around improved traceability to plantation scores, ongoing need for transparency through data provision on the Company website, a strong and strict grievance protocol, very close commercial and sustainability function alignment, and good progress with the LD Foundation-sponsored smallholder project.
- Areas of focus going forward for Palm include continued efforts to trace to plantation in addition to the current 98% traceability to mill, a greater reliance on remote sensing technology given challenges on field audits in times of Covid-19, and an ambition to double the number of farmers involved in the smallholder project.
- Cristina also highlighted some of the on-going opportunities facing Palm supply chains, including the acceleration of consumer goods companies' NDPE efforts, individual customers reference dates, and subsequent restoration targets to mitigate/compensate for deforestation occurring after proposed cut-off dates.
- Discussions then moved to Soy, highlighting the rapid progress in traceability to farm (currently at 63% in Brazil), the challenging environment, which has limited take-up to-date, of LDC's offered long term preferential financing line, and the Company's desire to find collaborative and cross-industry solutions to environmental challenges.
- For future priorities in Brazil, LDC will continue to improve traceability to farm while developing greater reporting on conversion-free volumes, and incorporating more rigorous monitoring of its supply base across all commodity lines. This work will progress hand-in-hand with Gaivota, a technology service provider. LDC will continue to provide input and guidance to the ALZ joint venture to follow the same sustainability path as LDC.
- In Argentina & Paraguay, sustainable certification has progressed well, allowing for traceable volumes of "deforestation free" Soy, with the aim to offer full segregated meal flow to customers from one crush plant, subject to customer demand for this offering.
- The Gran Chaco project operating in partnership with The Nature Conservancy will continue, Covid-19 permitting, and should provide analysis on the method to incentivize farmers to go beyond the law as it relates to environmental preservation.
- Efforts will remain in the territory to maintain high levels of certification and traceability to farm in Argentina, as well as to define and publish the LDC methodology for monitoring deforestation risk in Paraguay supply chains.
- The same reference date and regulatory impositions around deforestation in Palm are also increasingly debated in relation to Soy, and finance linked to sustainability efforts and performance will be an ever-greater theme.