Palm Sustainability

Progress Implementation Report: Traceability, Certification, Supplier engagement, Smallholder inclusion, Summary KPIs

Updated September 2022
LDC Profile

- LDC does not own any plantations or mills.
- LDC owns 2 palm oil refineries in producing country (Indonesia) – in Balikpapan and Lampung; all sourcing is carried out via 3rd party mills; and an edible oil refinery in India, importing CPO from Indonesia and Malaysia through trading partners.
- Sourcing which goes through these 2 Indonesian refineries is considered by LDC “direct” sourcing
- Sourcing which does not go through these 2 refineries, is considered “indirect” or “traded” sourcing- Singapore Commercial trading hubs handles these purchases
- The public transparency report illustrates the LDC sourcing by direct/indirect, by origin load ports, certification scheme, traceability to mill and traceability to plantation

See our latest 2021 Sustainability Report.  
https://www.ldc.com/sustainability-report-2021/

See our updated Palm Sustainability Policy.  

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<td>LDC Indonesia Refineries</td>
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<td>LDC Singapore Commercial (indirect/traded)</td>
<td>77%</td>
<td>87%</td>
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<td>Grand Total</td>
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Traceability to Plantation: LDC Refineries & Singapore Trading (2020-2021)

- LDC Balikpapan Refinery (direct): 78%, 99%, 98%, 89%
- LDC Lampung Refinery (direct): 79%, 82%, 91%, 85%
- LDC Singapore Commercial (indirect/traded): 49%, 58%, 54%, 70%
LDC adopts a continuous improvement approach with its suppliers, supporting their transformation journey through monitoring, assessment and transformation;

Monitoring part is carried out with the support of satellite monitoring service providers. LDC currently works with Earthqualizer Foundation and Global Forest Watch Pro tool to monitor our global supply base;

Assessment includes detailed self-declaration assessment tools, NDPE Implementation Reporting Framework (IRF) tool, as well as desktop & field verification based on risk profiles;

Action plans for transformation may be required based on inputs from grievances and supplier assessments;

Specific technical trainings are held to complement the supplier engagement process.
Supplier Engagement: monitoring

**Earthqualizer Foundation**

- For mill in direct sourcing and traded oil in South East Asia, Africa, Latam
- Receive bi-weekly monitoring report of forest clearing/peat development/fires

**GFW Pro**

- The PALM Risk Tool from GFW Pro are used to define the overall Mill Priority Level of our global supply chain
Supplier Engagement: monitoring grievances

Progress update

- Grievances are documented and followed up on directly through direct supplier or trading partner
- Engagement is always the first route undertaken
- Suppliers are removed from approved supplier list when conditions are not met (e.g. stop work order + compliance to policy, etc.)
- Cases are considered closed when they are proven unsubstantiated or when adequately resolved
- Grievance list is published online and regularly updated
- Suspended suppliers need to meet re-entry criteria in order to re-enter our supply chain
**Supplier Engagement: assessment**

**Progress update**

- Launched Self-Assessment Tool for direct suppliers – 2019
- Launched updated LDC Supplier Questionnaire – 2020
- Updated the Sustainability KYC for New Supplier and Questionnaire for Existing Supplier
- Monitor and track Deforestation Free progress (for both direct and indirect) using NDPE IRF and our Deforestation-free verification methodology
- The NDPE IRF profiles of our two Indonesia refineries are externally verified by Control Union

% direct suppliers that complete LDC NDPE Self-Assessment
Supplier Engagement: desktop and field Assessment

Progress update

- Supplier desktop and field verification of NDPE implementation methodology is developed with Daemeter Consulting.
- Field verification to focus on high-risk supplier, while desktop verification on medium-risk ones
- The supplier risk prioritization is based on
  - NDPE Policy
  - Self Assessment Questionnaire result and certification profile
  - Traceability to Plantation Profile Assessment (RCA-TTP, GFW Pro)
  - Grievances raised - both social and environmental

% direct suppliers with high NDPE risks undergone field verification (environmental + social)
Supplier Engagement: *training and transformation*

**Progress update**

- LDC conducts supplier training on themes identified with implementation gaps in supplier self-assessment and verification;

- In 2019 and 2020, we conducted 3-day technical training workshops on NDPE compliance, HCV/HCS and peat / fire management;

- In 2022, we conducted online training on satellite monitoring tool GFW Pro.
Indonesian Smallholders First in the World to be Certified Under New RSPO Standard

**Progress update:**

- GAP capacity building: 2030 smallholders have been trained on Good Agricultural Practices;
- Infrastructure construction: adding chemical storage and washing facility as per certification requirement;
- Deforestation monitoring: using GRAS satellite monitoring;
- Ongoing credit risk assessment with Financial Access/Kreditek;
- 300 farmers passed RSPO milestone A

I started to produce palm oil in 1994, and since then the main challenge is fertilization because of high input prices and correct application practices. GAPs training helped me to find a cost-effective solution and define the proper amount in order to achieve better yields sustainably. I believe if more farmers receive training and assistance, the economic conditions in our village will start improving.

Komang Sucipta, palm oil farmer in Makarti Jaya village, Indonesia