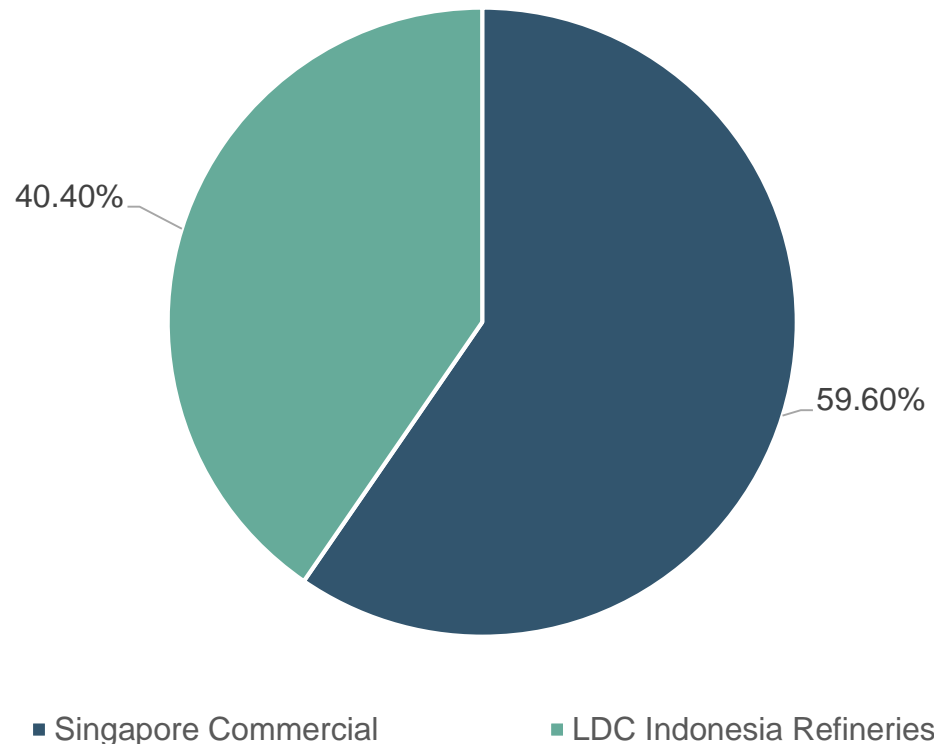


Palm Sustainability

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

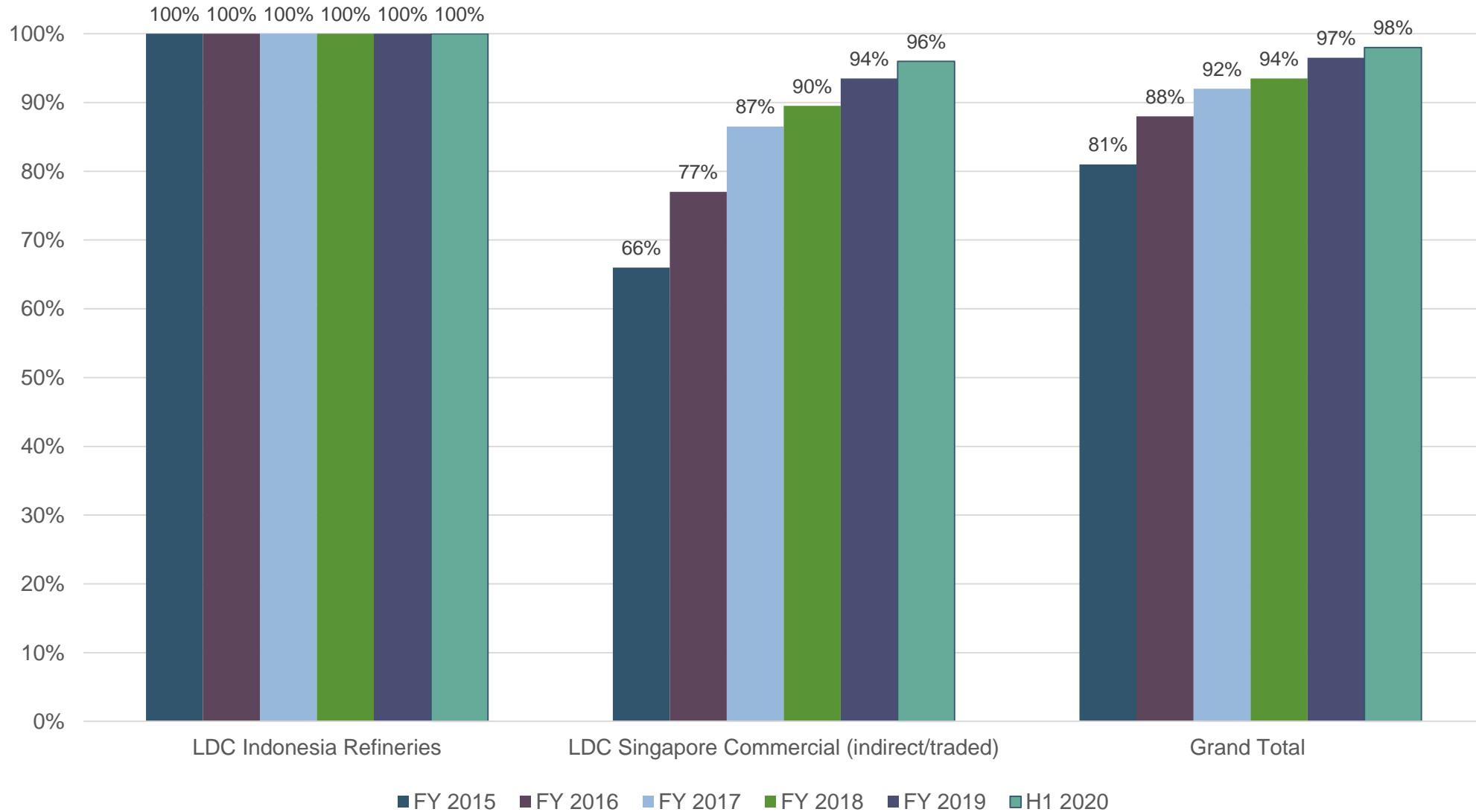
Updated October 2020

Volume breakdown by LDC Singapore Commercial and LDC Indonesia Refineries – H1 2020

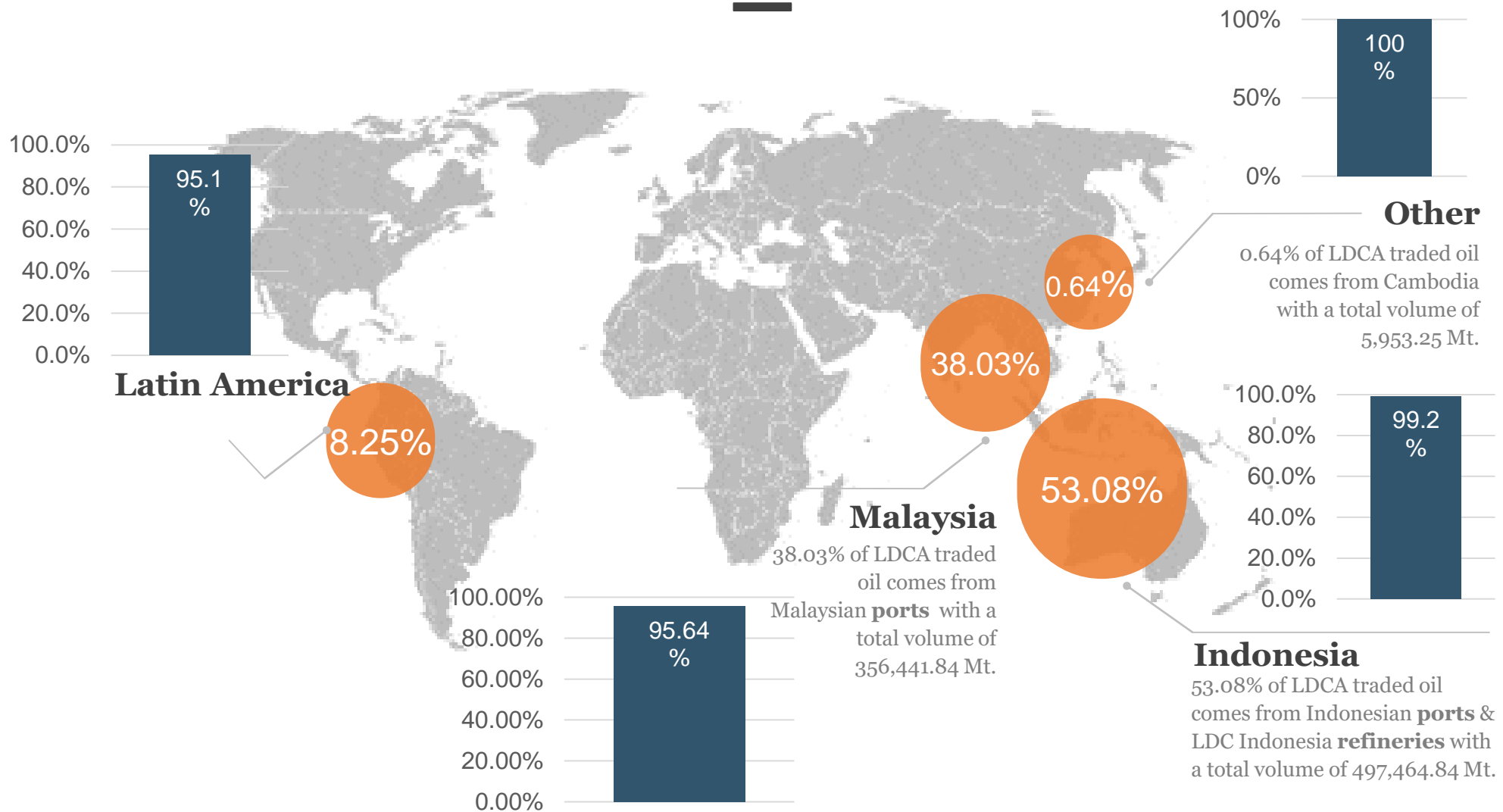


- LDC does not own plantations or mills, but has 2 refinery assets in Indonesia (Lampung and Balikpapan). For additional information, please refer to: <https://www.ldc.com/id/en/>
- Singapore Commercial refers to sourcing made via 3rd party refineries (considered “indirect” sourcing) as opposed to via the 2 LDC refineries (“direct” sourcing)

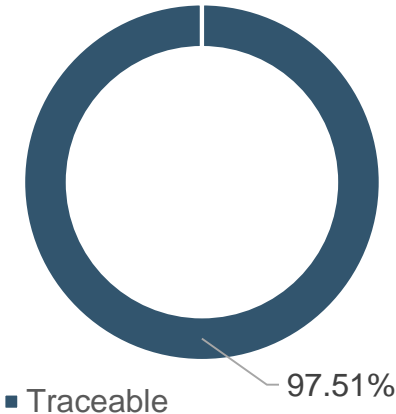
Traceability to Mill : sourcing via LDC refineries & indirects (2015-H1 2020)



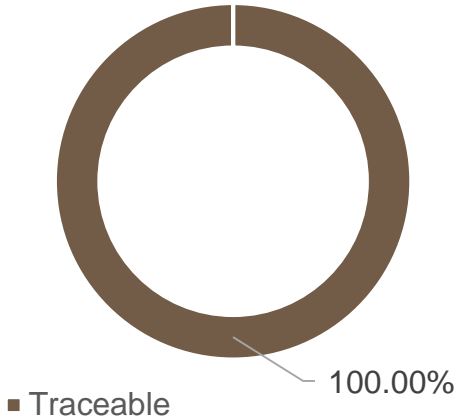
Traceability Break Down by Origin Load Ports– H1 2020



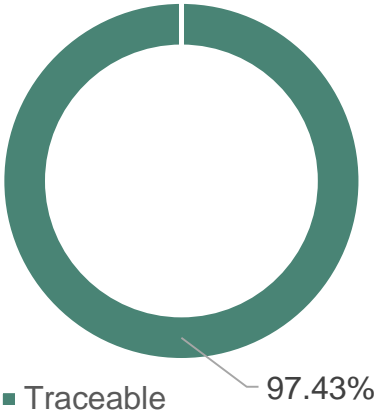
Total LDC Palm traceability



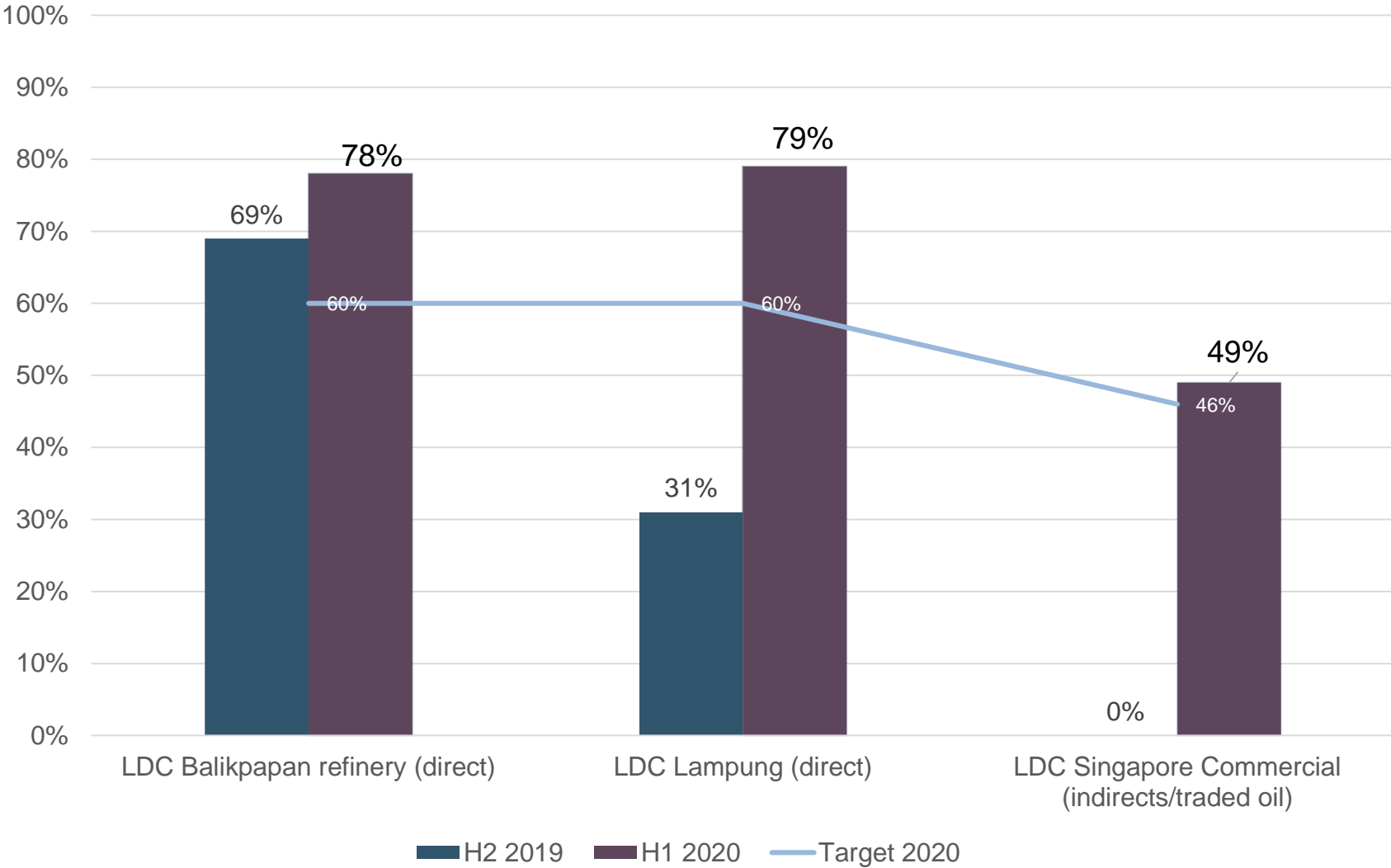
Palm Kernel Oil Traceability



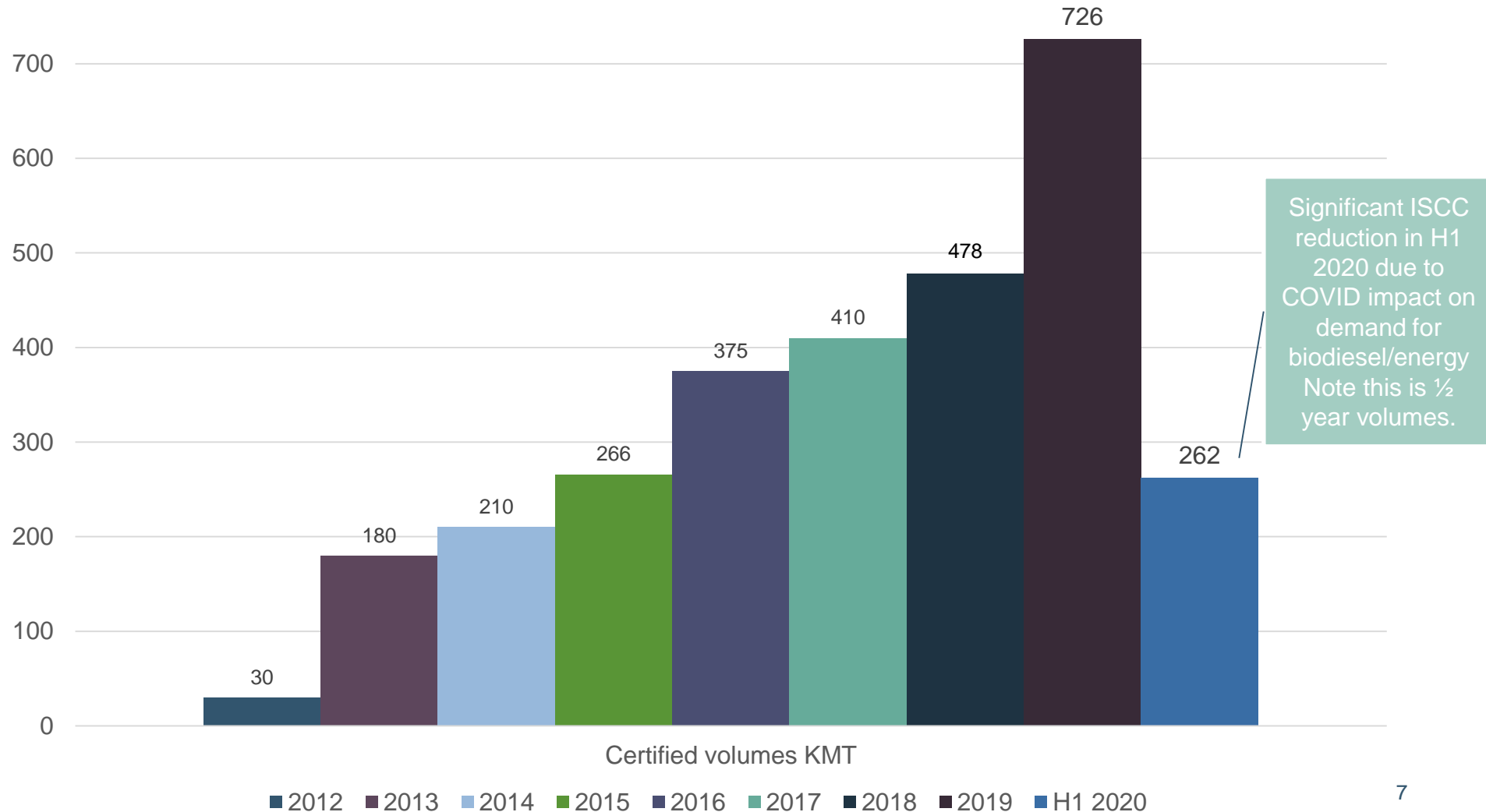
Palm Oil Traceability

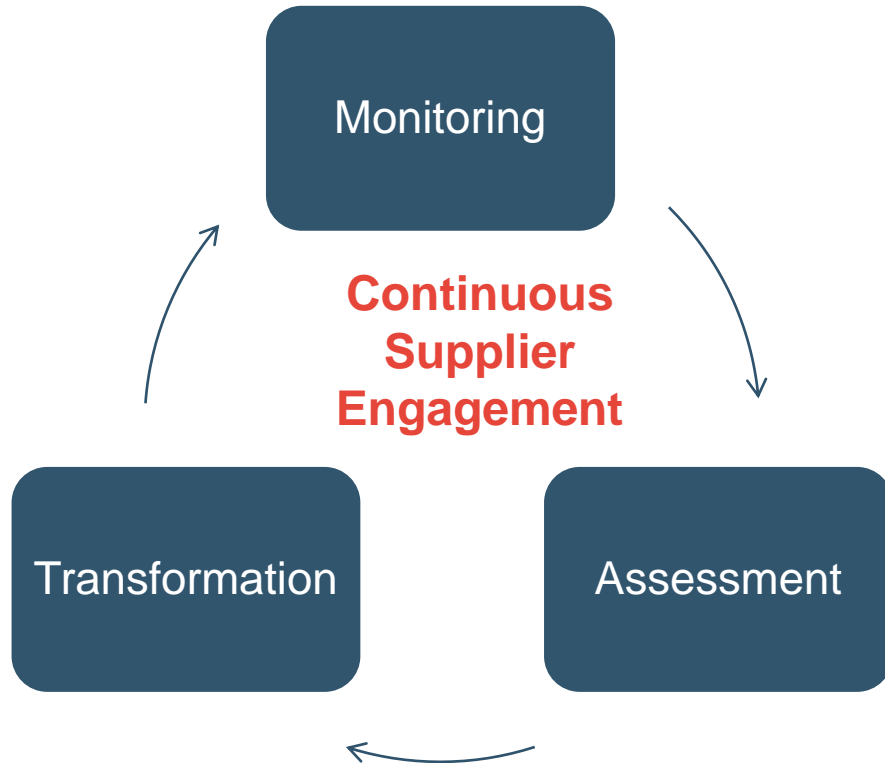


Traceability to Plantation : LDC refineries and indirects - H1 2020



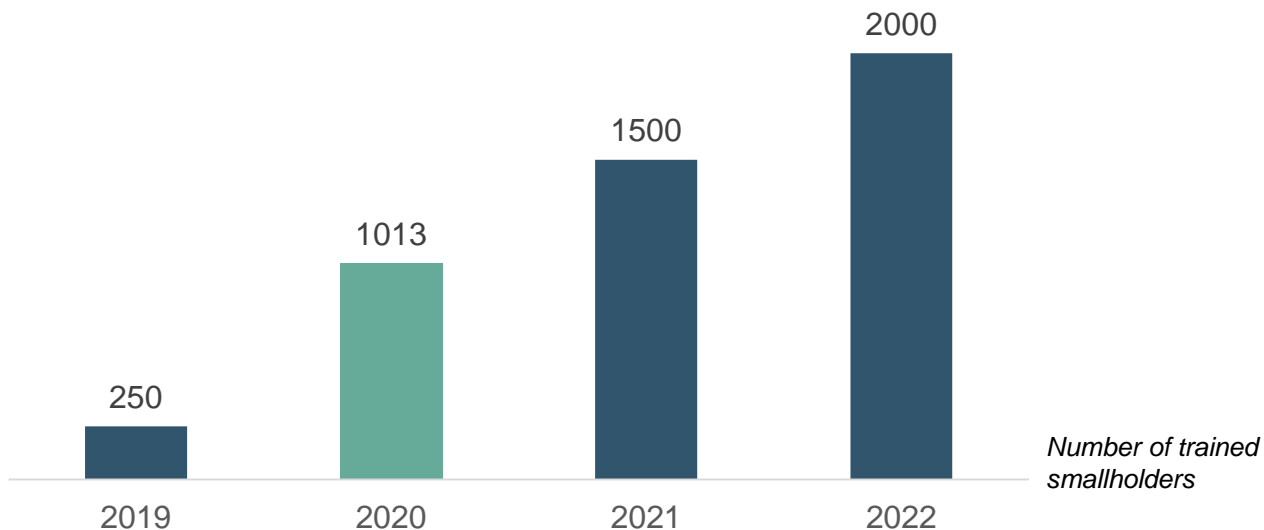
ISCC and RSPO certified volumes KMT





- LDC adopts a continuous improvement approach with its suppliers, supporting their transformation journey through monitoring, assessment and active engagement
- Monitoring for deforestation is carried out primarily through satellite tools. LDC currently works with **Earth Equalizer / Aid Environment, Satelligence** and **Global Forest Watch Pro**.
- Assessment includes detailed self-declaration reports and field verification based on assessed risk profiles
- Actions plans for transformation may be required based on inputs from grievances and assessments
- Technical training (including on HCV & HCS; Peat management) complements engagements

- LDC works with **SNV** in South Sumatra, near the LDC Lampung refinery, to actively improve the resilience of oil palm smallholders
- The project objectives and KPIs include:
 - Improved yield per hectare through Better Management Practices Training programme,
 - Creation of sustainability internal control system within the cooperative, so as to obtain certification (ISCC, RSPO).
 - Gender equality (female farmers were targeted and measured in the training)
 - Mapped HCS and deforestation monitoring
 - Credit assessment and loan disbursement for replanting.
- Approx 1000 smallholders have been trained. 30 have already passed the Eligibility RSPO Audit, based on the 2019 RSPO Independent Smallholders Standard. <https://www.rspo.org/news-and-events/news/indonesian-smallholders-first-in-the-world-to-be-certified-under-new-rspo-standard>
- The Smallholder inclusion project is ramping up to reach 2000 farmers.



Summary KPIs (to complement LDC Sustainability report)

	In place so far (H1 2020)	2020 Target	2022 Target
Traceability	100% traceability to mill for sourcing to 2 LDC refineries	100% traceability to mill for sourcing to 2 LDC refineries	100% traceability to mill for sourcing to 2 LDC refineries
	96% traceability to mill for indirect sourcing (<i>traded oil not going through the LDC refineries</i>)	Near 100% traceability to mill for traded oil / indirect	100% traceability to mill for traded oil /
		60% traceability to plantation to 1st tier FFB supplier for sourcing to LDC refineries 46% traceability to plantation for traded oil (based on published TTP)	100% traceability to plantation to 1st tier FFB supplier for sourcing to LDC refineries 70% traceability to plantation for traded oil
Sourcing contracts	86% of direct and indirect sourcing volumes has commitment to NDPE / agreement to LDC sustainability policy/certified volume	90% of direct and indirect sourcing volumes has commitment to NDPE / agreement to LDC sustainability policy/certified volume	100% of direct & indirect sourcing volumes has commitment to NDPE / agreement to LDC sustainability policy/certified volume
Engagement	40% of mills for direct sourcing to 2 LDC refineries participated in engagement workshops and self-declaration tool	60% of mills for direct sourcing to 2 LDC refineries participate in self-declaration tool or equivalent	80% of mills for direct sourcing to 2 LDC refineries participate in self-declaration tool or equivalent
	-Active grievance protocol and process; Engagement of higher risk supplier groups, where LDC has leverage; significant progress in 3 supplier groups -Management of approved supplier list	-Active grievance protocol and engagement of higher risk supplier groups, where LDC has leverage. Achieve successes in policy adoption/behaviour change -Management of approved supplier list, including re-integration of successes -Segmentation of direct volumes using NDP Implementation Reporting Framework	-Ongoing grievance management and active support of suppliers at a group to be improved -Target tbd for "delivering" NDP for direct sourcing
Monitoring	Field verification of NDPE implementation for direct supplier mill; monitoring via GFW Pro, Earth Equalizer / Aid Environment & Satelligence.	-Satellite monitoring for direct and indirect (traded oil) sourcing in SEAsia -40% of direct supplier volumes to have undergone field verification for NDPE compliance	-Satellite monitoring for direct/indirect (traded) sourcing in SEAsia - 80% of direct supplier volumes to have undergone field verification
Smallholders	>1000 smallholders trained in good agricultural practices with focus on quality, cooperative structure, yield improvement. Smallholder program with SNV in Sumatra, near LDC refinery in Lampung	Additional 750 smallholders trained in good agricultural practices with focus on quality, cooperative structure, yield improvement, with view to certification	Additional 1250 (such that cumulative 2000) smallholders trained in good agricultural practices with focus on quality, cooperative structure, yield improvement, with view to certification. Replanting program in place with associated financing.