

## LDC Environment Committee – 15<sup>th</sup> January 2020

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

Additional Invitees - David Cleary (Global Agriculture Director, The Nature Conservancy)

- The majority of the meeting time was devoted to discussing LDC's two "forest" commodities, palm and soy –presenting LDC's sustainability approach in both commodities, focussing on areas of positivity in our approach, and on areas of priority for 2020 and beyond
- David Cleary commented positively on LDC's approach on palm oil, focussed on traceability, certification and a transparent public presentation of supplier lists and grievance
- David also expressed positive views on the current and targeted KPIs that we set ourselves to follow in palm, which would also act as a good model to roll out elsewhere. The grievance spreadsheet presented on our website is also clear, and our progress on traceability was positive as was the inclusion of our No Deforestation, No Peat, No Exploitation policy commitments in our palm contracts. David also commented that, given that we have started gathering it, we could make public our Traceability to Plantation data.
- He also commented that the Accountability Framework guidance is especially strong on supplier management issues, as it is on the process of escalation to "no trade"
- LDC's progress on soy was then presented highlighting that 2020 was a year to accelerate our work, especially in relation to traceability, and in producer finance where market conditions have proved difficult, and where we operate a similar grievance process to palm that is not yet public
- In addition, sustainability commitments and progress at our Brazilian joint venture (ALZ) were on the right trajectory, with a policy in place and a new sustainability hire, but much needs to progress, especially around supplier mapping and engagement
- In Argentina, traceability work is more advanced due to historic biofuel export sales and resultant certification of much of our supply chain, while in Paraguay we have an issue related to significant indirect purchases in our supply chain
- David commented in 5 main areas;
  - Finance – progress for all actors, including TNC, has been very slow in terms of uptake due mainly to structural problems, so individual companies need to drive harder, and perhaps the Soft Commodities Forum has a role to play in resurrecting the Finance Working Group. The land market, and especially the complexity of land title in Brazil, is not aiding the finance efforts, but with more outreach to farmers and the framing of incentives around productivity and sustainability, progress could be seen to improve. The inclusion of a cut-off date for land clearance should also be a pre-requisite for access to preferential finance
  - Traceability – companies like LDC should be much more open and transparent on our origination profile and numbers, perhaps presenting data by biome or by state, with targets to increase the percentage of our volumes that are conversion free. So, we should act unilaterally in putting available information into the public domain, while encouraging our peers to follow suit.
  - Soft Commodities Forum – following the first two reports issued by the SCF, perceptions are that this initiative is not having the transformative impact on the soy

sector and native vegetation conversion that was hoped for. The hope is that 2020 will be a year of SCF+.

- ALZ Joint Venture – David’s comment here was that joint ventures are an interesting leverage mechanism for getting other companies/shareholders to improve their profile
- China – David commented that there is a role for traders in “educating” both buyers as well as our own China commercial teams on imported deforestation. His suggestion was to link to climate change, yields & food security. Perception from NGOs of the gap in some traders between their Corporate policies and dissemination to regional offices.