



Promoting Environmental Sustainability and Improved Livelihoods in Sugarcane Production



NDPE Sugar System Document

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NDPE Sugar

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalization on the Singapore Exchange.

Wilmar operates an integrated sugar business across the entire value chain from sugar cane and beet plantations to the sweetener's aisle in supermarkets. In between, Wilmar operates sugar mills, cogeneration plants, ethanol distilleries, and sugar refineries across the globe, linking key origins and destinations through a market-leading merchandising team based in Singapore and Geneva. A white sugar marketing desk also operates from Dubai, centralizing white sugar sales and distribution from the various refineries. As one of the world's top 10 raw sugar producers with operations in Australia and New Zealand, Indonesia, Morocco, India, Myanmar, Brazil, and China; this global network and integrated supply chain gives Wilmar a unique position as one of the world's largest international traders of sugar.

Wilmar is committed to promoting the growth of sustainable sugar through our No Deforestation and No People Exploitation Sugar (NDPE Sugar) In September 2021, Wilmar introduced the [NDPE Sugar policy](#) as the foundation for the NDPE Sugar programme, which focuses on three key pillars of sustainability for cane sugar production. The policy was introduced by Wilmar to ensure a significant sustainability level for Wilmar's global sugar supply.

Working in Partnership with Our Supply Chain

The launch of the NDPE Sugar policy was built around a firm commitment to work in partnership with suppliers and buyers to enhance sustainable practices in sugarcane production, to serve both people and the environment.

We are working progressively to cascade and implement the principles of NDPE Sugar through the various actors in our supply chain, which in turn will drive lasting improvements in sustainability.

NDPE Sugar takes a different approach from traditional sustainable certification schemes – instead of focusing on (annual) audits per production site, the program identifies Wilmar's total universe of supplying mills and carries out a self-assessment process. This includes obtaining sustainability information from the mill and its sugar cane supply base through our supplier reporting tool, creating a risk profile and engagement strategy for our suppliers.

NDPE Sugar Policy

The [NDPE Sugar Policy](#) is built upon three principles. Principle 1 and 2 are mandatory principles. These outline the minimum expected sustainability requirements for Wilmar's full supply base.

Principle 3 is the continuous improvement principle. It recognises the importance of continuously enhancing operational practices through a progressive and ongoing implementation approach.

Table 1: NDPE Sugar Principles

<i>Mandatory Principles</i>		<i>Continuous Improvement Principle</i>
Principle 1: Protecting & Respecting People & Communities	Principle 2: Protecting Natural Ecosystem	Principle 3: Enhancing Operational Practices
<ul style="list-style-type: none"> • Respect and support internationally recognised human rights • Respect and recognise the rights of all workers • Respect and protect the rights of children and their welfare • Respect land tenure rights • Respect the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal, or customary rights • Identify measures to provide remediation where the company has caused or contributed to negative human rights impacts 	<ul style="list-style-type: none"> • No conversion of legally protected areas or HCV areas • GHG emissions are measured, with reduction targets in place 	<ul style="list-style-type: none"> • Improving overall efficiency of operations • Effective management of water • Progressive implementation of agricultural best practice • Preserve and enhance relevant biodiversity and ecosystem services

NDPE Sugar Scope

NDPE Sugar is open to operations processing cane sugar and supplying into Wilmar's global supply chain and are committed to meet the NDPE Sugar requirements.

The focus will primarily be on:

- Wilmar owned refineries, or partner refineries which are partially or 100% supplied by Wilmar

- The mills that supply these refineries, including Wilmar owned mills
- Directly contracted third-party suppliers (farms, mills, refineries, and traders)

The *NDPE Sugar Policy* applies to all Wilmar sugar operations through different approaches.

NDPE Sugar Implementation

Traceability

Core to our approach is the traceability mapping of our sugar sourcing to understand the full extent of the supply chain and gain visibility of its origin. This includes traceability to the mill and its supply base, as well as mapping all the mills supplying to our refineries. For a mill to be considered traceable, we require specific information to be available, such as:

- Mill Name
- Mill Address
- GPS Coordinates
- Volumes Supplied to the Refineries

Therefore, while some quantities may be categorized as untraceable, this does not imply the origin of the sugar is necessarily unknown, but rather that the untraceable volumes did not meet all the criteria.

Supplier Compliance

With our sources of supply identified, the next step in our approach is to understand the sustainability level of our mill supply base better, by means of sustainability data gathering, risk analyses and engagement for prioritization. Progress is expected to extend from the mill to the farmer supply base, and our focus will be on key issues relevant to cane cultivation and harvesting, as described in the *NDPE Sugar Policy*.

1. **Supplier Reporting Tool (SRT)**

The Supplier Reporting Tool (SRT) is an online supplier questionnaire and a core feature of NDPE Sugar, designed to help suppliers track and report their sustainability performance. Mill participants in NDPE Sugar are required to complete the Supplier Reporting Tool annually, or every two years according to their Tiering. Wilmar assists suppliers in completing the SRT questionnaire, where required. The SRT questionnaire itself is regularly updated to reflect evolving sustainability requirements.

The SRT is free to use for all (in)direct Wilmar suppliers and allows mills to report their status and mark their progress against the environmental and social principles covered under our NDPE Sugar Policy. On submission of their responses through the SRT, a supplier assessment report is generated with an overall risk scoring, as well as a list of potential impact areas for further improvement.

Although the SRT is a self-reporting framework, it includes a significant confidence level as supporting materials are requested, and reality-check assessments are performed by Wilmar’s Sugar Sustainability team.

Learnings and best practices have been incorporated in this tool, as the SRT has been successfully implemented within Wilmar’s palm oil supply base since 2017.

2. Risk Analysis & Prioritization for Engagement

Mills: Based upon the data provided in the SRT across different principles, mill suppliers are analysed, scored, and categorized in different mill tiers, ranging from Tier 1 to 3.

Table 2: Mill Tiering

Tier 1	Tier 2/Tier2+	Tier 3/Tier 3+
Committing to Wilmar’s NDPE policy and completed the Supplier Reporting Tool (SRT)	Score > 70% on SRT	Score > 80% on SRT

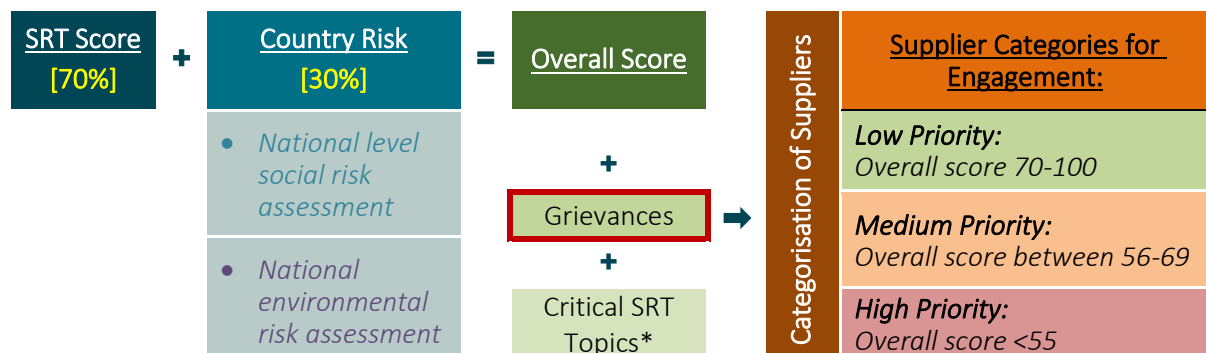
"+" indicates that the mill and/or the mill’s supply base (all or proportion) has been verified/certified by a third party.

For Tier 1 and Tier 2/2+ mills, the SRT must be updated annually. Mills classified as Tier 3/3+ are required to update their SRT once every two years.

Mills that do not complete the SRT update within the stipulated timeline, including an additional buffer period of six (6) months, will be automatically reclassified as Tier 1-.

In combination with country/region risk factors, grievance information and desktop analyses, mill risk prioritization is established. Prioritization determines the next supplier engagement steps, as described in the section *Engagement, Action and Improvement* below.

Graph 1: Mill Prioritization Approach



Note that critical SRT topics¹ can immediately move mills to the *High priority* category, which triggers immediate engagement with the mill in order to get clarity on the situation. Even in the case where a mill scored e.g. Tier 3, and fails on these topics, it is still considered high priority.

Refineries: Refineries committed to NDPE Sugar are also classified according to their Sustainability Status. This status ranges from Level 1 to 5, with a minimum of 85% traceable to mill, and depending on their supplying mills’ SRT completion and scoring. The refinery levels are visible on the refinery traceability report, which can be requested at the respective refinery.

Table 3: Refinery Levels

Level 1: Traceable	Level 2: On-board	Level 3: Improving	Level 4: Implemented	Level 5: Excellent
85% of refinery supply base is traceable to mill	>50% of traceable mills completed SRT	>60% of traceable mills completed SRT 50% are at least Tier 2	>70% of traceable mills completed SRT 50% are at Tier 2 and above	90% traceable >80% of traceable mills completed SRT 80% are at Tier 2 and above

3. Satellite Monitoring

Under NDPE Sugar satellite monitoring is performed to analyse land-use change of high biodiversity and protected areas, for sugarcane farming. The use of remote sensing technologies allows for continuous surveillance of sourcing areas, improving visibility and reducing the reliance on manual or voluntary disclosures by suppliers. For this purpose, Wilmar partners with [Geowatch Labs](#).

By analyzing satellite imagery for land cover changes from HCV² to Sugar Cane³ within

¹ * Deforestation/conversion of HCV landscapes for sugarcane farming, fire use for land clearing, employees under 18 at mill and as canecutter, canecutter access to drinking water and sanitation, minimum wage for mill workers and canecutters

² Geowatch Labs uses different methods to determine land is HCV. For Thailand they used the official HCV map from [RSPO](#). For Brazil, they used 1) Protected Areas in Brazil: <https://www.protectedplanet.net/country/BRA> , and 2) Brazil Indigenous Land <https://data.globalforestwatch.org/datasets/gfw::brazil-indigenous-lands/about> The source can change by country. In case of a disagreement, an onsite HCV assessment needs to be performed.

³ Geowatch Lab has created their own Sugar Cane production maps, which are ownership of Geowatch Lab. These maps are overlaid with the forest/protected area/cultural country specific maps to detect deforestation after 31/12/2020, in breach with the NDPE Sugar Policy

approximately 70⁴ km radius from the mills, by using a cut-off date of 31/12/2020 NDPE Sugar can flag suspected deforestation or conversion events. These alerts are then cross-referenced with supplier data to verify whether the land is linked to a sourcing relationship. If this is indeed the case a direct engagement is initiated to obtain clarification on this case. An onsite investigation could be required to confirm the situation. When the case is a *confirmed* breach with the NDPE Sugar policy, our grievance mechanism would take effect, to agree upon a remediation plan. See also [Complaints and Grievances](#) below.

Engagement, Action and Improvement

Based on the mill risk prioritization and satellite monitoring, Wilmar follows specific supplier engagement procedures, which vary between clarification requests, webinars, workshops, onsite visits, or other support programmes. The SRT assessment reports enable Wilmar to identify the best supplier support programme to be rolled out to specific mill suppliers (or groups of suppliers) based on priority and need.

Pathways and timelines will be developed in order to engage and support as many of the mills, farmers and other stakeholders in the supply chains as possible, to effectively drive and track progress against achieving the [principles of NDPE Sugar](#).

In cases where continuous high risk is observed, or where the critical SRT topics require immediate action, it could be deemed necessary to conduct an on-site assessment at a supplying mill and/or their supply base. For this, specific on-site assessment protocols are established.

Note: NDPE Sugar volumes can be verified using the Traceability Volume Accounting System during on-site assessments by approved third-party verifiers according to *on-site assessment* protocol. However, this verification must be requested by the Wilmar commercial team to the NDPE Sugar sustainability team before confirming it to the customer.

In any case and for all mills who completed the SRT, Wilmar provides NDPE Sugar improvement suggestions in the *Supplier Guidance for Continuous Improvement* document. This guidance offers improvement plans, support and capacity-building for mills to improve their sustainability practices and close gaps with the NDPE Sugar policy.

Monitoring, Reporting and Stakeholder Engagement

Implementation and progress of NDPE Sugar at the mill and its supply base are monitored and evaluated based on updates visible in the annual SRT and associated supplier engagement process. However, in cases of sever breaches with the NDPE Sugar policy, specific compliance timelines are put in place and direct engagement between Wilmar's Sustainability Sugar team, and the supplier will take place. See also [Complaints and Grievances](#) below.

Refinery Traceability reports are available on request at the respective NDPE Sugar participating (partner) refinery. These reports include the traceability percentage, the supplying mills, their respective tiering and therewith the overall *Sustainability Status* of the

⁴ The 70km radius is an proximity, since we use different radius in different countries.

refinery. These reports are updated every 6 months and cover a 12-month period.

Wilmar values stakeholder input and commits to proactive and constructive engagement with all stakeholders, including communities, governments, customers and CSOs at the local, national, and international level. This includes a commitment to make information more inclusive and accessible such as through annual public reporting through sustainability reports and the [Wilmar website](#), and where locally relevant in formats and languages relevant to the affected stakeholders.

Claims and Logo Use

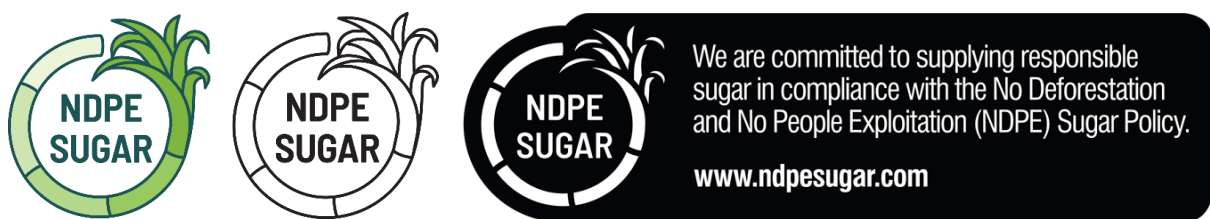
An important added value of NDPE Sugar is that stakeholders within the supply chain can communicate their achievements and progress. As per picture 2 and 3, claims have been developed to allow for this at both sugar refinery and mill level.

- Mill tiering claims are based on SRT scoring and their certification/verification status by third party.
- Refinery level claims are based upon minimum traceability percentage, SRT completion & scoring progress of supplying mills.

To strengthen a claim, NDPE Sugar also developed and trademarked a logo to communicate the commitment to sustainable sourcing. This logo provides a clear way for refineries, suppliers, and brands to showcase their participation in the NDPE Sugar program and their efforts to support responsible, sustainable practices. The logo can be used across various communication channels, including digital platforms, on-pack and off-pack labeling, and other marketing materials. By using this logo, companies can help increase transparency, build consumer confidence, and clearly demonstrate their role in promoting sustainability within the sugar supply chain.

The complete logo process can be requested at: wil-ndpesugar@sg.wilmar-intl.com

Picture 1: NDPE Sugar Logos



Complaints & Grievances.

Wilmar has a [grievance procedure](#) for receiving appeals and complaints from stakeholders related to the implementation of the program and verification. Wilmar also has a [No Exploitation protocol](#) which will be followed as appropriate⁵.

Committed NDPE Sugar participants shall be encouraged to have their own grievance mechanisms tailored to the roles that the company plays in the supply chain.

⁵ Details in [NDPE Sugar Policy](#)

Review and Revision

The implementation of these procedures, records of monitoring and any action taken are monitored and verified by the NDPE Sugar Sustainability team.

The intention is to review and update the key documents, including the SRT questionnaire and the on-site assessment checklist, within the programme on a regular basis and as necessary. The revision frequency will not exceed five years.

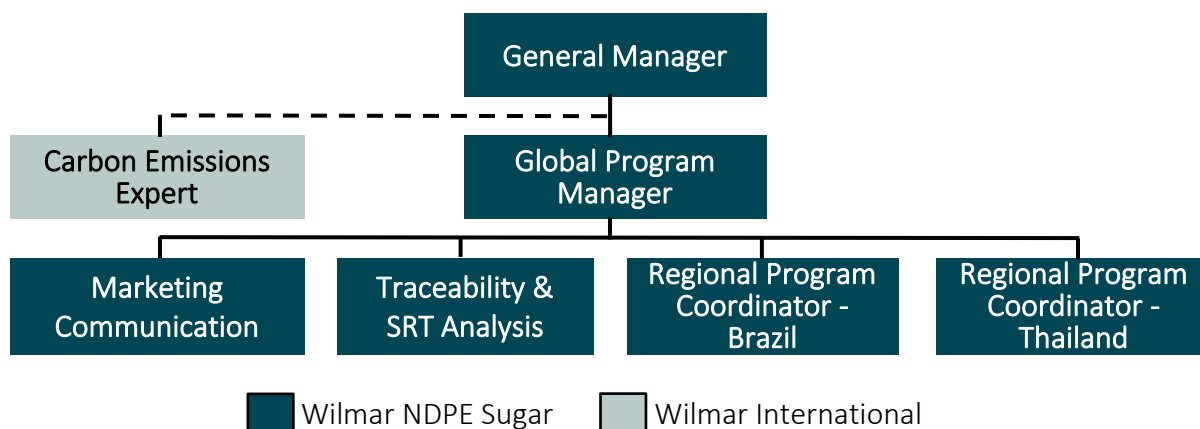
Management Systems – NDPE Sugar Governance

Funding and Governance – Senior Leadership Accountability

NDPE Sugar is internally funded by Wilmar with its overall implementation led by NDPE Sugar Sustainability team (see picture 2), supported by Wilmar Sugar Management.

The NDPE Sugar Sustainability team consists of a Global Program Manager, supported by three subject specialists of which one is located in Brazil. In addition, for specific topics the team is supported by a resource from the Palm Sustainability Team of Wilmar International. To ensure that those with leadership authority are engaged and accountable for delivering outcomes the team is overlooked by a General Manager dedicated to NDPE Sugar Sustainability. This structure ensures an effective implementation of the NDPE Sugar Policy and associated procedures across the supply chain, and safeguards alignment with sustainability efforts on a group level.⁶

Picture 2: Wilmar Sugar Sustainability Team



Documented System and Record Keeping

The documented process within NDPE Sugar has been developed, along with the corresponding monitoring records. This process encompasses all operations outlined in *NDPE Sugar Implementation* section and aims to support the continuity of the program, enhance continuous improvement, and establish a robust system with strong governance.

We seek third party assistance in reviewing the overall implementation of the NDPE Sugar program to ensure its effectiveness and alignment with sustainability objectives.

⁶ [Wilmar Sustainability Governance Structure](#)