

GENERAL

What is NDPE Sugar

[No Deforestation and No People Exploitation \(NDPE\) Sugar](#) is a sustainability transformation programme developed by Wilmar, to drive improvement in the sugar sector for sustainable long-term benefit. Wilmar is using its position as the world's largest sugar trader, to implement this programme and therewith deliver on the most material sustainability concerns of global customers. Key elements of the programme are **Traceability**, Assessment, Risk Prioritization, **Engagement**, Verification and **Continuous Improvement**.

The programme is built around Wilmar's firm commitment to work in partnership with buyers and suppliers to embrace sustainability and improve sugarcane production for both people and the environment.

NDPE Sugar is not a certification scheme, which is run by an independent organization. It is a company programme, and applicable to all Wilmar Sugar suppliers.

How is NDPE Sugar different from NDPE palm

No Deforestation, No People Exploitation Sugar (NDPE Sugar) is built upon the same approach as the 'No Deforestation, No Peat, No Exploitation' (NDPE) policy for palm and sets out similar commitment to protect forest, people, and communities, while promoting progress in operational efficiencies and best practice. Peat is excluded from NDPE Sugar, as it is not a material sustainability issue in the Wilmar sugar supply chain.

What are the principles of NDPE Sugar?

Aligned with Wilmar NDPE policy for palm launched in 2013, NDPE Sugar is built on [three principles](#). Principle 1: Protecting and respecting people and communities, Principle 2: Protecting Natural Ecosystem, Principle 3: Enhancing operational practices.

Is NDPE Sugar sustainable sugar?

NDPE Sugar adheres to sustainable practices in accordance with the NDPE Sugar principles. However, especially in the initial phase mills might not comply 100% with the NDPE Sugar. The importance of the programme is captured in the *continuous improvement* element; mills need to demonstrate sustainability progress through the years onboard NDPE Sugar. NDPE Sugar is more sustainable than conventional sugar.

Is NDPE Sugar deforestation free?

NDPE Sugar supports our customers with deforestation monitoring. NDPE Sugar includes Principle 2: "Protecting natural ecosystems", including "No conversion of legally protected areas or HCV areas". This includes forest land. To monitor adherence to these principles, mills are required to complete the Supplier Reporting Tool (SRT). With questions in the SRT addressing the year of land opening, we can effectively monitor and act when necessary.

If deforestation is detected, Wilmar will take action to address this with the supplier, following our Grievance procedure.

In Q2 2024 Wilmar starts a pilot on satellite monitoring and LUCA for specific supplying mills in Brazil. If successful, this programme will be rolled out in other parts of the world.

Are NDPE Sugar participants fully compliant to the NDPE Sugar Policy

NDPE Sugar does *not require* participants to be in full compliance from the start. We do however immediately ask 1) refiners to sign Refinery Commitment Letter and 2) mills (including supply base) to



complete the SRT questionnaire. From there onwards we monitor the continuous improvements indicated by the results of the SRT, combined with on-site assessment when required. The aim is to raise the baseline of sustainability for sugar suppliers, and traceability, engagement and continuous improvement is the key to compliance.

Can the volumes supplied by NDPE Sugar be verified?

NDPE Sugar volumes can be verified with the traceability information provided and adherence to the *Traceability Volume Accounting System* procedure during the on-site assessment done by approved third-party verification body (as part of the SAI-FSA Equivalence benchmarked process). This is however not a standard deliverable in the NDPE Sugar programme and need to be requested by the Wilmar sales team to the NDPE Sugar sustainability team, before confirming to the customer.

Why is *inclusivity* so important in NDPE Sugar?

NDPE Sugar is designed with the aim of being inclusive so that it can include as many suppliers into the program as possible. Commitment to continuous improvement with a broad timeframe and action plan by mills is required and actively followed up by NDPE Sugar.

This inclusivity is needed to increase the level of sugar sustainability across the board. It is not available in other sugar sustainability programs due to several barriers:

- excessive compliance requirements,
- expensive membership costs & fees imposed on their members,
- and the limited commercial demand for premium carrying sugar product.

Refinery

What does it mean to a refinery that signed up for the NDPE Sugar?

If a refinery wants to become NDPE Sugar supplier, it needs to sign the NDPE Sugar Refinery Commitment letter, provided by Wilmar. Signing up to the NDPE Sugar demonstrates a commitment of the refinery to the ambition of making sugarcane production environmentally sustainable and to improving the livelihoods of the people involved. It also demonstrates a willingness of the refinery to take the necessary steps to have traceable and transparent supply chains and to engage in dialogue and action with mill suppliers.

Signing up to NDPE Sugar means that all sugar transacted by the refinery from Wilmar sourcing is NDPE Sugar. The refinery's commitment level will be determined through the [supplying mills' tiering](#).

How does NDPE Sugar apply to the full sugar supply chain?

Core to our approach is the *traceability mapping* of our sugar sourcing to its origin. We have mapped out all the mills and their sugarcane sources, which are supplying our refineries.

Traceability information is gathered and reported for a 12 months' timeframe. Refineries can use the report for their traceability claims. Signing up to NDPE Sugar demonstrates the willingness of the refinery to take the necessary steps to have more traceable and transparent supply chains and to engage in dialogue and action with mill suppliers.

At the mill level, Wilmar engages with the suppliers via the Supplier Reporting Tool (SRT) to monitor NDPE Sugar principles compliance progress. From the SRT response, Wilmar will conduct a risk assessment and plan for further engagement according to risk prioritization. The further engagement could include site assessments of the mills and supply base.

During the site assessment, the farm will be assessed against the site assessment checklist, which enables the farm to be classified at different claim levels.

For their respective sugar consumption, *buyers* of NDPE Sugar can report on the progress of the mill and refineries in their supply chain, versus compliance with NDPE Sugar.

How can we show participation in NDPE sugar? Do you have a logo?

Currently, there is a trademark NDPE Sugar logo used by refinery (operation in Malaysia and Indonesia), indicating participation and commitment to NDPE Sugar. Refineries who meet the minimum 85% traceability to the mills are eligible to make claims on their involvement with NDPE Sugar. They must demonstrate a willingness to [support supply chain mapping](#) and engagement with mill suppliers to establish continuous improvement.

How does NDPE Sugar address misuse of Logo?

Wilmar conducts periodic checks on approved logo used by refineries through a desk-based sampling approach, by checking on the websites of refineries and google searches in news outlets online.

Traceability

Is NDPE Sugar traceable from refinery to mill and plantation?

We considered NDPE sugar traceable to the mill and its supply bases when information is available on: 1) volume supplied to the refinery, 2) mill name, 3) mill address, and 4) Mill GPS coordinates. Sourcing teams of refineries work steadfastly to include all their supply mills in their traceability reports.

Do all refineries have a traceability score of 100%?

The traceability scoring differs per refinery, which is available in the Wilmar refinery traceability reports produced within a specific timeframe. The refinery can use the report to communicate their traceability progress with the interested stakeholders. While some quantities may be categorised as untraceable, this does not automatically imply the origin of the sugar is unknown, but rather that the untraceable volumes did not meet all criteria of traceability.

For seven refineries our consolidated traceability result is 95.8% (24/11/2023). Updates are available with the respective refinery.

Where can I find the traceability information?

Traceability reports on supplying mills to refinery are available with the respective refinery.

Mill

What does it mean for a Mill to commit to NDPE Sugar?

The mill suppliers agree and commits to the NDPE Sugar policy. This includes completing SRT and demonstrating continuous improvement towards NDPE Sugar principles.

By committing to the NDPE Sugar the mills can improve their sustainability practices, reporting, and compliance with market demand, e.g. traceability, sustainability compliance and carbon reduction.

Upon request by the mills, NDPE Sugar also provides on-site assessments to: 1) assess the compliance of NDPE Sugar by Wilmar or a second party assessor (the Wilmar partner) and, 2) assess and verify the volume by a third-party. This process is governed by the Site Assessment Protocol, see [SAI -FSA Benchmarking](#) section.

What is Supplier Reporting Tool (SRT)

It is a self-assessment reporting tool designed by Wilmar, that allows the mill & supply base to report their sustainability efforts and track progress against the NDPE Sugar principles of environmental, social, and operational practices.



What is the benefit for the mill of participating in SRT?

The SRT enables the mill to track progress on NDPE Sugar compliance. Mills can submit and update their achievements in the online platform. After submission the SRT generates a score, which indicates the mills compliance towards the NDPE Sugar principles. SRT also provides access to a result report, suggested action plans and, if needed, follow-up support from Wilmar to facilitate continuous improvement. The SRT is provided by NDPE Sugar without encumbrances and accessible to all NDPE Sugar participating mills.

What is the frequency for the mills to update the SRT?

The mills with low risk will update their progress every 2 years, a generic action plan will be provided to close the gaps. Medium- and high-risk mills need to update their SRT annually. Wilmar will provide support with active online engagement by phone, email and a site assessment if needed. Objectively, the subsequent SRT update should project a better score.

End Customer

What is the value of joining the NDPE Sugar program for end customers?

With NDPE Sugar, end customers know that they are sourcing sugar from a supply chain with known sources (traceability) and a continuous improvement process towards NDPE Sugar compliance, against low cost in comparison to full certification schemes. Option to make use of the NDPE Sugar Logo is available.

Wilmar has had many years of experience in running a similar programme for palm, which is a commodity that is largely scrutinized publicly. Today, Wilmar is recognised globally for the sustainability efforts in palm and have achieved success in pushing the palm oil industry towards improved standards of traceability, sustainability, and accountability. Wilmar customers are already aware on how the Supplier Reporting Tool (SRT) platform (for palm) works.

Is NDPE Sugar accepted in the market?

NDPE Sugar is unique because of traceability, inclusiveness, and continuous improvement and has existed in the market since Sep 2021. To-date, the NDPE Sugar logo is used in Malaysia and Indonesia at Refinery level. Large global industrial buyers are currently already buying NDPE Sugar from Wilmar (partner) refineries. In addition, the NDPE Sugar is benchmarked against the *Sustainable Agriculture Initiative Platform - Farm Sustainability Assessment (SAI FSA)* – Gold-Level Alignment and Equivalent in 2023.

NDPE Sugar versus Certification

What is the difference between Certification and Verification and Assessment

Assessment, Verification and *Certification* starts from desktop analyses of submitted data and can progress towards on-site checks for continuous engagement and improvement. The aim is to check compliance against certain sustainability requirements set by the scheme/programme.

For *Certification*, the standard audited against, is managed by an *independent* certification organization, which is not needed for verification and assessment.

Certification and Verification of a production entity (either mill or farm) always includes an audit *on-site*, done by a *third-party assessor/auditor*.

To use the *Assessment* claim, on-site checks can be done by second party (a Wilmar partner) or first party (Wilmar) assessor.



Term	Auditor	On-site assessment requirement	Scheme owner
Certification	3 rd party	Yes	Independent organization
Verification	3 rd party	Yes	Company programme
Assessment	1 st / 2 nd party	Optional	Company programme

Therefore, NDPE Sugar is a *company programme*, managed internally, offering checks on-site, and applicable for both assessment and verification claim. NDPE Sugar is not a certification system.

How is NDPE Sugar different from certification systems?

NDPE Sugar is a supplier improvement program with a focus on traceability and continuous improvement. NDPE Sugar takes a different approach from traditional sustainable certification. Instead of focusing on each production site, it covers Wilmar’s overall mills supply base and works towards NDPE Sugar compliance.

With zero cost for onboarding and continued participation in the program, NDPE Sugar is inclusive, allowing all responsible producers to participate, which is not found in current certification systems. With other schemes, Suppliers failing to meet baseline compliance are excluded from certification, preventing them from demonstrating progress and receiving acknowledgment for their hard work.

Official certification standards are managed by independent organizations, which charge certification fees, such as member fee, transaction fee, etc). This could be an economical barrier for the suppliers.

[Carbon reductions](#)

How does NDPE Sugar address carbon footprint?

Principle 2 of NDPE Sugar refers to the measurement of greenhouse gases with reduction targets in place. Via the SRT, GHG baseline data and reduction targets are requested, which provide clarity on carbon footprint, baseline, monitoring, and possible reduction measures.

Wilmar initiated a pilot for enhancing this concept within NDPE Sugar. The plan is to use SRT for improved carbon reporting and use the learning of the pilot as solution for potential reduction projects.

Does NDPE Sugar report GHG emissions data?

NDPE Sugar include GHG monitoring of the mill supplier under Principle 2. Currently this data is not reported externally. In the future, aggregated GHG emission values of supplying mills could potentially become part of public reporting within NDPE sugar. This additionality would support downstream parties in calculating their carbon footprint. Therefore, we consider this option for the future.

For calculation of the Wilmar Group scope 3 emissions only default emission databases are used.

Does NDPE Sugar address water management issues in sugarcane mill and supply base

Principles 3 of NDPE Sugar addresses enhancing operational practices, which include the effective management of water. This is reflected in the SRT questions. With continuous improvement and relevant actions, operational practices can be optimised.

[Breach with NDPE Sugar](#)

Does NDPE Sugar have grievances mechanism?

Wilmar’s [Grievance Procedure](#) and [No Exploitation Protocol](#) are avenues to receive any relevant issues related to non-compliance within our supply chain. Any identified and verified non-compliances

against this policy's core principles requires timebound action plans for remedy. In addition, as Wilmar is a Bonsucro member, stakeholders also have access to the [Bonsucro grievance mechanism](#).

Can mills be suspended from NDPE Sugar?

The goal of NDPE Sugar is to drive the sustainability transformation of the broader sugar industry. We are committed to continuous efforts, ensuring there is no suspension of sustainability efforts by the suppliers and all stakeholders as we strive for continuous improvement. However, in case of continuous and intentionally non-compliance, our grievance mechanism will be applied, with suspension as a worst-case scenario outcome.

SAI-FSA Benchmarking

What is SAI Platform's Farm Sustainability Assessment 3.0 (SAI FSA 3.0)?

Is a global *reference framework* which empowers farmers to demonstrate sustainability and identify opportunities for continuous improvement, ensuring alignment with the Farm Sustainability Assessment.

What are the results of NDPE Sugar benchmark against SAI FSA?

NDPE Sugar is *Aligned* to the Sustainable Agriculture Initiative Platform's Farm Sustainability Assessment 3.0 (FSA) Gold Level and when a third-party verification is implemented, NDPE Sugar is respectively FSA Bronze, Silver, and Gold Level *Equivalent* to the FSA. (refer to [FSA Resource Centre](#))

What is the NDPE sugar system or documented process that was used for the benchmarking exercise?

In terms of governance, the NDPE Sugar programme has developed the NDPE Sugar System document to attain SAI FSA Alignment and Equivalent Gold-level. Meanwhile, for assurance, *Site-assessment Protocol*, *site-assessment checklist*, and *Traceability Accounting System* documents were developed. It covers on-site assessments conducted by Wilmar and a second party, as well as assessments and verification by a third party.