



Promoting Environmental Sustainability and  
Improved Livelihoods in Sugarcane Production



# **NDPE Sugar and Its Role in Deforestation and Conversion Free (DCF) Supply Chains**

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## Introduction

In the context of rising consumer awareness and increasing regulatory requirements, many fast-moving consumer goods (FMCG) companies have adopted *deforestation and conversion-free* (DCF) commitments to ensure the sustainability of their agricultural supply chains. Among the key agricultural commodities in focus—such as palm oil, soy, beef, and cocoa—sugar has often been considered a laggard in transparency and action<sup>1</sup>. However, this is changing rapidly. A growing number of stakeholders are aligning sugar supply chains with Wilmar’s **No Deforestation and No People Exploitation (NDPE Sugar) policy**.<sup>2</sup> NDPE Sugar is an emerging framework aimed at improving traceability and sustainability, providing an essential mechanism through which FMCG companies can credibly support their DCF claims.

This paper explores how NDPE Sugar aligns with DCF initiatives and can be used as a practical due diligence tool to implement DCF. We give special attention to the implementation steps of NDPE, including satellite monitoring, supplier engagement and our grievance mechanism.

### 1. NDPE Sugar: Foundation and Purpose

The abbreviation of NDPE stands for **NO DEFORESTATION**, and **No People Exploitation**, where the first part of the title already indicates the intention.

Wilmar’s NDPE Sugar policy is based on the principles of NDPE Palm that have been globally adopted in the palm oil industry, since 2013. Within the framework Wilmar asks all its sugar cane suppliers and their supply base to eliminate deforestation, and social exploitation from their sugar supply chains. NDPE Sugar includes guidance around labour rights, community land rights, and environmental stewardship, including support to calculate their carbon footprint.

Unlike traditional sustainability certifications, NDPE Sugar does not require sugar mills to go through a costly and resource intensive annual audit procedure. Instead, Wilmar uses integrated technologies and tools to obtain supply chain transparency, proactive monitoring, and the opportunity for the mills to demonstrate their progress. This granular traceability enables targeted interventions when environmental risks are identified (see section 4). Therefore, NDPE Sugar adopts the principle of *continuous improvement* with the objective to include as many mills as possible in this transformation programme.

When FMCG companies adopt NDPE Sugar, they will obtain a functional due diligence tool based on traceability and risk assessment to help future-proof their sugar purchases against reputational risks, investor pressures, and emerging environmental regulations such as the EU Deforestation Regulation (EUDR). In the following sections we elaborate on these different aspects.

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<sup>1</sup> [Increasing Traceability in Agricultural Supply Chains | World Resources Institute, CCRM2025\\_main-report\\_CMW\\_NewClimate-1.pdf](#)

<sup>2</sup> 500% increase 2024-2026

Currently, NDPE Sugar is offered through the Wilmar supply chain at ten (10) NDPE onboarded refineries, and via two third party refineries in China and Indonesia

## **2. Deforestation and Conversion-Free (DCF): An FMCG Commitment**

**CONVERSION:** DCF commitments go a step beyond traditional deforestation-free pledges by also covering the *conversion* of other natural ecosystems, such as grasslands, wetlands, and savannas. These ecosystems are often overlooked in mainstream deforestation metrics but are equally critical for biodiversity conservation and climate mitigation.

This is why NDPE Sugar is using the High Conservation Value (HCV) definition to identify *deforestation and conversion*. The different categories identified under the [HCV Approach](#) are:

- HCV 1 Species Diversity
- HCV 2 Landscape-level Ecosystems & Mosaics
- HCV 3 Ecosystems & Habitats
- HCV 4 Ecosystem Services
- HCV 5 Community Needs
- HCV 6 Cultural Values

Therefore, under the NDPE Sugar programme, whenever referred to deforestation it does not only look at high density forests, but also conversion of other important ecosystems is included.

**CUTOFF DATE:** Under their DCF commitments, FMCG companies ask to source sugar only from areas that were not deforested or converted after a designated cutoff date—for example 31/12/2020. This is the same cut-off date as used by NDPE Sugar.

Therefore, *proven* HCV land-use-changes into sugar cane fields are in breach with the NDPE Sugar policy, on which action will be taken (see section 3 and 4).

Note that **not all** detected cases of deforestation are automatically in breach of our policy. Every case which come to Wilmar's attention is first investigated to confirm that deforestation occurred on HCV areas, and after 31/12/2020. Part of this investigation includes direct engagement with the mill(s) which is/are likely to supply from the respective landscape (see section 3). An onsite investigation could be required to confirm the situation.

## **3. Supply Chain Monitoring**

Wilmar applies different supply chain monitoring and due diligence tools within NDPE Sugar. Note that these tools are not only used to identify deforestation, but also to review our supplier's progress against the full NDPE Sugar policy – including the Human Rights aspect.

A. Traceability: The first step is the implementation of full traceability to mill for 10 NDPE Sugar refineries. Wilmar provides 12-month Refinery Traceability Reports for every of these 10 refineries. These reports indicate all supplying mills, addresses, country and sustainability status. For FY 2024 the average traceability percentage of the 10 NDPE Sugar refineries is 98.5%<sup>3</sup>.

B. Supplier Reporting Tool (SRT): Secondly, the deployment of the SRT at all mills<sup>4</sup> supplying to the 10 NDPE Sugar refineries. In the SRT we ask for specific information, which demonstrates the mills status towards full compliance with our NDPE Sugar policy. There are queries about past and future sugar cane field expansion plans, mill access to maps for their sugar cane suppliers and the portion of owned land versus third party supplying farms, amongst other. This information gives us an indication of potential risks.

Besides questions specific to deforestation risk, the SRT also addresses other environmental topics, such as carbon footprint calculations, water management and use of best management practices. In addition, a wide range of human rights related information is requested.

Although this is a self-assessment questionnaire, proof is requested to support the claims. After using the SRT for >7 years in palm we have a good understanding of the credibility and accuracy of the information it collects.

For the four years of engaging mills on SRT, FY2021- FY 2024, we have 109 mills on board NDPE Sugar, which means they have completed the SRT. This relates to >25% of the number of mills supplying our 10 NDPE Sugar refineries, and 50% of their supplied volumes. Note that because of global nature of the sugar market, Wilmar sources from a large variety of origins that occasionally change due to differentials in the local price of sugar and logistics costs. This was especially evident in 2024 when several new mills entered our supply chain. We are increasing efforts to include all mills supplying the Wilmar / NDPE Sugar refineries and expect a significant increase in SRT completed mills in our FY2025 data, which will be published in April 2026. This data is also externally third party verified.

The data collected through the SRT is the basis for the *risk assessment* and the *mill tiering*, leading to a mill risk prioritization<sup>5</sup>. The prioritization determines the supplier engagement steps which could vary between clarification requests, webinars, workshops or in certain cases an on-site assessment ([see FAQ](#)).

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<sup>3</sup> Annual updates are available every end of April.

<sup>4</sup> Although the scope of our NDPE Sugar policy refers to *directly contracted third-party suppliers*, Wilmar also aims to include *indirectly* contracted third party suppliers, where possible.

<sup>5</sup> The risk prioritization consists of SRT score, SRT critical topics, country/region risk factors, grievance information and desktop analyses.

In order to close the gaps with our NDPE policy, Wilmar also provides tailored improvement plans and offers support in capacity-building to help suppliers improve their sustainability practices.

C. Satellite Monitoring: One of the most significant innovations of the NDPE Sugar framework is its integration of satellite monitoring to detect land-use change. 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](#), our satellite monitoring service provider, based in Geneva.

As of mid-2025, satellite monitoring under NDPE Sugar has been rolled out in two key sugar-producing countries and main suppliers to the Wilmar supply chain: Brazil and Thailand. These countries are strategic both in terms of production volume – their combined contribution in the Wilmar supply chain is 75% for the period FY2022-FY2025– and exposure to deforestation risks. Brazil, with its proximity to the Cerrado and Atlantic Forest biomes, is a critical focus area where conversion of natural vegetation to agriculture is a major concern. Thailand, Southeast Asia’s second-largest sugar producer, has also faced scrutiny over agricultural expansion into forest reserves and other sensitive ecosystems.

By analyzing satellite imagery for land cover changes from HCV<sup>6</sup> to Sugar Cane<sup>7</sup> within approximately 70<sup>8</sup> 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 (see section 4) would take effect, to agree upon a remediation plan.

**Note: it would be a worst-case scenario to cease the commercial relationship, because that situation would eliminate Wilmar’s influence to work towards remediation.**

Results as per July 2025:

- **Brazil:** Although deforestation was detected in the proximity of some of our supplying mills, the initial findings show that these were not HCV area landscapes

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<sup>6</sup> 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.

<sup>7</sup> Geowatch Lab has created their own Sugar Cane production maps. These maps are overlaid with the HCV maps to detect deforestation after 31/12/2020. These maps are ownership of Geowatch Lab.

<sup>8</sup> The 70km radius is an proximity, since we use different radius in different countries.

before 31/12/2020. Nevertheless, we are still following up with the mills to get assurance. No actual breach with NDPE policy was detected so far.

- **Thailand:** Some potential deforestation cases have been detected, however it was confirmed that these cases were not linked to the Wilmar supply chain. For two other case, we are currently in the process of following up. No actual breach with NDPE policy was detected so far.

The satellite monitoring process will be repeated every year, and when needed in case of an allegation. In 2026 we plan to add the remaining countries to the satellite monitoring process.

#### **4. Supplier Engagement and Grievance Mechanism**

NDPE Sugar as a programme is not designed to act as a punitive mechanism; rather, it focuses on *continuous improvement, constructive engagement* and *capacity-building*. As described in section 3, when deforestation is detected in a supplier's sourcing area, we follow our [grievance mechanism](#) to address the case.

This grievance mechanism is based on Wilmar's palm oil version, which is used since 2015, and describes the steps to follow from initial engagement until [remediation](#).

The first step is to directly engage with the supplier. The purpose is to understand the context, verify the information, and assess whether the deforestation was intentional, avoidable, or potentially remediable.

For instance, deforestation may occur due to overlapping land rights, misclassification of land, or a lack of clarity on boundaries. In some cases, it may involve smallholder farmers operating outside of formal supply chain agreements. The engagement process allows for these nuances to be considered and for appropriate corrective actions to be discussed. These may include:

- Implementation of a time-bound action plan to halt further land conversion;
- Restoration of cleared areas;
- Capacity building for sustainable land management practices;
- Worst case: Suspension of sourcing if the supplier is non-cooperative.

In line with our grievance mechanism, we will publish the verified deforestation allegation cases on the [Wilmar website](#). The transparent handling of these incidents is crucial for the credibility of both NDPE Sugar and the FMCG companies relying on it to underpin their DCF claims. Moreover, the engagement process provides valuable insights for updating sourcing policies, mapping tools, and risk assessment frameworks.

**Important Note:** In NDPE Sugar, the situation could arise where deforestation is detected, but we are still in the process of investigating in order to ascertain the facts of the situation. In this case, we cannot state with 100% assurance that the sugar from the connected mill is DCF compliant. However, since this mill is in the NDPE Sugar programme, there will be engagements in order to find a solution for the potential breach. If the supplier is open for remediation, we should support their efforts for continuous improvement and maintain them in the supply chain. These mills should be categorised as *progressing towards deforestation free*<sup>9</sup>. Even in cases where a supplier is unwilling to remediate and, in the worst-case scenario, is suspended from our supply chain, we can still demonstrate that meaningful engagement was undertaken with the intent to support the supplier's transition toward more sustainable practices.

## 5. NDPE Sugar as a Practical Due Diligence Tool for DCF

In the sugar sector, translating DCF commitments into practice has been challenging due to fragmented supply chains, limited traceability, and insufficient data on land-use change. NDPE Sugar offers a tangible pathway for bridging this implementation gap. It aligns with DCF objectives by embedding deforestation monitoring into its supply base and facilitating supplier engagement when breaches are detected.

However, due to the characteristics of both NDPE Sugar and DCF the following challenges need to be highlighted:

- a) While the satellite monitoring in NDPE Sugar currently covers Thailand and Brazil, which are with 75% the main suppliers in the Wilmar supply chain<sup>10</sup>, we are planning to also include the smaller supplying countries in 2026 satellite monitoring efforts. Note that Australia is a key supplier in Wilmar's sugar supply chain, but due to strict regulatory controls prohibiting deforestation and conversion in HCV areas, it is labelled as low risk under NDPE Sugar and therefore excluded from our satellite monitoring. For further clarification, see appendix 1.
- b) Currently, DCF is not recognizing continuous improvement of suppliers. As indicated above, if the supplier is willing to go through the remediation process, they could stay within NDPE Sugar even if deforestation has occurred. NDPE Sugar focuses on getting as many as possible suppliers on board the sustainability transition, whereas DCF is currently not accommodating for this.
- c) Transparency is a key element in any sustainability transformation process. NDPE Sugar provides a high level of transparency by sharing the Refinery Traceability Reports, Mill Tiering based on SRT score, Geographical exposure and Grievance cases. NDPE Sugar prefers to focus on providing *transparency and impact on a large scale*, rather than focussing on engaging a limited number of individual suppliers on a detailed onsite assessment.

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<sup>9</sup> Claim language is being developed and aligned through the Sugar Collaboration Group

<sup>10</sup> Volumes based on FY2022 to FY2025. This developed to 80% for FY2024 to H1 2025

## **Conclusion**

NDPE Sugar provides a critical linkage between broader responsible sugar sourcing and specific DCF goals, embraced by FMCG companies. Through satellite monitoring and proactive supplier engagement, NDPE Sugar increases transparency and accountability in the sector. While current satellite monitoring efforts are focused on Wilmar's main supplying origins Brazil and Thailand, efforts will be expanded to smaller sourcing countries in 2026.

Whereas NDPE Sugar is based on a principle of continuous improvement, DCF policies exclude suppliers connected to deforestation. This latter approach can result in a more restricted and expensive supply chain, with limited motivation for suppliers to rehabilitate or restore affected areas. **If DCF can recognize continuous improvement towards stakeholder agreed remediation in detected deforestation cases, NDPE Sugar represents the perfect tool for DCF implementation.**

With the NDPE Supplier Reporting Tool (SRT) additional critical information is gathered in order to conduct an appropriate risk assessment, not only on DCF, but also on other responsible sourcing aspects.

As consumer and regulatory expectations rise, NDPE Sugar therefore offers FMCG companies a credible, data-driven approach to substantiate their environmental and responsible sourcing claims.

**NDPE Sugar enables FMCG companies to report on their progress and make credible claims about the responsibility status of their sugar supply.**

For more information, please visit our [website](#) or [LinkedIn](#) page

## Appendix 1 - Australia

In Australia there are several legislative frameworks/regulatory measures that can demonstrate the Queensland sugarcane growing areas are low risk for DCF non-compliance. Therefore Australia is not a priority for Wilmar to include in our own satellite monitoring programme. Note that conversions can still take place, however these would be on landscapes not categorized as protected or HCV area.

These laws combine regulation on land clearing and forest management, with sustainable practices promotion. The ongoing SLATS monitoring (point 7) includes continual satellite monitoring to identify issues of non-compliance with regulations, and also publicly report on the trends in forest cover. Further, Queensland Globe (point 8) is a publicly accessible GIS tool showing regulated vegetation categories and planning areas for what is approved for cropping and what is to remain vegetation.

There is further national legislation (*Environmental Protection and Biodiversity Conservation Act 1999*) that provides a framework for protecting nationally significant environmental areas and threatened species (i.e. HCV areas), that all of the below state based measures link back to.

### 1. Vegetation Management Act 1999 (VMA)

The VMA is the cornerstone of Queensland's efforts to regulate the clearing of native vegetation. Its objectives include conserving remnant vegetation, preventing land degradation, maintaining ecological processes, and reducing greenhouse gas emissions. The Act classifies vegetation into categories, with strict controls on clearing activities, especially for remnant and high-value regrowth vegetation.

- Link: [Vegetation Management Act 1999](#)

By enforcing these regulations, the VMA aims to ensure sustainable land use and protect biodiversity, thereby reducing the risk of deforestation.

### 2. Vegetation Management Regulation 2023

This regulation complements the VMA by providing detailed criteria for vegetation classification and clearing activities. It specifies the parameters for what constitutes regulated vegetation and outlines exemptions and assessment processes for clearing applications.

- Link: [Vegetation Management Regulation 2023](#)

The regulation ensures that clearing activities are conducted responsibly, with due consideration for environmental impacts, thus supporting the state's commitment to minimizing deforestation.

### 3. Forestry Act 1959 and Forestry Regulation 2015

The Forestry Act 1959, along with its 2015 Regulation, governs the management and protection of state forests and timber reserves. It outlines the legal framework for sustainable timber

harvesting, conservation, and other land uses within state-controlled forest areas. These laws ensure that forestry activities are balanced with environmental conservation, reducing the likelihood of unsustainable deforestation practices.

#### **4. Nature Conservation Act 1992**

This Act provides for the protection and management of Queensland's native wildlife and their habitats. It establishes a framework for the declaration and management of protected areas, conservation plans, and the regulation of activities that may impact threatened species.

By safeguarding critical habitats and species, the Act contributes to the broader effort of preventing deforestation and promoting ecological sustainability.

#### **5. Protected Plants Framework**

Queensland's Protected Plants Framework regulates activities involving protected plant species, including those related to the native timber industry. It aims to ensure that the harvesting and clearing of native plants are conducted sustainably and with minimal environmental impact.

This framework supports the conservation of plant biodiversity and helps mitigate the risks associated with deforestation.

#### **6. Managing a Native Forest Practice – Self-Assessable Vegetation Clearing Code**

This code provides guidelines for landholders to manage native forest practices on their properties. It emphasizes sustainable land use and outlines conditions under which vegetation clearing can occur without the need for a development approval. This code helps prevent unauthorized deforestation activities.

#### **7. Statewide Landcover and Trees Study (SLATS)**

SLATS is a monitoring program that uses satellite imagery to assess vegetation changes across Queensland. It provides data on land clearing rates and helps evaluate the effectiveness of vegetation management policies.

- **Link:** [SLATS Reports](#)

The insights gained from SLATS inform policy decisions and ensure transparency in reporting deforestation trends.

#### **8. Queensland Globe / Vegetation Management Mapping**

Interactive, open access GIS tools showing:

- Regulated vegetation categories
- Property boundaries
- Pasture, cropping, and remnant areas

Helps document legal status and history of land use on a property-by-property basis.

- **Links (#3):** [Queensland Globe](#) [Property Vegetation Management Report](#) [Vegetation Management Maps](#)

## **9. Environmental Protection Act**

Under the Environmental Protection Act (1994), an Environmental Impact Statement is required prior to development or conversion that involves:

- Clearing of remnant vegetation or habitats for threatened species
- Potential degradation of water quality, especially in areas affecting the Great Barrier Reef (aka all Queensland sugar)
- Development on or near environmentally sensitive areas (legally protected areas, and areas deemed under the Vegetation Management Act as regulated vegetation e.g. remnant vegetation, high-value regrowth vegetation and high-value regrowth in Reef Catchments)

## **9. Reef Regulations Package**

Under the various requirements underpinning Reef Regulations, sugarcane growers must comply with the standard conditions in the Agricultural Environmentally Relevant Activity Standard for Sugarcane Cultivation and follow prescribed production methodology. *There is extensive information on the reef regulation [standard pages](#) that will be useful around the national Australian approach to the verified volume assurance process.*

However, as far as demonstrating risk mitigation on this particular topic, if development of 5 hectares of non-cropping land to sugarcane is required (even if converting from native treed grazing enterprise to cropping), a permit is required. **Link:** [Expanding cropping activities](#)