



## Cargill Policy on Forests and Forest Protection Action Plans

### ***Frequently Asked Questions***

#### **What is the significance of this policy and the action plans for Cargill?**

Our Policy on Forests and action plans follow on the commitment we made at the United Nations Climate Summit in September 2014 when we signed *The New York Declaration on Forests*.

While we have been working to curb deforestation for more than a decade in select supply chains, our policy demonstrates an enterprise approach to fulfill our commitment: to do our part to halve deforestation by 2020 and end it by 2030. The umbrella policy for our enterprise is accompanied by action plans that outline the actions we will take in priority supply chains.

Our policy and action plans take a number of social and environmental factors into consideration, including the dramatic transformation in forest, food and agricultural commodity sectors, driven by new environmental and social policies; market demands from consumer goods companies and consumers; stronger laws for land rights for indigenous peoples; and advocacy by civil society.

#### **How does Cargill define deforestation?**

There are many definitions of forests and, consequently, of deforestation. Terms such as “no deforestation,” “no net deforestation,” “High Conservation Value (HCV) forests,” “High Carbon Stock (HCS) forests” and the requirements of various certification schemes all have their own validity.

In practice, the meaning of deforestation varies according to geography, ecosystem and legal regulation. While we continue to participate in discussions to better define deforestation, our policy is a step forward in identifying Cargill’s role in addressing the issue broadly, and our action plans are focused on context-specific activities that we can implement today to reduce – and ultimately end – deforestation in our supply chains. Deforestation is a global issue, but a local challenge. Our intention is to leverage best practices across regions, and use the latest tools, resources and insights to drive positive change.

#### **Is this a zero deforestation policy?**

We are calling our policy a “Policy on Forests” rather than a zero deforestation policy because our aim is to ensure a balance between healthy agricultural systems, healthy forest ecosystems and healthy communities. We believe the solution lies in a multi-stakeholder approach, working with farmers and governments to enforce existing regulation and improve policies over the long-term.

As we outline in our policy, we require compliance with existing local land and forest use laws, prohibit production on illegally deforested land anywhere in our supply chains, and work with governments to strengthen existing forest laws and enforcement. We also promote long-term forest conservation including the protection of old growth primary forests, High Conservation Value lands and peat areas, regardless of depth. We support current development of the High Carbon Stock Approach.

**What is Cargill's position on illegal vs. legal deforestation?**

We identified forests as one of our top areas for action and to give priority to tackling illegal deforestation, first. All supply chains are different – once illegal deforestation is under control, we can take steps at tackling the issue of legal deforestation. Our actions to eliminate deforestation must be context-specific and provide the right incentives to engage producers, promote the best agricultural practices, encourage adoption of laws to protect forests, and seek multi-stakeholder consensus to enable both forests and agriculture to thrive. In a collaborative approach, forest protection and sustainable development must balance the environmental, social and economic needs of the communities in which we operate.

**What was the process to develop this policy?**

We have worked with a number of nongovernmental organizations over the past several years to develop approaches and determine priorities. We also looked to our own experience and the success in Brazil through a voluntary moratorium on sourcing soy from newly deforested land, which has contributed to an 80 percent reduction in the rate of deforestation in the Amazon. We have also been working to prevent deforestation in our global palm supply chain. While our action plans in soy in Brazil and palm globally are the most advanced, we have expanded into other prioritized commodities, including soy in Paraguay, cotton in Zambia and strategic sourcing of fiber-based packaging products. While our policy is set, our action plans will continue to evolve and expand over time.

**How will Cargill measure success?**

Success will depend in part on the level of engagement of local suppliers, businesses and governing bodies in processes that deliver economic, social and environmental benefits. Ultimately success will be determined by the number of hectares conserved, restored and positively impacted, and together with partners, we will work to find ways to report and demonstrate progress on these measures annually.

While we have context-specific criteria for measuring progress in each of our action plans, stakeholder engagement will be an important measure of progress across our supply chains. We recognize that we cannot reach our goals without collaboration and engagement from farmers, smallholders, governments, regulatory agencies, nongovernmental organizations and civil society.

**What are the key performance indicators (KPIs)?**

In 2016, we will establish key performance indicators to help us measure baseline and targets for our 2020 commitment, such as stakeholder engagement, hectares impacted and positive economic development.

**How will Cargill report progress?**

We will report annually on the implementation of this policy and actions taken to mitigate risks associated with deforestation in Cargill supply chains.

**What happens next as a result of this policy?**

Cargill's Policy on Forests and its action plans for priority supply chains are part of an ongoing process to do our part to halve deforestation by 2020 and end it by 2030. As we implement our action plans, we will also continue to evaluate other supply chains for risks and opportunities to prevent deforestation and promote sustainable economic development. Oversight for this work will be at the enterprise level with Cargill's Sustainability Council. In 2016, we will also form a forest or land advisory council made up of independent third-party stakeholders to provide counsel and advise our land use and deforestation actions going forward.

**What are the implications for customers?**

Our aim is to be the global leader in nourishing people and the most trusted source of sustainable products and services. We recognize that many of our customers and suppliers are working to end deforestation and have similar policies and commitments in place. While we have made a corporate pledge to end deforestation by 2030, we are still committed to working with our customers to help them achieve their commitments for deforestation-free supply chains by 2020.

**What are the consequences for suppliers?**

We state in our policy that we will evaluate, and suspend, business with suppliers who are confirmed, through a credible source, audit or verification, to be in violation of our forest policy, and unwilling to remediate non-compliance issues or concerns. At the same time, we will continue to work with our suppliers who make genuine efforts to remediate non-compliance concerns. Keeping suppliers engaged is the best way to meet our objective of a healthy environment and a secure food supply for a growing, more affluent global population.

**What is your approach in countries with a limited or no legal framework, or where the legal framework allows significant deforestation?**

We will need to tackle these issues on a case by case basis. In reality, it is almost impossible for any one company to make progress fighting deforestation where government structures and enforcement activities do not support it. In such situations, getting multiple stakeholders involved is often the best way forward.

Where a legal framework allows deforestation, we will also work with multiple stakeholders to review whether the balance between agriculture and forests is right in that particular case. Getting the legal framework properly implemented is often the critical step forward and a precursor to productive discussion.