
Cargill's Sustainable Palm Oil 2016 Progress Update and Action Plans



March 2017

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Our long-term success is based on taking responsible actions today that benefit our employees, the environment, the communities where we operate, and our business.

Striving toward a sustainable palm oil sector

Cargill is committed to meeting the goal of a 100-percent transparent, traceable and sustainable supply chain by 2020. We have been working with partners across the supply chain to conserve critical ecosystems, respect land and labor rights and ensure smallholder farmers are engaged in our approach. Our purpose is to be the leader in nourishing the world in a safe, responsible and sustainable way. The 2020 Sustainable Palm roadmap presented in this report demonstrates how our purpose will translate in to action.

This report highlights our progress and key learnings on our journey to increase traceability, engage suppliers in sustainable practices, implement smallholder farmer

programs, and ensure sustainable plantations, as well as our near and long-term plans and how we will measure progress.

Key successes from the year in review

Our long-term success is based on taking responsible actions today that benefit our employees, the environment and the communities where we operate, and our business. In the last year, we have engaged in partnerships and seen progress in the following areas:

1 Traceability. Achieving 100 percent traceability to mill for key destination markets and reporting traceability to plantation. While progress on the traceability to plantation presents challenges, we are working to identify technologies, programs and initiatives that will enable us to meet our goal.

2 Supplier engagement. Engaging suppliers by proactively monitoring through our partnership with Global Forest Watch; supporting suppliers in High Carbon Stock and High Conservation Value assessments; strengthening effective and transparent engagement when managing our grievance process. We continue to engage with our suppliers as the majority of our traded palm oil volume comes from third-party mills, which are critical to fulfilling our 2020 commitments.

3 Smallholder programs. Developing peat guidelines for smallholders in partnership with Winrock International, IDH-The Sustainable Trade Initiative and Costco to guide sustainable management of

existing plantations on peat and responsible re-planting practices.

4 Partnership and collaboration. Strengthening existing partnerships with TFT and Proforest while forging stronger partnerships and collaborations with key stakeholders and groups such as Global Forest Watch and the Sustainable Landscapes Working Group, and deeper engagement through participation in working groups of the Roundtable on Sustainable Palm Oil.

A MESSAGE FROM ALAN WILLITS, CHAIRMAN, ASIA PACIFIC

Embracing the opportunities ahead

In this report, we are sharing our 2020 roadmap to demonstrate our commitment to transparency and accountability, and how we aim to achieve our Policy on Sustainable Palm Oil. We invite our stakeholders – customers, industry partners, suppliers, NGOs and farmers – to hold us accountable and support actions that will drive industry transformation. Moving forward, we will be reporting progress against our key performance

indicators, as outlined in our roadmap. To this end, we will work across the palm sector to advocate for:

- **Shared accountability.** We operate across a complex supply chain and promote a collaborative approach to meeting collective goals to protect forests and sustain communities.
- **A renewed focus on labor and human rights.** While the industry has made good progress in increasing

knowledge and capability to prevent deforestation in palm oil supply chains, we are witnessing an increasing concern for labor and human rights issues. In 2017 Cargill will conduct a labor assessment in its own plantations and has also incorporated this element into the site assessments it has carried out of mills in its supply chain. We hope to share and apply the key learnings from this assessment to advance best practices in labor.

- **Improvement of monitoring systems.** We strive to proactively engage on issues of concern in the supply chain to ensure compliance of our Policy on Sustainable Palm Oil.

Our policies and the actions outlined in this report are anchored in our commitment to maintain our leadership in sustainable palm oil supply chain. As we continue to make progress, we are adapting our approach to respond to

opportunities and challenges. We are encouraged by the transformation we have seen and will continue to drive advances across the palm sector to nourish the world and protect the planet.



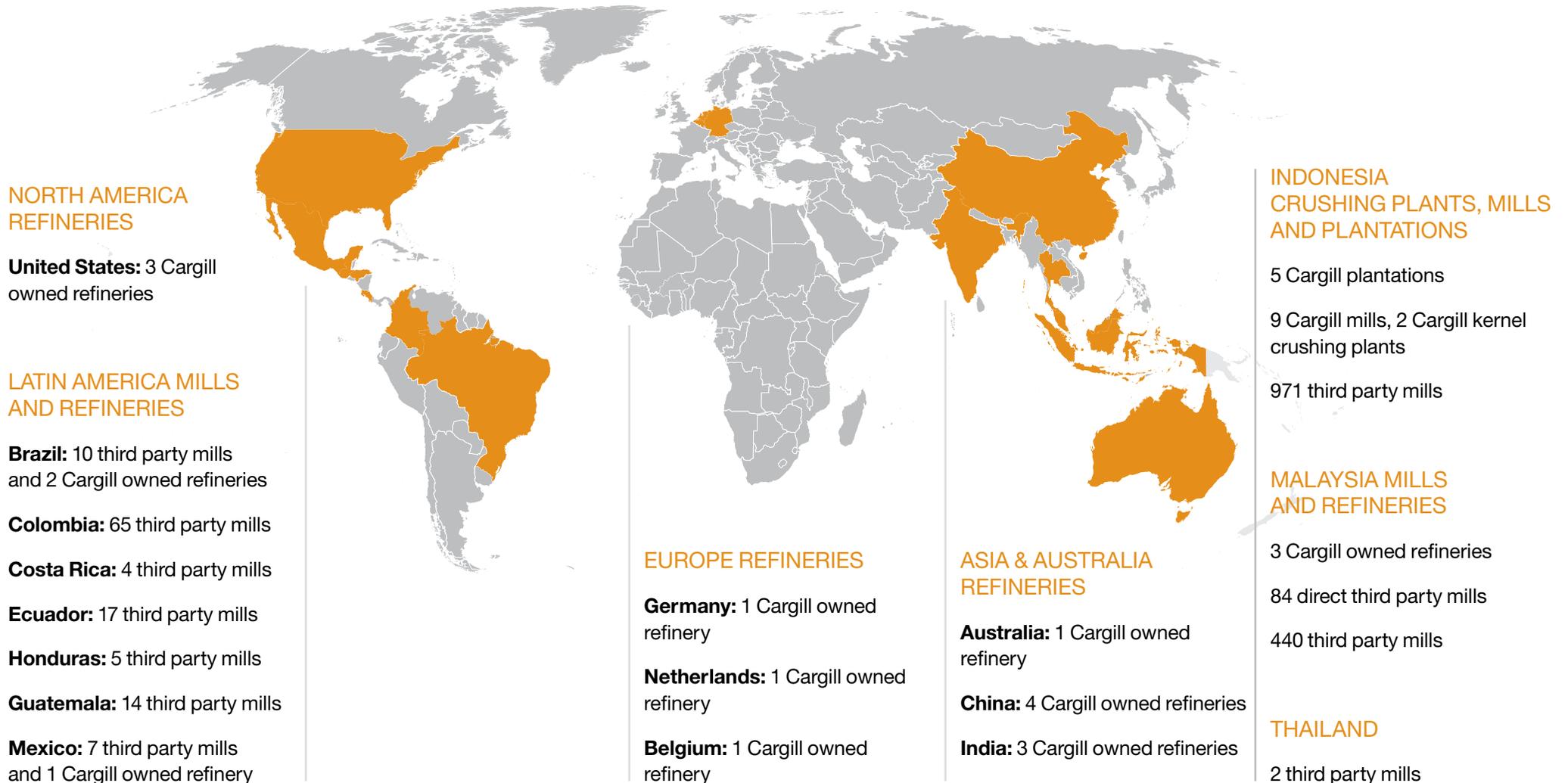
Alan Willits
Chairman,
Cargill Asia Pacific



OPERATING A GLOBAL PALM SUPPLY CHAIN

Cargill operates a global palm oil supply chain with physical assets in the form of plantations, mills and refineries. As a trader of major commodities around the globe, our key activity in the palm oil supply chain is through

trading markets where we source from third party mill suppliers¹. We also purchase sustainable palm oil indirectly from independent smallholder farmers.



¹ The following number of third party mills are approximates as it fluctuates every quarter depending on sourcing decisions.

OUR COMMITMENTS

In July 2014, Cargill launched our Policy on Sustainable Palm Oil and we are striving to build a traceable and transparent palm oil supply chain firmly committed to:

No deforestation of high conservation value (HCV)² lands or high carbon stock (HCS)³ areas

No development on peat

No exploitation of rights of indigenous peoples and local communities

Inclusion of smallholder farmers

Based on this NDPE commitment, we are working towards a 100 percent transparent, traceable and sustainable palm supply chain by 2020. We will work to ensure that all palm oil and palm products that Cargill produces, trades or processes are in line with these commitments. Cargill remains dedicated to achieving a sustainable palm sector by working with our suppliers and partners to influence change and drive positive improvements.



²HCS is an analysis of the existing carbon in the plant life, trees and soil as a means to prevent emissions associated with deforestation and safeguard tropical forest ecosystems.

³HCV assessments are used to identify whether proposed development areas support vital natural ecosystems and biodiversity or maintain the subsistence or culture of local communities.

EVALUATING RISKS AND IMPACT TO CARGILL'S SUPPLY CHAIN

It is critical that we constantly reassess the environmental and social risks in our operations and identify our impact in relation to those risks. Doing so enables us to manage these risks by identifying opportunities and platforms for engagement within our own operations and that of

our third-party suppliers. We focus our broad management of risks around the primary aspects of no deforestation, no development on peat and no exploitation of community and labor – our NDPE framework – to direct our activities.

ASPECTS	RELATED RISKS	MANAGEMENT OF RISK
NO DEFORESTATION	Potential risks of clearance of High Carbon Stock (HCS) and High Conservation Value (HCV) areas in our third-party supply chain may result in the loss of protected habitats and other environmental concerns.	<p>We have mitigated this risk for our own operations having completed HCS and HCV assessments for all of our new developments, and are consistently maintaining and managing HCV areas for all existing plantations.</p> <p>We commit to engaging with our suppliers to ensure no deforestation of HCS and HCV areas takes place in our supply chain. To achieve this, we support our suppliers in developing no deforestation action plans and carrying out HCS and HCV assessments through sharing of resources and providing funding.</p> <p>We also participate in industry dialogues to contribute towards better alignment in methodologies addressing deforestation, such as the recent HCS Convergence Group.</p>
NO DEVELOPMENT ON PEAT AREAS	<p>Peat areas form fragile landscapes which are highly prone to catching fires when drained resulting in loss of ecosystems and health concerns for affected communities.</p> <p>Smallholders are among the critical groups developing on peat areas and clearing land with slash and burn techniques, due to factors such as cost and understanding of impacts.</p>	<p>We commit to protecting peat greater than 65 percent organic matter regardless of depth in new developments and where existing plantations are on peat, we strongly encourage the implementation of the Roundtable on Sustainable Palm Oil's (RSPO's) Manual on Best Management Practices.</p> <p>We support smallholders through the development of best practice guidelines to guide replanting and alternative livelihood development on peat areas.</p>

ASPECTS	RELATED RISKS	MANAGEMENT OF RISK
RESPECT FOR LAND RIGHTS	Land titling systems that are either too complex or lacking consideration of community interests pose a potential risk of land disputes and the risk of forced displacement of people.	<p>We respect the rights of local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to the utilization of their lands. All our new developments have undergone transparent (FPIC) processes. We have put in place a formal grievance process to ensure communities have a channel to raise concerns.</p> <p>We seek the same practices from our suppliers, and will support them in implementing this process.</p>
LABOR PRACTICES	<p>Working Conditions</p> <p>Visibility of and concern for labor issues in the palm industry, linked to its labor intensive nature and high migrant worker dependency, is increasing. Among a number of concerns are health and safety practices, which include access to protective equipment, access to clean water, safe housing and the fair treatment of temporary workers.</p>	<p>Our workers are valued partners. We adhere to our Guiding Principles, Statement on Human Rights and 'No Exploitation' clause of our Policy on Sustainable Palm Oil, which ensures we respect and protect the rights of all our workers including contract, temporary and seasonal workers.</p> <p>Our human resources team works closely with our workers to ensure fair and equal treatment. To ensure best labor practices in our own operations, we have initiated an independent labor assessment on our plantations to identify and close any existing gaps. We will contribute lessons from the assessment with our third party suppliers, and to work with the industry in developing practical guidelines and indicators to monitor and assess labor practices in third party supply chain.</p>
	<p>Forced Labor</p> <p>The presence of migrant labor in Malaysian plantations has resulted in risks of forced labor practices such as withholding of workers' identity documents to restrict movement, debt bondage by charging of high recruitment fees and preventing access to freedom of association and collective bargaining.</p>	<p>While our plantations do not employ foreign workers, we are impacted by a number of our suppliers' operations, and are supporting their efforts to prevent and manage such issues. These concerns require a multi-stakeholder approach involving government regulation. Therefore we support ongoing roundtable initiatives and recently participated in such an effort by our supplier, FGV.</p>
	<p>Child Labor</p> <p>Plantations have the potential risk of enabling child labor which may prevent children from having access to education and can be harmful for children if such labor poses safety hazards.</p>	<p>We are strictly against any form of child labor that is harmful or interferes with a proper education. Our human resources team has put in place stringent procedures and we commit to frequent compliance monitoring. To address some of the root causes of child labor, our plantations have established schools and programs for children while their parents are at work.</p>

2016 IN REVIEW: TRACEABILITY

In 2016, Cargill continued to strengthen our commitment to sustainable palm oil by further widening our outreach and impact while working alongside our partners to advance new initiatives.

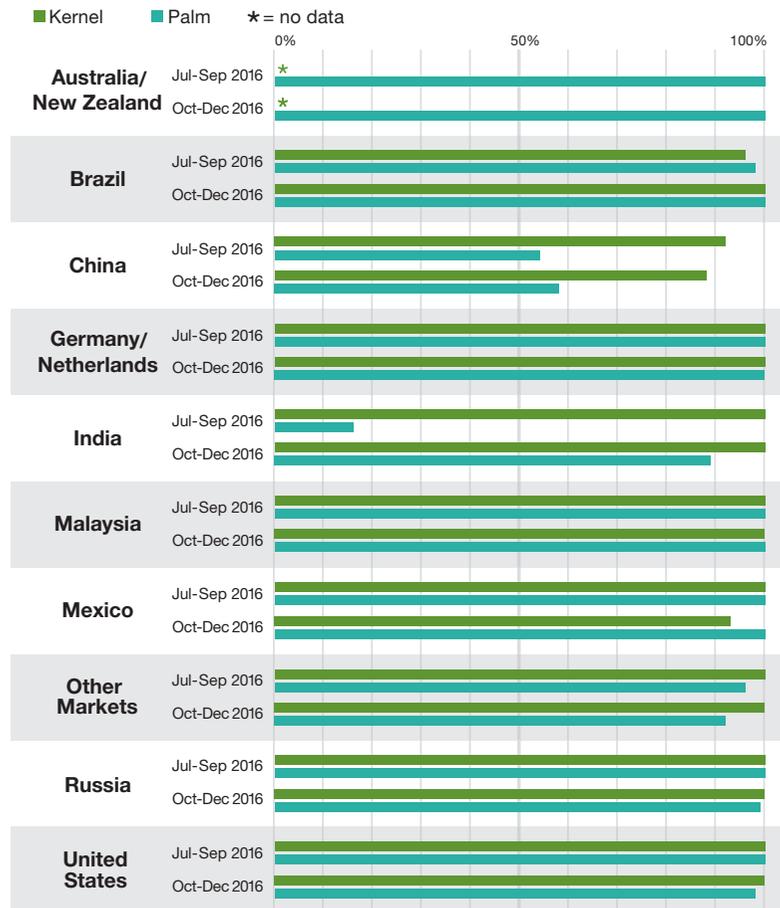
This section focuses on our key performance and progress for the year 2016. We report progress against the 5 pillars that have been the cornerstones of our policy implementation –

traceability, supplier engagement, sustainable plantations, smallholder programs and partnerships and collaborations⁴.

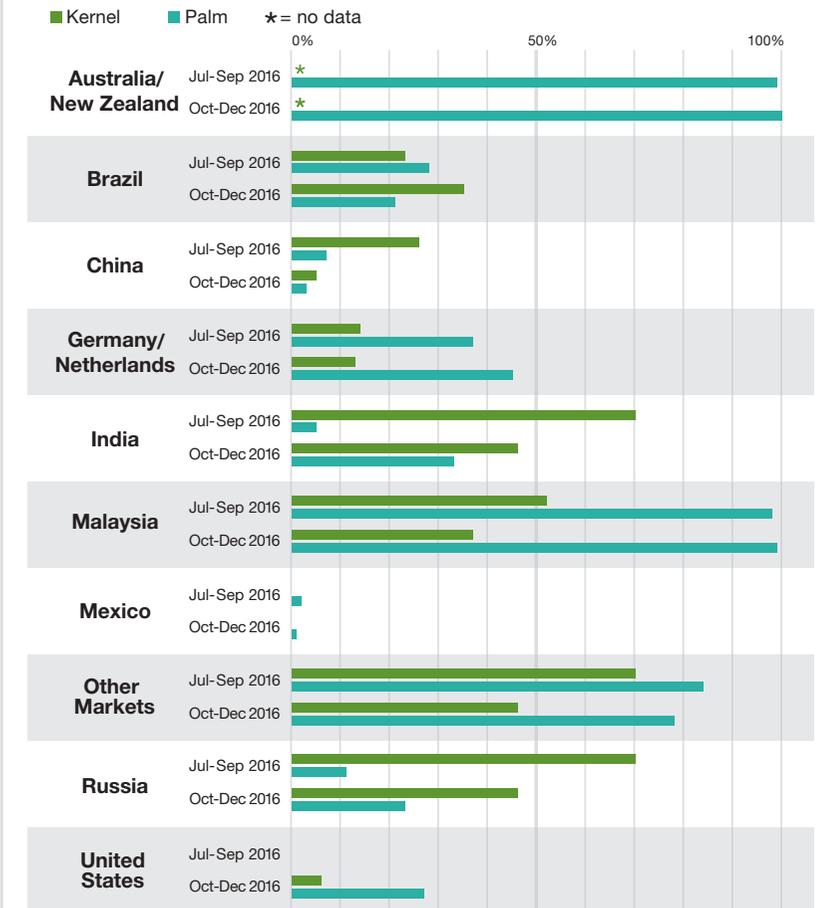
1 At the end of 2016, Cargill achieve a global combined average traceability to mill of 93 percent (97 percent of the kernel and 93 percent of palm)⁵. Combined traceability to plantation was 39 percent (18 percent of kernel and 42 percent of palm).

2 We launched our **Palm Sustainability Dashboard** which covers supply chain map, traceability information, sustainability progress, grievance updates and variety of other sustainability resources.

Traceability to the mill by market



Traceability to the plantation by market



⁴ To learn more about our 5 pillars, visit our website at <https://www.cargill.com/sustainability/palm-oil/palm-implementation-plan>.

⁵ We achieved 100 percent traceability to mill for key destinations in 2015 and continue to do so. Global traceability numbers will fluctuate across each quarter depending on volumes and willingness of our suppliers to share such data.

Note: Traceability to plantation is defined as known information about the FFB suppliers; estates (names, parent company name, gps coordinates/addresses, % volumes, certification status), dealers (names, % volumes) and smallholders (number of smallholders, % volumes, certification status). RSPO Segregated oil sourced also fits into this category of fully plantation traceable. The traceability data included in this report should be considered estimates and the percentages were calculated based on self-declarations by our suppliers. The data covers what we physically delivered and processed. Cargill is cooperating with industry partners to develop verification and reporting of traceability information.

'Other markets' includes palm and kernel products shipped to Latin America (those countries not individually indicated already) UK, Central and Eastern Europe (the Caucasus), West and North Africa, Middle East, central and South Asia, Asia Pacific, and the Pacific rim. In some cases, palm and/or kernel products may be bought from another supplier who has a 'No Deforestation' policy and is mapping their supply chain but is unwilling to share their data. We are proactively engaging these suppliers to address this issue. In the absence of substantive progress, some sourcing relationships may be reconsidered. We will do this in a transparent manner.

2016 IN REVIEW: SUPPLIER ENGAGEMENT

1 Supplier Assessments and Workshops.

INDONESIA:

- 3 high priority mill assessments⁶

MALAYSIA:

- 3 Sustainability Workshops covering
 - Training and hands-on discussions relevant to complying with Cargill's NDPE policy such as HCS and HCV methodologies, peat management and FPIC
 - Labor practices with focus on treatment of migrant workers and forced labor
- 1 high priority mill assessment and 2 follow-ups with previously assessed mills
 - Direct engagement with high priority mills and its FFB supply base covering NDPE policies and RSPO Principles & Criteria as a guideline
 - Re-visit on discussion for action plans and timelines to strengthen compliance

LATIN AMERICA:

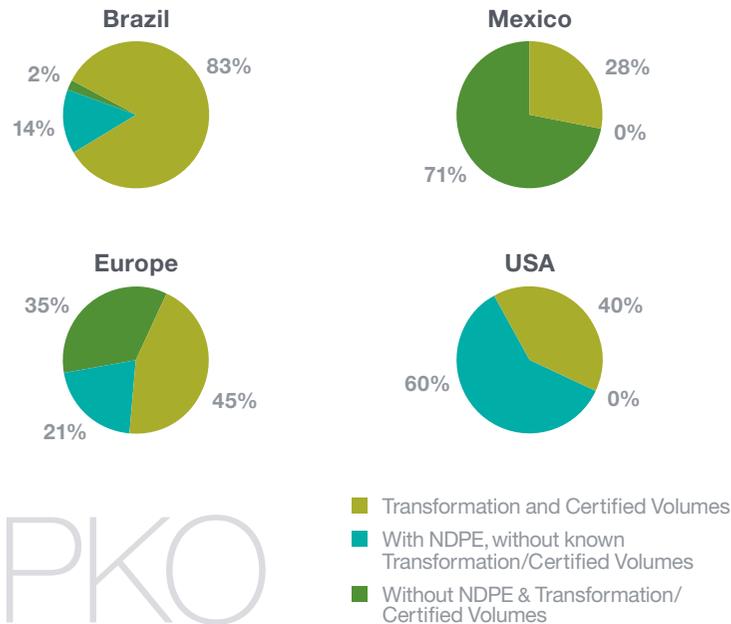
- 4 high priority mills assessments in Colombia
 - 4 main issues identified that will be followed up in 2017 with separate workshops:
 - > Subcontractors contracts
 - > Health and Safety
 - > Waste Management
 - > Independent supplier and smallholder NDPE compliance
- 2 NDPE workshops with aggregator suppliers in Colombia

BRAZIL:

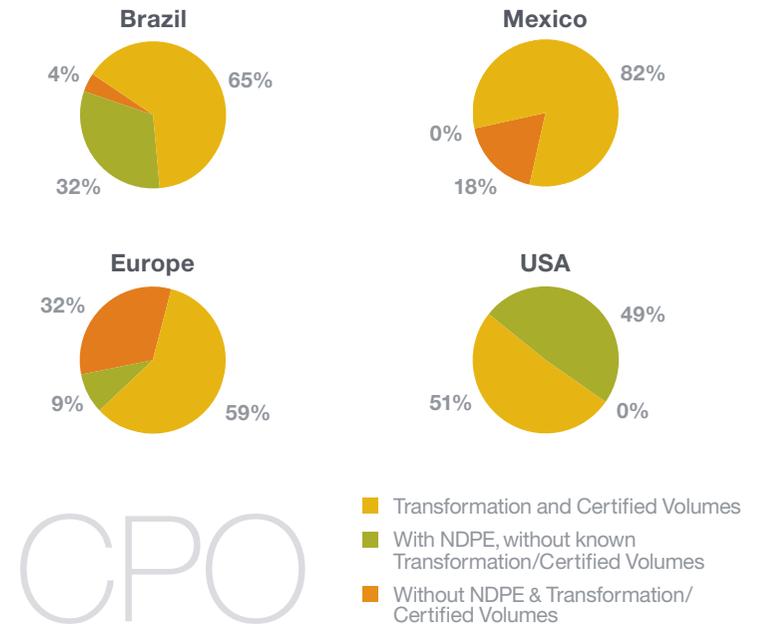
- 6 follow-ups with previously assessed mills in Brazil
 - Monitoring /control visit to measure the implementation of action plan
 - Workshop on FPIC & No Exploitation
 - Sharing of TFT toolkits on HCV, environmental impact management, human rights and creating shared values

- 2 Supported Sipef in a HCS assessment in Papua New Guinea which piloted a side-by-side comparison of both the HCSA and HCS+ methodologies.

Percentage of the PKO volumes covered by a supplier engagement program



Percentage of the CPO volumes covered by a supplier engagement program



⁶ Mill priority rankings are determined through a combination of tools which include TFT and Proforest's respective mill prioritization processes and Global Forest Watch's PALM Risk Tool

Note: Each chart will add to a range of 98 percent to 102 percent due to rounding up and/or down of percentages.

- 3 Transparent grievance engagement with 4 suppliers – IOI, FGV, KLK, REPSA – in response to grievances on deforestation, development on peat, labor practices and human rights.
- 4 Engaged with suppliers in Guatemala to address issues ranging from labor violations and environmental degradation to social conflict. Our work has highlighted several key areas that will guide our strategy moving forward in the region, which include the importance of understanding and addressing the root causes of community-company conflict and supporting sector-wide transformation.
- 5 Established a supplier monitoring program to proactively monitor compliance of our third-party suppliers.



“Cargill has increased their efforts to engage suppliers and we are seeing how this brings about a positive change. Given Cargill’s position as a global player and in line with the policy and commitments on sustainable palm oil, we look to Cargill to build on this success in order to inspire and encourage change on a larger scale.”

John Van’t Slot
Senior Manager, North America, TFT

SMALLHOLDER PROGRAMS

3 smallholder projects covering regions we source from:

MALAYSIA: Certified 175 Independent Smallholders for RSPO in Air Kuning, Perak as part of the Wild Asia Group Scheme (WAGS).

INDONESIA: Development of best practices guideline - Smallholder Protocol for Sustainable and Responsible Management of Peat Areas.

COLOMBIA: Signed off on a project that will support the RSPO certification of 487 independent smallholders.

“Certification underscores our commitment to support the inclusion of independent oil palm smallholders to build a transparent, traceable and sustainable palm oil supply chain. Our plan is to further develop a critical mass of smallholders and create a long-term self-sustaining group scheme which is able to provide an uninterrupted growing supply of RSPO certified sustainable palm oil to meet the growing demand globally.”

Chai Wei Joo,
Managing Director of Cargill Global Edible Oil Solution in Malaysia & China

SUSTAINABLE PLANTATIONS

First RSPO certification for Poliplant Group and PT Hindoli’s new palm kernel crushing plant

5 CTP mills continued to receive environmental management awards by the Indonesian government

Launched the Cargill Fire-free Village Program in 26 fire-prone villages

PARTNERSHIPS & COLLABORATIONS

TRACEABILITY:
Cargill is actively engaged with IDH-The Sustainable Trade Initiative as a member of the Sustainable Landscapes Working Group (formerly the Traceability Working Group).

ENVIRONMENTAL CONSERVATION:
We contributed to the HCS Convergence Group and endorsed the alignment of HCS+ and HCSA methodologies addressing deforestation.

MONITORING DEFORESTATION:
We partnered with World Resources Institute’s Global Forest Watch to build a decision-support system and spatial monitoring platform to help track progress and real-time challenges associated with our deforestation commitments.





While we are encouraged by our progress for the year, we recognize there is still much to do in achieving our 2020 commitments and beyond. We faced a number of challenges in 2016, including:

1 SUPPLIER ENGAGEMENT

Supplier engagement is a critical focus area due to our unique position in the supply chain. While we have been able to engage several suppliers across Malaysia, Indonesia, Brazil, Mexico and Latin America, it is also a challenge to convince suppliers to participate in workshops and assessments, and takes close cooperation with our suppliers. We have learned it is important to continue to discuss, engage and explain to indirect suppliers what the process of engagement entails and its benefits. This takes time but results in more sustainable long-term relationships with our suppliers and the mills they source from. As a result, we have built trust with selected suppliers but conducted fewer HCS and mill assessments than originally planned for the year. These activities remain a priority for us and we are continuing our engagement with selected suppliers to participate in HCS and mill assessments for 2017.

2 GRIEVANCES OF THIRD-PARTY SUPPLIERS

Indirect supplier relationships are more complex to manage compared to our direct suppliers. We rely on our direct suppliers and their grievance process to monitor progress but at the same time we take responsibility by offering support. We recognize that more can be done by traders in grievances and we will be looking into this as part of reviewing and strengthening our grievance process.

3 LABOR AND HUMAN RIGHTS

Exploitation issues were highlighted as increasing concerns for the industry in 2016. In contrast to the availability of spatial monitoring tools for monitoring environmental concerns, social issues are more difficult to assess. The development of indicators for monitoring and assessing progress for labor and human rights is a critical priority for 2017.

We hope to continue seeking sustainable solutions, lead and engage in dialogue and foster meaningful partnerships to drive continued progress.

CARGILL PALM 2020 ROADMAP

When we launched our Policy on Sustainable Palm Oil in 2014, we made the commitment to build a 100 percent transparent, traceable and sustainable palm supply chain by 2020. While we have been consistent and transparent in reporting our progress on our commitments related to addressing issues of deforestation, development on peat areas and exploitation of labor and communities, and inclusion of smallholders (NDPE), making a commitment to 2020 requires a clear roadmap and indicators to measure our progress.

Our Palm 2020 Roadmap is outlined according to the pillars that have been the cornerstones of our Policy on Sustainable Palm Oil, guiding its implementation. Our broad goals under each pillar have not changed – instead we are now able to

take a long-term view on these goals taking into account tools and methodologies that have since been developed or strengthened. Under each pillar, we have established a roadmap, goals and key performance indicators (KPIs), to guide the fulfillment of respective commitments.

Not only does this chart our progress towards the 2020 commitments and prioritize the allocation of resources, it also allows us to confidently invite stakeholders to hold us accountable to our actions and partner with us to advance our shared interests. Moving forward, we will report progress against these goals and KPIs.

OUR 2020 GOALS

TRACEABILITY

All palm oil volumes we produce, trade (ship & physically handle) and process will be traceable to sustainable mill and plantation level by 2020

SUPPLIER ENGAGEMENT

HCS, HCV and peat areas are conserved, and land, labor and human rights are respected in our third party palm supply chain

SUSTAINABLE PLANTATIONS

Our own plantation practices are aligned with Cargill's NDPE policy and are a role model for our supply chain

SMALLHOLDER PROGRAMS

Smallholders are included in our supply chain and engaged on sustainable, profitable practices.

PARTNERSHIPS, COLLABORATIONS & CONSULTATIONS

Scale and shared responsibility is achieved through cooperation

PILLAR 1: TRACEABILITY



All palm oil volumes we produce, trade⁷ and process will be traceable to sustainable mills and plantations by 2020.

STRATEGY

We will gather traceability to plantation data in high priority landscapes and subsequently through supplier engagement programs to better monitor progress, address issues on the ground and provide input on prioritising engagement.

GOALS	KPIs	TIMELINES	CHALLENGES	ACTION
100 percent of mills' plantation supply base in high priority landscapes are mapped	Percentage of mills in high priority areas where the plantation supply base has been mapped	2019	<p>Not all suppliers share the same definition or goals of plantation traceability which becomes an obstacle when communicating the need for such data.</p> <p>Cooperation in China and India on traceability is limited, as is demand. There is a lack of consumer interest in traceability and sustainability, which is reflected in the willingness of local sellers to share information. Access to traceability information is also limited by local market dynamics of high sea sales and investors driving prices lower than CNF in India and China respectively, impact the access to traceability information.</p>	<p>We will continue to work alongside other members of the Sustainable Landscapes Working Group (formerly Traceability Working Group) to ensure alignment on definitions and methodology to collect the information. We will also support our suppliers in their projects and mill assessments.</p> <p>In India, we will support pre-competitive collaborative initiatives to achieve greater traceability. We will also continue to engage our suppliers seeking to align their purchasing practices at origin.</p>
100 percent of palm oil volumes are traceable to plantation	Percentage of palm oil volume traceable to plantation	2020	<p>Willingness of mills to share information can be limited, especially when we do not have a direct relationship with them. Likewise, mills sourcing from dealers often face a lack of transparency.</p>	<p>To obtain the required information, we are building trust with mills through engagement either on our own or in partnership with suppliers where we do not have a direct relationship.</p>

⁷All palm which we ship or physically handle

PILLAR 2: SUPPLIER ENGAGEMENT



HCS, HCV and peat areas are conserved, and land, labor and human rights are respected in our third party palm supply chain.

STRATEGY

We will actively engage with our direct suppliers to ensure that HCS, HCV and peat areas are conserved, and land, labor and human rights are respected in sourcing palm. To achieve this and drive positive change in the palm sector, we will collaborate with other partners to align principles and improve practices. This will promote transparency in our operations and solutions to address and monitor common land, labor and environmental issues through landscape level programs and case studies.

GOALS	KPIs	TIMELINES	CHALLENGES	ACTION
100 percent of direct suppliers have or commit to a credible no deforestation, peat and exploitation (NDPE) policy	Percentage of direct suppliers with or committing to, and % of volumes covered by, a credible policy covering NDPE	2018	Some suppliers may struggle to adopt their own policy due to size and access to resources.	We believe it is important for companies to take ownership over policy implementation, but we also recognize that it can be a journey for some suppliers to feel comfortable having their own policy. As a result we will allow smaller companies to implement our policy through Codes of Conducts or similar structures. Where direct suppliers after a process of engagement are unwilling to align, we will have to take the difficult step of avoiding purchases from them.
Common environmental, land, and labour issues are addressed through landscape programs and case studies relevant to our supply chain	Identification of landscapes where Cargill has specific risk AND leverage to achieve positive impacts, and intervention programs in these landscapes are supported Number of case studies per topic Number of landscape projects	2018	Measuring impact of landscape level projects. Addressing labor on a broader scale and monitoring social issues in our third party supply chain.	We will be developing KPIs to measure the impacts of landscape level projects and also ensure each project has a clear baseline scenario determined. Labor requires a multi-stakeholder involvement therefore we will focus on engaging with governments as well as ensuring there are clear guidelines and tools available to companies.

PILLAR 2: SUPPLIER ENGAGEMENT

GOALS	KPIs	TIMELINES	CHALLENGES	ACTION
100 percent of direct suppliers have a comprehensive, time bound, NDPE policy implementation plan or commit to NDPE policy implementation plan ⁸	Percentage of direct suppliers have and percentage of volumes covered by a comprehensive policy implementation plan or commit to NDPE policy implementation plan	2019	Ensuring all high priority mills are assessed, receive adequate support and follow-up to achieve compliance will require extensive resources due to our sourcing volume from more than 1000 mills.	We will seek platforms for exchanging of mill assessment reports where appropriate so as to prevent duplication of efforts by other shared suppliers, widen the outreach of assessed mills and where possible seek to collaborate and form partnerships to implement intervention programs.
100 percent of high priority mills in Cargill's supply chain have undergone an assessment and are covered by an action and verification plan ⁹	Percentage of high priority mills verified and covered by an action and verification plan Number of capacity building workshops	2020	Determining the most effective and efficient means of verifying compliance.	We will work through multi-stakeholder groups to bring and agree on means for validating compliance of companies which have been working through action plans. We foresee this being a combination of self-declaration and on-ground verification sampling.
Mill engagement extended subject to grievance process and remote monitoring	Reporting of alerts and grievances and providing updates on management & monitoring	On-going	Allegations against indirect supplier who are difficult to engage with and where we do not have a commercial relationship to leverage upon.	We will leverage upon the grievance process of our direct suppliers and strengthen our engagements through monthly updates. We will also offer our support to our direct supplies in their engagement and reach out to these suppliers to be part of our workshops and assessments.

⁸ Direct suppliers in some cases include mills which may be covered by Cargill's NDPE policy implementation plan rather than having a distinct separate plan

⁹ Verification plans include post-assessment monitoring visits and/or reviews, as well as how subsequent compliance and continuous improvement will be confirmed

PILLAR 3: SUSTAINABLE PLANTATIONS

Our own plantation practices are aligned with Cargill's NDPE policy and uphold the highest standards.



STRATEGY

Through continuous progress in our own plantations, we will ensure compliance with our policy and establish ourselves as a role model for sustainable plantation development and management. We will review, adapt or establish standards, policies and procedures; and we will build capacity of employees, independent producers, including smallholders, to engage neighboring plantations and communities.

GOALS	KPIs	TIMELINES	CHALLENGES	ACTION
100 percent of mills and plantations are RSPO certified	Percentage of Cargill owned plantations and mills that are RSPO certified	2018	Changing benchmarks adopted by the industry and the associated costs. Guaranteeing impact of outreach on NDPE to surrounding communities and plantations.	As a part of our original commitment to RSPO we will always seek to achieve continuous improvement to meet industry-recognized sustainability standards. Likewise, we will seek to mitigate cost by continuing to build our internal capacity in conducting assessments. We rarely source from neighboring plantations however we are committed to have a positive impact beyond our own operations in sharing of our experience and tools. In terms of communities and their smallholders, we want to help them to see the value of better practices and the risks of not doing so. We will also work with partners to identify incentives for best practice both within our own plantations and in those of surrounding communities.
100 percent of managed smallholders are RSPO certified	Percentage of managed smallholders are and RSPO certified	2018		
100 percent of FFB crop processed in Cargill own mills originate from plantations fully compliant with Cargill's NDPE	Percentage of FFB crop processed in Cargill owned mills originating from plantations that are fully compliant with Cargill's NDPE	2018		
100 percent of Cargill owned mills, plantations and surrounding communities are covered by a reviewed and adapted comprehensive fire prevention and awareness programs	Percentage of own mills and plantations and surrounding communities covered by a reviewed and adapted comprehensive fire prevention and awareness program	2019		
Awareness raised and experience on NDPE shared with neighboring plantations and communities	Number of communities and neighboring plantations and communities who have participated in awareness raising outreach programs (NDPE, GAP, etc), and topics covered	2018		

PILLAR 4: SMALLHOLDER PROGRAMS



Smallholders are included in our supply chain and engaged on sustainable, profitable practices.

STRATEGY

We will promote the inclusion of smallholders in our supply chain and improvement of their livelihoods by providing the tools to mills to empower farmers. We will participate in programs focused on smallholder capacity building and responsible farm development.

GOALS	KPIs	TIMELINES	CHALLENGES	ACTION
<p>100 percent of high priority mill assessments by Cargill include assessment of smallholder supply bases</p> <p>A portion of them are implementing the Smallholder Empowerment Program</p>	<p>Percentage of high priority mill assessments by Cargill which have included Smallholder supply bases</p> <p>Number of high priority mills that have implemented the smallholder empowerment program</p>	2020	<p>Finding the appropriate parameters for defining 'sustainable, profitable smallholder production' recognizing that certification is not always the most appropriate approach.</p> <p>Determining and reaching a meaningful number of smallholders.</p>	<p>In consultation with key stakeholders, we will define what it means to be a sustainable, profitable smallholder.</p> <p>Using mills as 'hubs of influence' to influence broader numbers of smallholders; landscape level programs.</p>
<p>100 percent of smallholders joining a Cargill certification project achieve RSPO certification</p> <p>3 new smallholder certification projects by 2020</p>	<p>Number of smallholders covered, and areas of focus</p> <p>Percentage of smallholders certified per project</p> <p>Number of new RSPO certification smallholder projects</p>	2020 (one per year)	<p>Identifying smallholders to partner with is challenging as we often do not have access to mills directly. This is made more challenging as smallholders are generally not organized to effectively reach out to.</p> <p>Limited capacity at mill level to support smallholder engagement.</p>	<p>Keep engaging with direct suppliers to create supply chain partnership.</p> <p>Work with partners like Proforest, TFT, Solidaridad and Wild Asia to build capacity at mill level to actively support smallholders in their supply base and reconnect them to sustainable markets.</p>
<p>3 projects receive direct support from Cargill in meeting responsible production commitments and improving livelihoods</p>	<p>Number of projects, including landscape level initiatives, aiming to improve livelihood</p> <p>Number of smallholders covered, and areas of focus</p>	2020 (one per year)	<p>Sustaining the interest of smallholders on long term projects like certification when they have a short term vision.</p>	

2017 IMPLEMENTATION PLAN

In 2017, we will focus our efforts on achieving alignment of definitions, methodologies and mapping required for various data collections, assessments, monitoring and measurement. We will also identify gaps,

build capacities and seek out necessary collaborations/resources to lay the groundwork for our activities in the next 3 years.

TRACEABILITY	Confirm plantation traceability definition	Establish a baseline of information		
	Collect information through mills assessments and workshops and direct supplier engagement			
	Finalize SOP for collection & management	Develop plan with suppliers for missing information		
SUSTAINABLE PLANTATIONS	Conduct training & awareness raising on labor	Review Sourcing SOPs		Conduct outreach program
	Integration of NDPE checklist into RSPO Audit and its implementation			
	Labor gap assessment & develop action plan			
SUPPLIER ENGAGEMENT	Map & review status of direct suppliers	Develop action plan with direct suppliers on NDPE		
	High priority mill assessments & workshops // Continuous improvement of previously assessed mills			
	Identify key issues	Roll-out labor roadmap through trial and commence other landscape level projects		
SMALLHOLDER PROGRAMS		Engage with potential funding partners		
	Develop Smallholder Empowerment Program		Implementation of Smallholder Projects	
	Finalize Smallholder & HCS Project Plan	Define environmentally and socially responsible, successful and profitable smallholders		
	Q1-2017	Q2-2017	Q3-2017	Q4-2017



“Cargill has now taken the important step of defining performance indicators and roadmaps, that detail how their palm oil sustainability commitments will be implemented through to 2020. This is a significant development, to provide a clear and credible basis for actions over that period, and to increase accountability and transparency.”

Neil Judd
Director, Proforest



thrive

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