



Cargill's Palm Oil Progress Update Q3 2017

TRACEABILITY

In the third quarter of 2017, Cargill made further progress against our commitment to achieve global traceability in all our palm operations. 90 percent of the palm we sourced (96 percent of the kernel and 89 percent of the palm) was traceable to the mill. The notable development is the increase in traceability to plantation, with 53 percent of the palm we sourced (34 percent of the kernel and 56 percent of the palm) traceable to plantation, up from last quarter.

It has been a year since we started reporting traceability to plantation and we are encouraged by our steady progress in the data collected¹. More than half of our palm supply chain can now be traced to the supplying plantation. This has allowed us to further improve the quality of proactive monitoring of our supply base. The progress was made possible following numerous engagement efforts by our commercial and sustainability teams with suppliers. In turn, we have our suppliers' support and trust to provide such level of information. We stress to suppliers the value traceability

¹ Please refer to the traceability charts for a breakdown of the data collected.

Ceres Scope 3: Report the percent of physical supply from traceable mills.

Ceres Scope 4: Report the percent of physical supply from traceable estates.

can bring to their operations both in terms of understanding the origin of their fresh fruit bunches (FFB) and raw materials,

and monitoring of their supply base. We are now focusing our efforts to accelerate the collection of traceability to plantation data

for high-priority landscapes and are learning from innovations and technologies such as Geotrace, which has the potential to enable

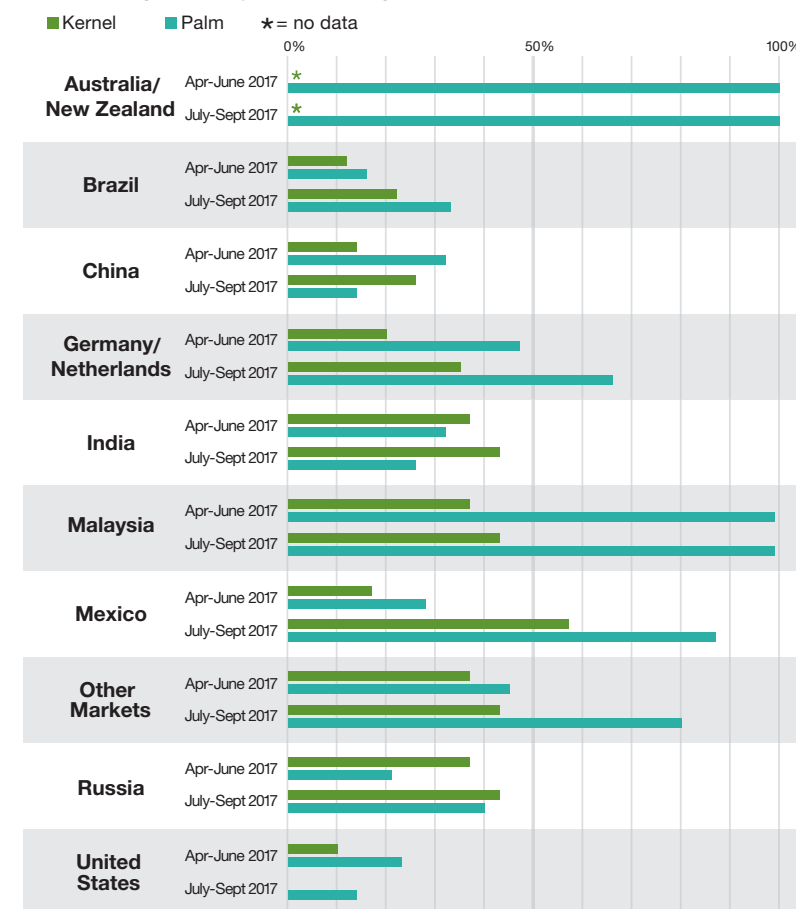
such goals. While we still have a long way to go, this progress demonstrates Cargill's continued progress.

Traceability to the mill by market



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.

Traceability to the plantation by market



¹ '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.

SUPPLIER ENGAGEMENT

SUPPLY CHAIN TRANSFORMATION

Cargill's sustainable palm oil policy covers our entire supply chain for all the palm we ship and physically handle, including palm sourced from third-party suppliers. We measure supplier progress through our suppliers' involvement in engagement programs that include the Aggregator/Refiner Transformation (ART) plan or Proforest's supplier outreach programs, whether they supply certified Roundtable on Sustainable Palm Oil (RSPO) Segregated products, and have a credible responsible sourcing policy covering No Deforestation, Peat and Exploitation (NDPE). These are continuous engagements where we follow up closely with our suppliers to ensure there are consistent improvement in their action plans.

Ceres Scope 1: Report whether the company's palm oil policy applies to:

- The physical oil the company produces, purchases, and/or trades;
- The company's direct suppliers and all of their operations; and/or
- The company's subsidiaries, joint ventures, and/or investments.

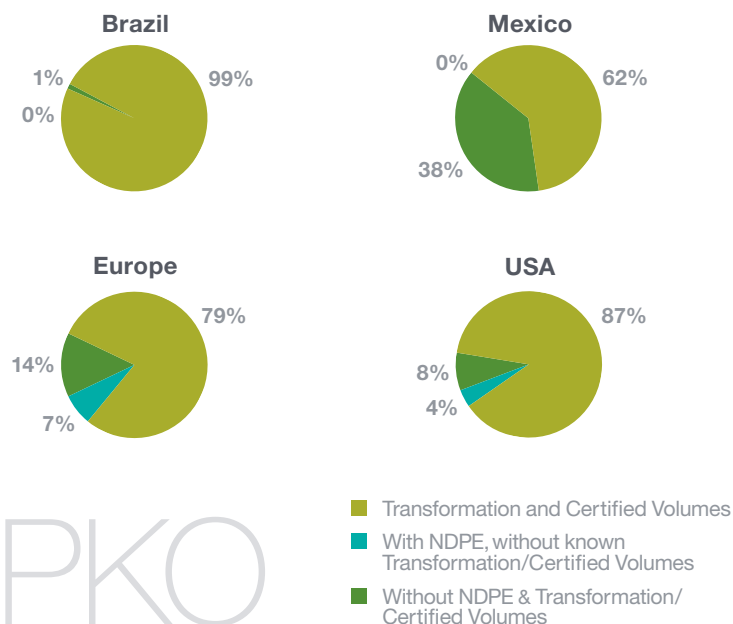
Ceres Scope 9: Describe the company's methodology for prioritizing, assessing, and engaging suppliers, refineries and/or mills.

In the recent quarter, we completed a baseline mapping of our direct suppliers based on their respective sustainability programs and in relation to our 2020 goals and key performance indicators. Following this exercise, we have

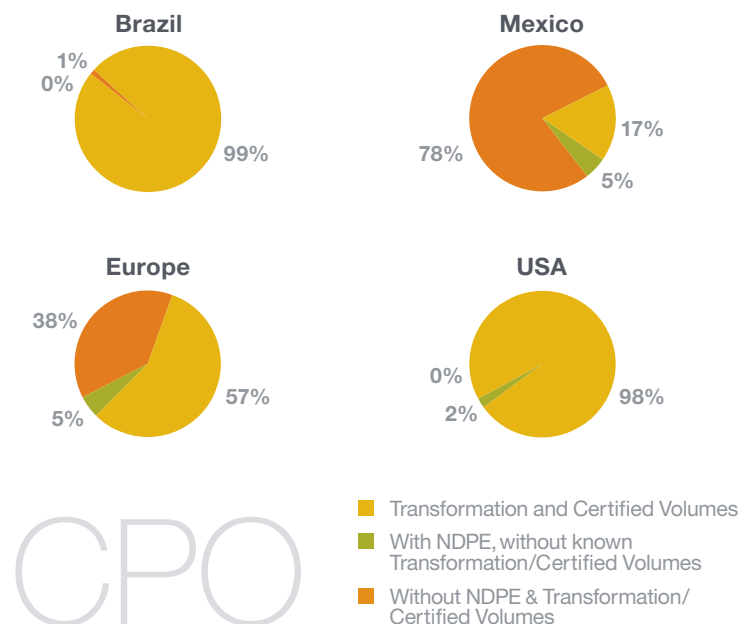
started to prioritize specific engagement programs that can support our suppliers in meeting our commitments and strengthening their respective sustainability commitments and plans. A majority of our direct suppliers are already meeting

our goals and implementing transformation and certification programs in their supply chains. The charts below show the percentage of volumes in key destination markets covered by these efforts.

Percentage of the PKO volumes covered by a supplier engagement program



Percentage of the CPO volumes covered by a supplier engagement program



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

SUPPLIER ENGAGEMENT

SUPPORTING 3RD PARTY SUPPLIERS IN THEIR SUSTAINABILITY JOURNEY

Cargill empowers our third party suppliers to continuously strengthen their sustainability standards. We are supportive of suppliers who aim for higher international standards of sustainability and are committed to supporting such suppliers through co-funding and capacity building activities.

LRT Bukit Bandi, a Malaysian mid-scale producer of palm oil in the State of Terengganu, demonstrated keen interest and ability to pursue RSPO and MSPO certifications. This is an existing plantation with no new plantings. Following a scoping study to determine prerequisites for both certification standards, the supplier has to complete a High Conservation Value (HCV) assessment and Social Impact Assessment (SIA). Cargill, together with IOI Loaders Croklaan are jointly funding Bukit Bandi's assessments, which are carried out by Daemeter.

Ceres Scope 6: Report the names of the company's direct palm oil suppliers.

The scoping study of the area was completed in August. Through the study, HCV 1(Biodiversity) and 4 (Ecosystem Services) as well as potential HCV 3 (Ecosystem and Habitats) was noted within the area. The scoping exercise also identified existing good practices and areas of potential management risk which will be further evaluated. A full HCV and SIA will be implemented for the entire area in the next quarter.

"Ladang Rakyat Terengganu Sdn Bhd is highly committed to sustainability and we are keen to translate this into our operations by pursuing the MSPO and RSPO certifications. We are therefore delighted to have our customers' support and we believe this will further add value to our journey. The scoping exercise has brought great insight for us to better understand our landscape and we are looking forward to having the full HCV and SIA assessments carried out in the next few months," said Mr Shahrizal Ridzuan Ambak, Sr. Executive of OSH & Certification Ladang Rakyat Terengganu Sdn Bhd.



Compliance of our sustainability policy by our third-party suppliers is a work in progress that requires socialization, capacity building and engagement. Cargill encourages our suppliers to aim for higher standards. Striving for RSPO and MSPO/ISPO certification are

commendable steps that not only boost our capacity to offer certified products, but also enable our suppliers to reassess their practices and address any gaps. We are also pleased to partner with IOI in such collective efforts and welcome future collaborations with other stakeholders.

SMALLHOLDER INCLUSION

TRIALLING THE HCSA FOR SMALLHOLDERS

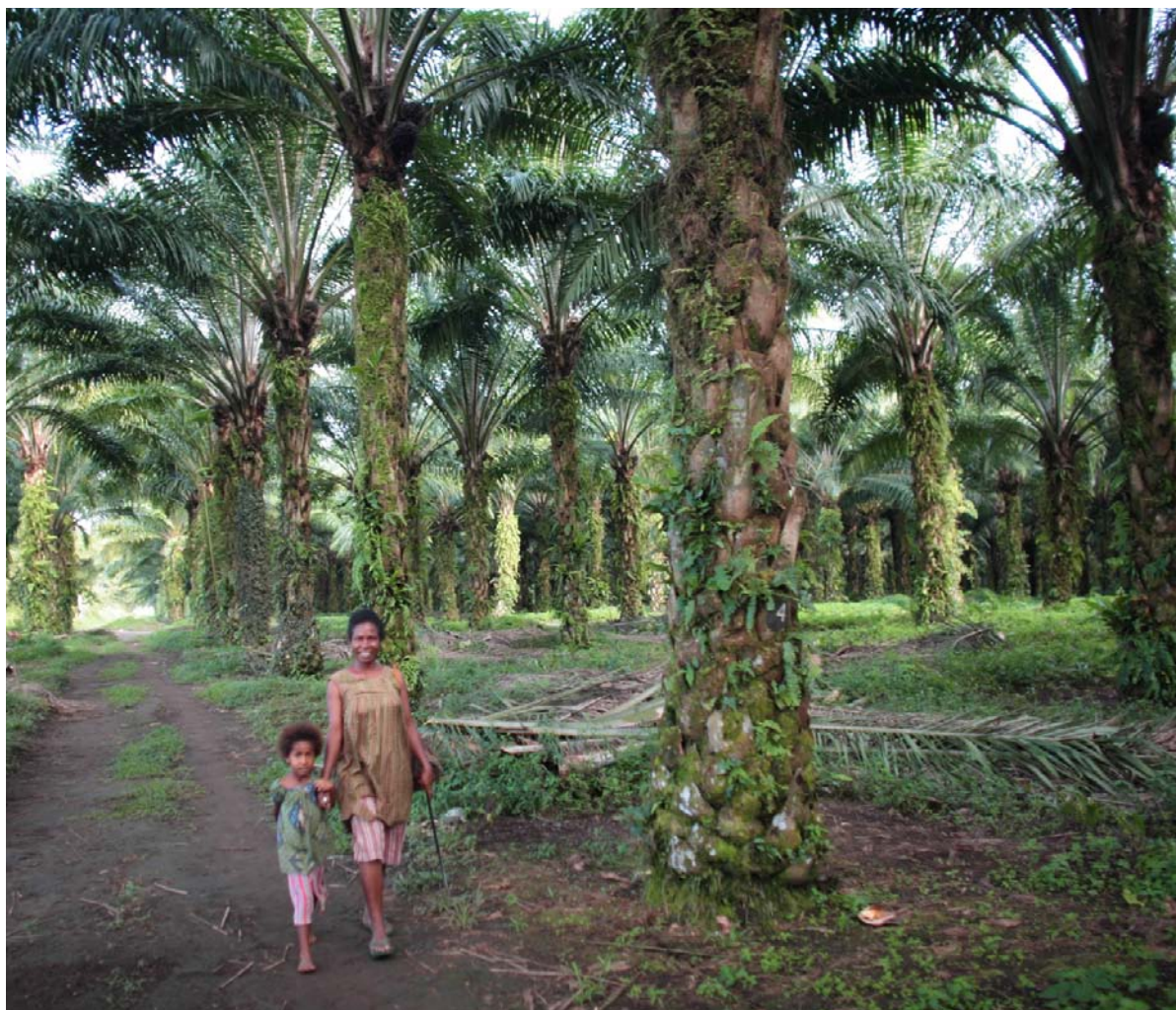
With support from Proforest, Cargill and Musim Mas have started a novel trial of the High Carbon Stock approach in a smallholder context in Riau, Indonesia. The current HCS approach is designed at a concession scale for companies. This model is impractical for smallholders who do not have the capacity to do HCV-HCS assessments on a plot by plot basis. Therefore, the objective is to develop a protection-production plan at smallholder supply base level, through participatory mapping of HCV-HCS area and existing and potential expansion smallholder plots. The project will also do a comparison of the accuracy and time required for 'standard' HCSA protocols as developed for concessions with proposed simplified alternatives.

The pilot site has been selected because of:

- a) High number of smallholdings in the area;
- b) Presence of some remaining HCS and likely HCV forest;
- c) High rate of deforestation.

The initial scoping phase of the project has been completed and confirmed the findings of the desk-based study and risk assessments. Several villages were visited to find out about

their suitability as pilots for the High Carbon Stock approach for Smallholders. As part of the project, the team also hopes to explore collaboration with the Peatland Restoration Agency (BRG). The full assessment is to be conducted by 2018. The methodology will be presented to the HCSA smallholder working group as a pilot for how HCSA can be applied at the smallholder level - an urgently needed solution.



Ceres Scope 17: Describe the scope and impact of the company's programs to support smallholders.

SUSTAINABLE PLANTATIONS

ENSURING THE BETTER PROTECTION OF WILDLIFE

Wildlife protection and conservation is integral to Cargill's commitment to be a responsible and ethical business. While our sustainable palm oil policy describes the commitment, it is the individual actions of our employees that deliver; a fact that takes centerstage when it comes to our oil palm plantations in West Kalimantan, Indonesia, an area rich in biodiversity.

The possibility of wild animals straying onto an operating plantation is ever-present. If and when contact is made, employees must be able to respond swiftly and appropriately to keep themselves and the animal safe. That was the impetus for the recent launch of the Cargill Human-Wildlife Contact (HWC) program, designed to establish operating guidelines and practical techniques to help employees be safer when carrying out their day to day routines. The project, launched in our Poliplant operations in West Kalimantan, also helps ensure the safety of wildlife.

The assessment in Poliplant was conducted on October 23-27 by a team of consultants led by Proforest. Proforest was able to identify the drivers of wildlife into plantations by examining the local context, environment of Muara Kendawangan and stakeholder consultations. The consultants capped off the program with refresher training and socialization to employees at Poliplant, covering subjects related to protected species, the prevention of conflict with wildlife and the extent of legal protection provided by Indonesia.

Work on detailed guidelines to preserve the well-being of humans and wildlife in a shared environment is in progress.



APPENDIX – CERES REPORTING GUIDANCE FOR RESPONSIBLE PALM

As part of our commitment to transparency, we have referenced our sustainability progress updates to the Ceres Reporting Guidance

for Responsible Palm where appropriate for the quarter's report. References to other indicators can be found through our palm sustainability website,

sustainable palm oil policy, past progress reports and our dashboard.

SCOPE	DETAILS	PAGE REFERENCE
1	Report whether the company's palm oil policy applies to: A. The physical oil the company produces, purchases, and/or trades; B. The company's direct suppliers and all of their operations; and/or C. The company's subsidiaries, joint ventures, and/or investments.	2
3	Report the percent of physical supply from traceable mills.	1
4	Report the percent of physical supply from traceable estates.	1
6	Report the names of the company's direct palm oil suppliers	3
9	Describe the company's methodology for prioritizing, assessing, and engaging suppliers, refineries and/or mills.	2
17	Describe the scope and impact of the company's programs to support smallholders.	4
21	Describe the company's participation in external initiatives and activities that aim to support implementation of the company's policy.	

For more information, please visit [Cargill.com/palmoil](https://www.cargill.com/palmoil)



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