



Cargill South American Soy Action Plan – June 2019

Sustainably nourishing the world requires farming and forests to coexist. Cargill’s ultimate goal is to eliminate deforestation from our global supply chains. To protect forests and other important natural landscapes in South America while also enabling the region’s rural economic development, Cargill has developed a [Policy on Sustainable Soy -- South American Origins](#) (“the Policy”). Our new action plan sets out specific, time-bound steps to achieve our key commitments within the Policy.

As a responsible company, we expect all of our suppliers to share our commitment to following the law and the commitments outlined in our [Supplier Code of Conduct](#) and the Policy. The heart of our plan is working closely with our many supplier partners – farmers and producers, intermediary aggregators, and traders and processors – as well as other key stakeholders to drive progress. Our underlying theory of change rests on three concepts:

- Supply chain traceability and mapping efforts that match the level of risk;
- Prioritization that directs resources toward the highest-risk supplies from the highest-risk areas; and
- Our belief that sector-wide transformation is the best pathway to success.

Regarding risk assessment overall, land conversion is our primary filter at this stage.

How we developed our plan:

Among other sources, Cargill drew guidance for our action plan from [The Soy Toolkit](#) developed by Proforest and its 5-element approach, as well as the Accountability Framework Initiative. We used a modified version of the 5-element approach, including adding an element of transformational partnerships, in keeping with our theory of change. We invite feedback from our implementation partners and other stakeholders so we can continuously learn, adjust and improve.

Element 1: Assess and plan implementation

Our initial priority is to deliberately focus on the first commitment in the Policy: *“Transform[ing] our supply chain to be deforestation free while protecting native vegetation beyond forest.”* We are currently evolving our internal team to a permanent “Global Sustainable Soy Working Team” that represents all relevant businesses and functions across our company. This team is focused on internal alignment and implementation of the action plan. By the end of 2019, we will regularly post new materials on Cargill.com to provide transparency around our Policy and South American soy more generally. We will also equip our commercial teams to share the portfolio of Deforestation and Conversion Free (DCF) solutions we currently provide to our customers today. By May 2020, we will conduct on-site trainings for our commercial team leaders from origin and destination countries so they can better understand the sustainability challenges and opportunities involved.

Element 2: Understand supply chain risks

Our global supply chains constantly fluctuate as conditions change on the ground and in the market. As a starting point, we have classified Argentina, Bolivia, Brazil and Paraguay as high-risk origin countries and Uruguay as low-risk. Within these countries, the biomes of the Amazon, Cerrado, and Grand Chaco are considered high-risk, while other regions are deemed low-risk. The Matopiba region within the Brazilian Cerrado is the highest-priority sub-region at this time.

In June 2019, we will establish soy and soy-derivative mapping processes for all relevant Cargill businesses globally. During 2019 and 2020, we will complete single-point location mapping for our direct suppliers in high-risk areas of all countries in the region, as well as for any other non-Cargill facilities from which we take deliveries. We will publish our risk assessment methodology and an updated round of supply risk categorization by August 2019, with a risk assessment of supplier land conversion coming later in the year.

Element 3: Engage supplier partners

We are engaging with suppliers in a prioritized sequence according to our geographic risk assessments. This process, in turn, informs how we categorize suppliers by risk level and prioritize our actions. Our approach to engagement also depends on the type of supplier: farmers and producers, intermediary aggregators, and traders and processors.

By the end of 2019, we will deploy an updated farmer communication plan that covers all the topics related to the Policy, as well as good agricultural practices and the value of sustainability overall. This will be complemented by similar updated communications plans for our other categories of suppliers. By June 2020, we will develop a list of priority farmers and producers for deeper dialogue and action. A similar list of intermediary aggregators, traders and processors will be ready by December 2019.

Element 4: Deploy action levers

We recognize that as a leading company in food and agriculture, we must use our influence to help enact change. We take this role seriously. Our action levers are based on our beliefs regarding the most effective means to achieve the change that we and our stakeholders want, specifically, protecting forests and natural vegetation while enabling rural economic development.

Our approach acknowledges that farmers can be part of the solution to a variety of critical sustainability challenges facing society, including conserving native vegetation and mitigating climate change through soil health practices, water conservation, yield intensification and farm-level food waste controls. Agriculture has an important effect on a host of social and human rights issues such as rural economic development and the rights of workers, communities and indigenous peoples. Farmers themselves also have rights. We recognize that they may have legal rights concerning land conservation and agriculture. In order to positively influence land conversion practices, we promote the development of economic alternatives for farmers. In all of this, we believe that sector-wide transformation is the best pathway to success.

We will continue to use suspension as a lever when necessary. This includes suspending any suppliers who violate pre-existing embargoed or protected areas, who appear on government lists related to

forced-labor practices, or who engage in illegal operations. Cut-off dates for native vegetation conversion will be established in alignment with the industry. During 2019, we will upgrade our grievance management system related to the Policy to take into account the severity, extent and persistence of any grievance raised.¹ During 2020, we will improve our internal technology platforms so our commercial teams and others can more easily reference, track and update information about individual suppliers in our system, including data regarding their compliance with the Policy.

Market approaches can also be powerful change agents. We are providing US\$30 million in funds to accelerate economically viable options for farmers as alternatives to converting native vegetation. We are calling on others in the supply chain to join us.

Additionally, we will continue to work closely with policymakers and regulators to build better detection methods for non-compliance, maintain the progress we have already made as an industry, and serve as a resource on agricultural and sustainability issues.

Element 5: Advancing transformational partnerships

Partnership is at the heart of our plan, specifically collaborations with the potential to deliver long-term, sector- and landscape-wide transformation. We are working directly and multilaterally with all of our stakeholders to achieve the commitments within our Policy. We are collaborating with them to:

- Develop tools and methodologies to assess risks related to climate change and conversion of native vegetation, as well as new technologies to create greater transparency in the supply chain
- Disseminate good agricultural practices for farming operations and advance certification schemes that deliver greater value to farmers and customers
- Promote efficient and responsible water use
- Reduce food loss at the farm level
- Strengthen multi-stakeholder groups, platforms and forums that advance sustainable development in soy production, as well as effective environmental regulations to support the same
- Improve the social and economic situation of the communities where we operate

Element 6: Monitor, verify and report

This final element is crucial to ensuring that our actions have the intended impact. By the end of 2019, we will determine the optimal suite of monitoring tools, including exploring opportunities for joint monitoring. We also will conduct an analysis of existing verification approaches. We will identify a list of leading and lagging performance indicators relative to our Policy, incorporating the Soy Toolkit's categories of reporting. And we will publish the first of what will be semi-annual progress reports.

¹ Cargill will not tolerate retaliation against anyone who, in good faith, raises a concern or participates in an investigation.