

Progress Report
Mid-year update
2020

South American Soy



Table of Contents

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Our approach to soy sustainability

- 4 Letter to stakeholders
- 5 About Cargill
- 6 Our commitments and action plan

Progress on our action plan

- 9 Understand supply chain risks
- 12 Engage supplier partners
- 13 Deploy action levers
- 14 Advance transformational partnerships
- 16 Monitor, verify and report

In keeping with our commitment to regularly report on progress against our soy action plan, this report covers the first half of calendar year 2020 and is an update on our [first report](#) that was published in December 2019. All information in this report is for the first six months of 2020 unless otherwise noted. Our next report will be published in January 2021.





Our approach to soy sustainability

Letter to stakeholders



The world has changed dramatically since we published our first progress report just six months ago. And yet, although communities and organizations everywhere have been focused on responding to the [COVID-19](#) crisis, we at Cargill know that sustainability cannot wait. During the first half of this year, we have continued to steadily

pursue our objective of building deforestation-free supply chains. We have not wavered in our deep commitment to protecting forests and native vegetation in South America, or in our belief that this can be done in ways that are economically viable for farmers and local communities.

Roundtables like the Soft Commodities Forum and the Cerrado Working Group offer the best path forward to accomplishing this systemic change. Fundamentally, everyone involved is working toward the same thing. We must continue to sit together at tables like these and find practical

solutions. Even when a project or idea doesn't succeed, we can learn from it and develop something better. That's why we will keep engaging with farmers, customers, governments and others in the industry in a multi-lateral way.

As essential as these forums are, Cargill also is taking action on our own every day to drive progress. This includes direct engagement with our farmer partners, support for programs that will contribute to the transformation we want to see, and innovation within our business to enable us to more thoroughly track and report progress. Examples of all of these are included in this mid-year update.

I wrote in our first progress report that transformation will not be simple. That remains true. Each part of the value chain has a role to play – from farmers all the way to consumers – and we need everyone to join in. There is hard work ahead, but Cargill is confident that together we can achieve the outcome we all want: a world where both agricultural communities and the natural environment can thrive.

John Hartmann
Global Sustainability Lead for Agricultural Supply Chains

June 30, 2020

Key achievements so far this year

- For the first time, we calculated the estimated share of our soy in Brazil grown on land that is deforestation- and conversion-free (DCF), using 2008 as a reference point
- We completed mapping of our Brazil supply chain with georeferenced single points six months ahead of schedule
- We expanded our direct engagement with farmers in Brazil, including the launch of a new partnership with the largest farmer association in the state of Bahia
- We continued to grow our Sustainably Sourced and Supplied (Triple S) certification program in Brazil and Paraguay, providing a larger market for soybeans grown through verified sustainable methods

About Cargill

Our purpose is to nourish the world in a safe, responsible and sustainable way.

160K
employees

Working in
70
countries

With more than
150
years of
experience

Delivering for
customers in
more than
125
countries

Supporting
communities with
350
Cargill Cares
Councils

We aim to be the
**most trusted
partner** for food,
agriculture, financial
and industrial
customers.

Our business

Every day, we connect farmers with markets, customers with ingredients, and people and animals with the food they need to thrive.

We provide insights to our partners



We transform raw materials into finished goods



We move products around the world



For farmers

We supply feeds, other inputs and expertise to farmers, and buy crops and livestock from them



For customers

We deliver finished goods to customers in the foodservice, retail, consumer packaged goods and industrial sectors



How we work

Our integrated operating approach enables our businesses to provide industry-leading products and services in their specific sectors while also drawing on the full world of Cargill's expertise. We deliver this expertise locally, quickly and reliably through world-class capabilities and operations everywhere we do business. Our global functions equip our businesses to do this effectively and efficiently by providing process governance and deep subject matter expertise on issues that affect us, our customers and other partners.

Cargill's Executive Team is responsible for the company's strategic direction, talent development and overall financial performance. Led by Chairman and CEO David MacLennan, members of the Executive Team represent all of Cargill's enterprises, as well as major global functions. They use a diverse set of experiences from both inside and outside of the company to lead and achieve results.

Our Guiding Principles

Doing business ethically is key to our long-term strategy and relationships. Our seven Guiding Principles make up the core of our Code of Conduct. We require all employees and contractors to follow them, and expect our suppliers to do the same.

1. We obey the law.
2. We conduct our business with integrity.
3. We keep accurate and honest records.
4. We honor our business obligations.
5. We treat people with dignity and respect.
6. We protect Cargill's information, assets and interests.
7. We are committed to being a responsible global citizen.

Our commitments and action plan

Cargill is committed to transforming our supply chains globally to be deforestation-free by 2030, including soy in South America. Our updated [global forest policy](#) applies to all of our supply chains. It lays out our overarching approach to achieving this target. It is founded on our belief that farming and forests can and must coexist. Finding solutions for this equation is what we and our partners are striving to achieve.

Our businesses source soy from all of the major growing regions in the world. We are focused on South America for a few reasons. First, the region has grown rapidly in the last few decades to become a major source of the world's soy. Second, this growth has underpinned many local, rural economies. And third, the region is home to vital landscapes such as the Amazon, Cerrado and Gran Chaco biomes that must be protected.

Our theory of change rests on three core concepts:

- Supply chain traceability and mapping efforts should be risk-calibrated
- Prioritization should direct resources toward the highest-risk supplies from the highest-risk areas
- Sector-wide transformation is necessary to truly protect vital ecosystems

We have made four commitments to do our part for sustainable soy from South America:

Transforming our supply chain to be **deforestation-free** while protecting native vegetation beyond forests

Promoting **responsible production**, which benefits farmers and surrounding communities

Respecting and upholding the **rights of workers, indigenous peoples and communities**

Upholding the **high standards of transparency** through reporting of key metrics, progress and grievances

Read more in our [Policy on Sustainable Soy - South American Origins](#).

We are doing our part to help lead the soy sector forward to a sustainable future. Broad partnerships are needed to create the transformation we all want to see. At Cargill, we are working in real time to make progress with our partners, including farmers, customers, NGOs, government agencies and industry forums. Close collaboration with each of these groups is at the heart of the [soy action plan](#) we published in June 2019.

This approach to building a sustainable, deforestation-free supply chain for soy in South America is anchored in [The Soy Toolkit](#) created by Proforest, adapted for the specifics of our business and what we have learned doing similar work in other geographies and supply chains. Regarding risk assessment overall, land conversion is our primary filter in order to protect natural landscapes.

The six elements of our action plan

Assess and plan implementation



Defining our policies, action plans and key performance indicators, and training our internal teams so they can help advance them

Understand supply chain risks



Identifying the sources of all our soybeans in South America and the risks of deforestation in those areas, through mapping and analysis

Engage supplier partners



Working closely with farmers to provide them with resources, make sure their concerns are addressed and enlist them in leading the sector's transformation

Deploy action levers



Spurring progress by building solutions that curb deforestation and provide farmers with alternatives as they seek to maintain their livelihoods

Advance transformational partnerships



Engaging with many stakeholder groups, including farmers, processors, traders, NGOs and governments, to create lasting protection for forests and native vegetation

Monitor, verify and report



Using advanced systems to confirm that the change we want to see is taking place, promote transparency and take corrective action when needed



Progress on our action plan

Mapping our supply chains

We are currently identifying the locations of the farms for all of our direct suppliers and the points of procurement for our indirect suppliers in the countries that contain the high-risk biomes of the Amazon, Cerrado and Gran Chaco, as well as Uruguay, using georeferenced single points. We aim to complete this process in 2020 and have already done so for Brazil, which represents the largest share of our soy supply chain in South America. Sharing a summary of this information is part of our effort to increase transparency about that supply chain. Numbers on this page are for the 2018-19 crop year or comparable period, depending on the country.



Sources for industry data: OECD-FAO, USDA



South America's major biomes

The Amazon, Cerrado and Gran Chaco biomes cut across several countries. In order to understand them in the context of our supply chain mapping, it's important to recognize that they are vastly different in terms of their natural characteristics and the local communities that depend on them. The Amazon is the world's biggest tropical forest, home to an immense amount of biodiversity as well as indigenous cultures. Soy farming occurs mainly around its edges. Meanwhile, the Cerrado is a savannah that stretches across Brazil's agricultural heartland. Farming activity here serves as the backbone for local economies and 46 million inhabitants.¹ The Gran Chaco spreads across parts of Argentina, Bolivia and Paraguay. It is the continent's second-largest forest, home to important biodiversity and many different communities as well.

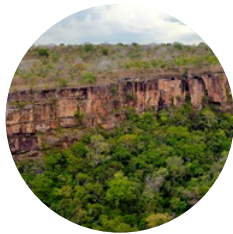
The Amazon



83%
of native
vegetation
still intact²

<2%
of soy planted today
is on land that was
native vegetation in
2008, none of which
enters Cargill's
supply chain³

The Cerrado



52%
of native
vegetation
still intact⁴

7%
of areas cleared of
native vegetation
between 2014 and
2019 had soy on them
for the 2018-19 crop⁵

The Gran Chaco



77%
of native
vegetation
still intact⁶

<1%
of areas cleared of
native vegetation
since 2008 had
soy on them for the
2018-19 crop⁷



Sources: 1. [Embrapa](#); 2. [Brazil's Ministry of the Environment](#); 3. [ABIOVE](#); 4. [Funcate](#); 5. [ABIOVE](#); 6. [FAO and UNEP](#); 7. [Global Forest Watch](#)

Engage supplier partners



Working with farmer associations

The Associação de Agricultores e Irrigantes da Bahia (AIBA) is the largest producer association in the state of Bahia, which is one of four states in the Matopiba region that includes much of the Cerrado. The western part of the state is home to forests, savannah and water resources, as well as a growing agricultural economy. Since the start of this year, we have stepped up our engagement with AIBA and its members, which culminated in us signing an agreement to jointly develop projects and programs that will help expand sustainability in the region. Our work together will provide area farmers with better access to resources and information on sustainable farming methods and more ways to improve social, environmental, economic, and health and safety indicators. Together, we also will strengthen local communities.

Two projects this year will launch our new partnership with AIBA. The first will help teenagers in the municipality of Barreiras get agronomic and entrepreneurial training while also supporting them to stay in school. Participants will work at an established school farm to prepare for potential future careers in agriculture while also studying modules on environmental education, business management, and community problem-solving. The second project will focus on technology transfer for the local producers who grow much of the fresh produce and other food that is consumed

locally. We have a target of providing 100 of these farms with irrigation technology so they can use less water as they grow nutritious food for their communities.

Cargill will provide financial support for these projects. They are a first step in what we believe will be a much broader collaboration for the region's future.

Expanding the supply of sustainable soy

Our Triple S program sources soybeans from farms that are certified to be entirely DCF and to meet exceptionally high standards for agricultural practices, labor and environmental impact. Farmers continuously improve their operations through technical assistance from nonprofit partners. We believe this independently verified program has the potential to significantly change the supply chain for soy from South America.

This year, thanks to a substantial increase in demand from customers for Triple S soy, we are growing the program in Brazil. Participating farms are receiving technical support from our partner Instituto BioSistêmico. And because of the higher demand, we are able to command a premium from the market that we are sharing with these producers.

As mentioned in our previous report, we also have expanded Triple S to Paraguay. Today, we have enrolled more than 180 farms, all of which are now receiving training through our partner, Solidaridad. During the COVID-19 pandemic, the farms have continued to receive technical support that is now being delivered digitally.

Fuel for the world

To help provide sustainable soy-based biodiesel to the global market, Cargill has worked extensively to get farmer suppliers and our own operations in Brazil, Argentina and Paraguay certified under the 2BSvs scheme, meaning the soy they produce and handle is DCF. In Paraguay, we partnered this year with a local farmer cooperative to help it navigate the certification process, which is enabling us to source greater volumes of 2BSvs-certified soy and meet growing



“Cargill is devoting serious investment in Paraguay to achieve sustainability goals and reduce the business carbon footprint. The Triple S project has a great impact on the soy value chain because it tackles all the pillars that we need to focus on in order to walk towards a sustainable path.”

Alma Acosta, program manager for Solidaridad Paraguay

demand. We also have expanded this work to Bolivia for the 2019-20 crop, undertaking a similar certification effort for our own facilities and those of some of our supplier partners.

Meeting customers' sustainability needs

The Netherlands-based ProTerra Foundation offers certifications for segregated soybeans that meet specific criteria such as being non-GMO, as well as certain sustainability standards like being DCF. With rising demand for ProTerra-certified soybeans from our customers in Europe, this year we established a segregated ProTerra supply chain as part of our portfolio of sustainable soy offerings. This supply chain flows from certified farms in western Brazil over more than 2,000 kilometers of roads and rivers, through our port in Santarém to customers waiting on the other side of the Atlantic Ocean.

Deploy action levers



Accelerating climate solutions

The \$30 million fund that we announced in 2019 is now establishing partnerships to develop solutions that help protect forests across South America. To administer the fund, we selected Chemonics International, a trusted international development organization with experience in more than 150 countries and a strong track record operating in complex environments. Chemonics will provide sound financial management, strong technical oversight and a far-reaching network to attract additional partners to the fund. We are working diligently to draw applications from startups and innovators with the best ideas that can be brought to scale.

As a first step in this regard, we are partnering with Brazil-based nonprofit Climate Ventures on three related projects that will accelerate our work locally during the second half of this year. Climate Ventures has played a significant role

in developing an ecosystem for green entrepreneurship in Brazil that will contribute to the decarbonization of the nation's economy. Our first project with Climate Ventures will be a study of that innovation ecosystem so that we have a map of the more than 500 climate-related startups at work in Brazil today and the areas where they are focused. We expect this study to be published later this year.

Secondly, our two organizations are joining with ClimateLaunchpad, the world's largest green business ideas competition, to sponsor and coordinate a contest locally in Brazil. To be held later this year, the competition will include a boot camp and mentoring sessions to help startups accelerate ideas that have the potential to positively impact agriculture, land use, water management, logistics and more.

The competition will culminate as part of the agenda for a climate-oriented conference, the third project in our collaboration. In addition to promoting the winning projects and startups from our accelerator contest, the event will feature programming hackathons, exhibition spaces and panel discussions. It also will connect startups and innovators with investors, companies and policymakers. We are currently working to schedule this event for the second half of 2020 or in early 2021.



Effective enforcement

To make sure that soy does not enter our supply chains from farming operations accused of illegal deforestation or slave labor in Brazil, we have built a robust system of controls. On a daily basis, this system consults government lists of embargoed farms and blocks them so they are not eligible to sell soy to us. Our system also consults lists of non-compliant farms managed by the Soy Working Group (GTS) based on the Amazon Soy Moratorium ([see page 16](#)), as well as voluntary programs managed by the state of Pará such as the Green Grain Protocol.

When a farm is blocked in our system for being on one of these lists, we also block other farms registered to the same person or entity either in the local area or the entire country, depending on the violation involved. These affiliated farms are only unblocked once we have conducted an analysis to ensure that soy from the violating farm is not being rerouted and sold to us through an affiliated operation. They are re-evaluated with each new crop season to ensure that they are still complying.

Our local commercial teams have been fully trained on these tools and procedures. Recently, we convened these commercial teams to identify ways that we can continue to improve this system, to provide even greater assurance that the soy we buy was produced responsibly.

In the first half of 2020:

419 farms
were blocked

139 additional operations
were analyzed to avoid rerouting
of embargoed soy

Advance transformational partnerships



Continuing to share expertise

We are working with our [Land Use and Forest Sustainability Advisory Panel](#) to exchange learnings, challenge our own thinking and build momentum for bold new ideas. The members of this panel come from many different backgrounds and geographies, and they represent environmental, academic and farmer organizations.

We held the second and third [meetings](#) of this panel in January and June, where Chairman and CEO David MacLennan, Chief Sustainability Officer Ruth Kimmelshue, and other Cargill leaders shared recent actions by the company. These actions included a deep dive into Brazil's soy supply chain by Cargill's top 100 leaders, which looked at the complexities related to sustainability and how the company can build greater understanding and alignment across all our businesses and regions for soy originating from South America.

Panelists shared perspective on topics such as farmer engagement, the role of government and incentive structures along the supply chain. The panel also pushed Cargill

to communicate with greater transparency about the impact of our actions. The expanded metrics in this report reflect that encouragement from the panel.

We had intended to convene the June panel in Brazil, so that panelists could meet farmers and other participants in the supply chain, view the situation on the ground first-hand and use those experiences to catalyze new ideas. Although we were prevented from doing so by the COVID-19 pandemic, we still aim to hold a future panel in Brazil.

Collaborating on progress in Argentina

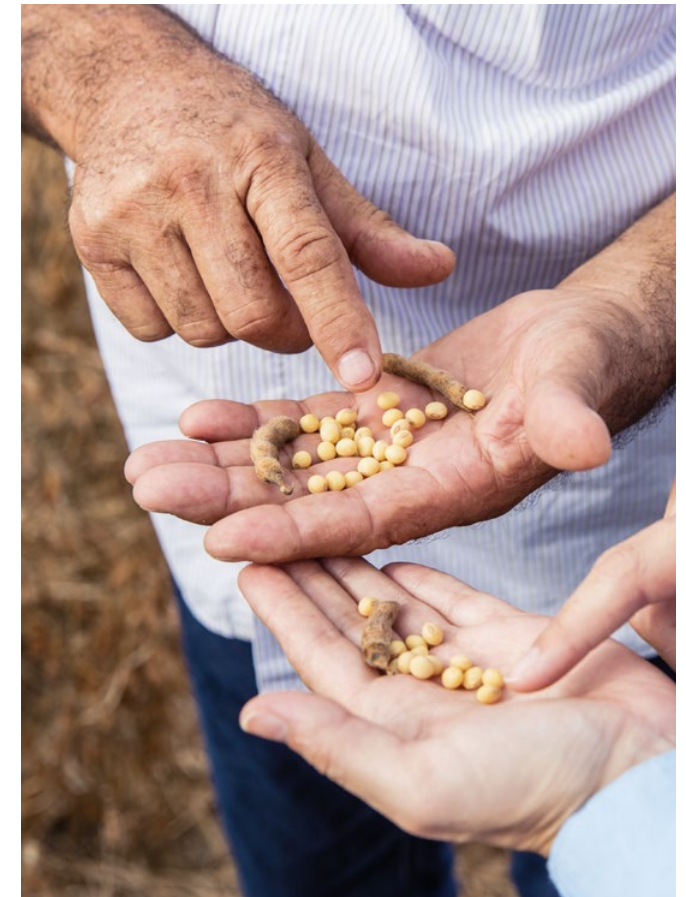
Unlocking new solutions requires different organizations to share knowledge and get a broad view of the challenges. In recent months, we have participated in discussions to help define and build mechanisms that can move the soy sector forward in Argentina.

The first of these was a proposal for a carbon neutral program. Developed by participants in the soy value chain, the edible oils industry association CIARA and others, the Programa Argentino de Carbono Neutro would establish guidelines for calculating emissions from agricultural practices and manufacturing, as well as a market for environmental bonds. We support this proposal and are hopeful that it will move forward soon.

The second was a sector-wide discussion led by The Nature Conservancy and commodities consultant Peterson to gain a deeper understanding of the Gran Chaco biome and how it can be preserved. The discussion helped participants understand how different legislation in various provinces affects the biome, to what degree soy cultivation may be a driver of deforestation, and how industry affects both local communities and landscapes. All of this will help the soy sector build a data-driven, science-based approach to protecting this vital natural resource.

In Bolivia, a new agreement

With the larger objective of helping this growing country meet both its agricultural and environmental goals, we signed a letter of intent to participate in a roundtable that includes ANAPO, the national association of oilseed producers, as well as others from the public, private and non-profit sectors. Managed by Solidaridad, this roundtable seeks to equip farmers with resources to grow their productivity while managing land in a sustainable way that protects native vegetation. It also helps farmers understand and comply with relevant legislation intended to achieve the same outcomes.



Partnering on restoration

Returning vitality to degraded lands can offer communities a pathway to stronger livelihoods and natural resources through innovative business models across South America. To pursue this potential, we have extended our partnership with World Resources Institute in support of their role as secretariat to [Initiative 20x20](#). This country-led effort seeks to change the dynamics of land degradation in Latin America and the Caribbean, and bring 50 million hectares of land into restoration by 2030 with participation from a broad network of government agencies, technical organizations, impact investors and private companies.

During the course of our three-year partnership, Cargill and WRI will work together to support the scale-up of restoration productive projects that are already being successfully implemented through Initiative 20x20 at a smaller scale in the Brazilian Cerrado and Amazon, Paraguay, and northern Argentina. The ultimate target of accelerating these rural businesses is starting to restore 500,000 hectares of degraded land by 2025 by fostering sustainable investment opportunities. Restoration helps combat the climate challenge – by improving adaptation and resilience – and safeguards biodiversity, water sources and fertile soils while creating green jobs and growth for rural communities.

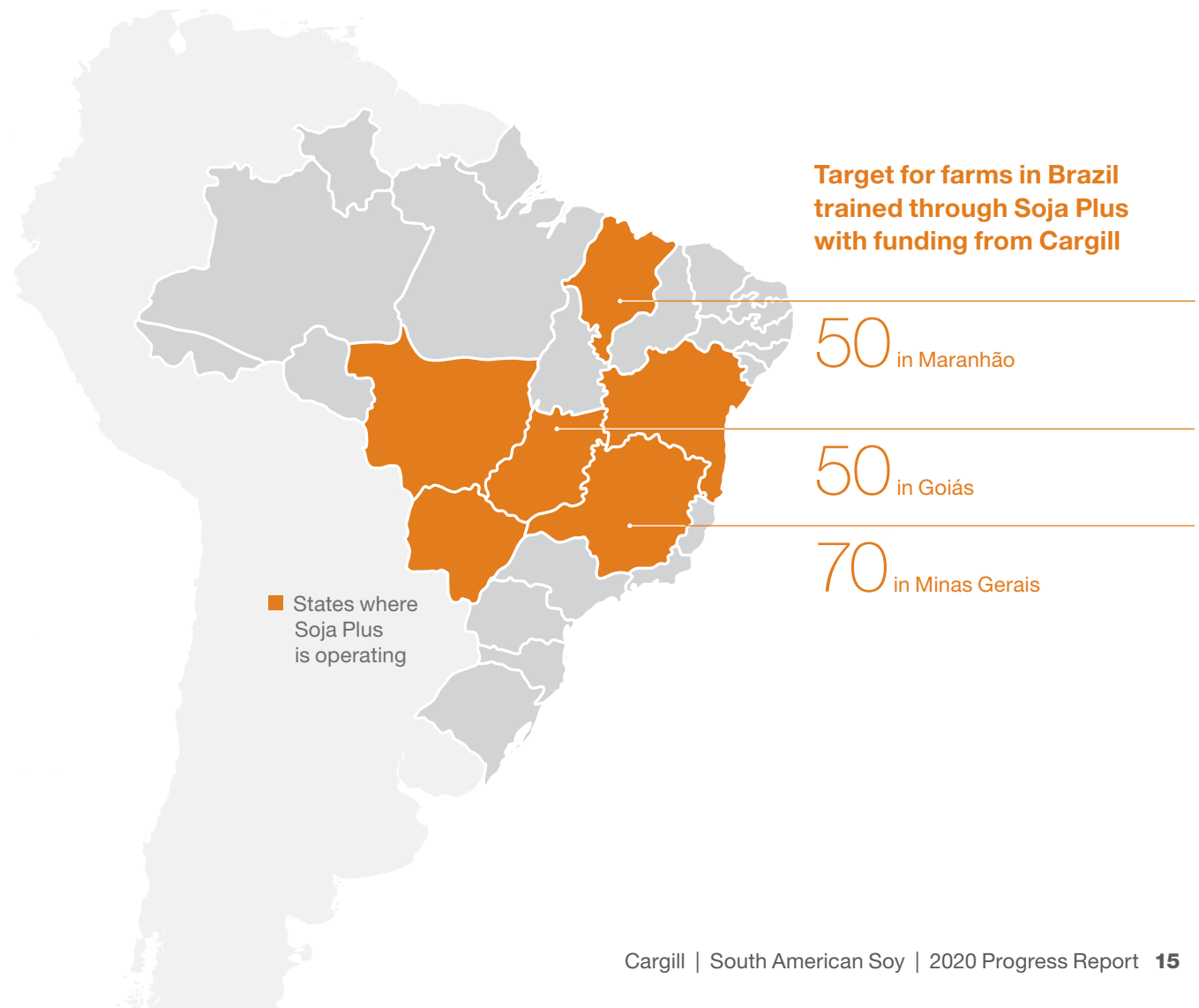
Creating data-driven transparency

To aid the understanding of the situation on the ground across South America, we have continued to contribute to broad efforts to gather and report data. This includes a [newly released report](#) from the Soft Commodities Forum, part of the World Business Council for Sustainable Development. And it includes a [new analysis](#) of deforestation and land use for the Cerrado biome published by the Brazilian Association of Vegetable Oil Producers (ABIOVE). Both help the scientific community, consumers and others get a better view on the relationship between agricultural activities and natural resources like forests.

Soja Plus

Organized by ABIOVE and funded in part by Cargill, this free and voluntary educational program helps farmers comply with federal regulations. By continuously improving how they manage the economic, social and environmental aspects of their operations, these farmers contribute to the resilience

and long-term sustainability of the soy sector. Technical experts visit participating farms to monitor performance and provide coaching. This year, our funding helped expand Soja Plus to the state of Maranhão in partnership with ABIOVE and Viçosa Federal University.



Monitor, verify and report



Communicating our process for grievances

Since our last report, we have [published details](#) of our strengthened grievance process for people or organizations to call out when they see something they feel is not right in our operations or supply chains. This lays out a transparent mechanism for us to review, address and monitor any concerns as they are raised to us in relation to compliance with our [soy policy](#). It applies to both our direct and indirect suppliers across Brazil, Argentina, Paraguay, Bolivia and Uruguay.

We do not tolerate retaliation against anyone who, in good faith, raises a concern or participates in an investigation or whistleblowing. We prohibit harassment, intimidation

58
soy-related grievances were reported in
our system during the first half of 2020

72%
of these were unrelated to
our supply chain or operations

and the use of violence by any employee, supplier or third-party contractor throughout engagement in our grievance process. Additionally, all suppliers are subject to Cargill's [Supplier Code of Conduct](#) and our [Policy on Forests](#).

Continuing to protect the Amazon

In 2006, Cargill worked with others in the soy industry, environmental NGOs, local governments and more to establish the Soy Moratorium. This voluntary commitment says that we will not buy soy from farmers who cleared land in protected areas of the Amazon biome after 2008, even if this deforestation is legal. The moratorium has been credited with helping to drive a significant decline in deforestation rates following its enactment.

After more than a decade, the Soy Moratorium continues to operate effectively as a protection for the crucial landscapes of the Amazon. The [latest report](#) detailing this effort shows that soy accounted for only 1.5% of the total deforestation

in the Amazon biome from 2008 through the 2018-19 crop year. Instead, soy production in the biome has undergone a significant shift onto land that had been cleared prior to the moratorium's implementation, demonstrating that effective mechanisms can be built to allow farming and forests to coexist.

Cargill remains unwavering in our commitment to the Soy Moratorium in the Amazon as a crucial means of protecting that biome. Independent audits of our soy purchases also confirm that no soy enters our supply chain from producers who do not comply with the moratorium.

Sharing your feedback

Having now completed two progress reports against the action plan we published a year ago, we would like to hear your feedback. Please [share your thoughts by email](#) so we can expand the perspectives we use to continuously improve our processes and policies.





thrive

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