



Palm Oil Sustainability Report 2020

Advancing palm oil sustainability

Protecting forests and human rights in our supply chain

Within our own operations, throughout our supply chain and across the industry, we continue moving forward with our efforts to protect forests, end clearance of peat and address human rights issues related to palm oil production. This report provides an update on our progress and looks ahead to what still needs to be done to fulfill our commitment to build a transparent, traceable and sustainable palm oil supply chain.

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Published August 2021

This report covers progress during 2020 (calendar year).
All photos were taken before the COVID-19 pandemic.





Our approach

to palm oil sustainability

Letter to stakeholders



Robert Horster
Global Sustainability
Lead for Agricultural
Supply Chains,
Food Ingredients and
Bioindustrial

Advancing palm oil sustainability

Our vision is for Cargill to become the most trusted partner in sustainable palm for our key stakeholders. To earn that distinction, we are tackling sustainability challenges directly and through collaboration, focusing holistically on environmental and social sustainability.

To guide us in meeting our sustainability commitments, we have a clear governance structure* for sustainability across Cargill, starting at the top and reaching down into each of our supply chains, including palm oil, to help ensure consistency and accountability. Over the past seven years, we have refined our approach to traceability and supplier engagement, updated our grievance process, increased the accuracy of our monitoring programs and launched landscape initiatives to address challenges that span physical and political boundaries and involve multiple commodities.

Adapting to challenges

Like all businesses around the world, our progress was affected by COVID-19 restrictions. Pandemic limits on travel presented obstacles to on-the-ground gathering of data and prevented in-person engagements with suppliers and smallholders. These limitations affected our work with suppliers, particularly small and medium sized entities who still need to be engaged directly to adopt sustainable practices in line with our “No Deforestation, No Peat and No Exploitation” (NDPE) requirements. We also took steps to ensure the health and safety of our employees, their families and our contractors. At the same time, we adapted our approach to continue moving forward wherever possible, using technology to interact remotely, collect data and share information.

2020 achievements

Despite the challenges of 2020, we have many accomplishments to share in this report. We made great strides in the area of verification, both through our leadership role in the Palm Oil Collaboration Group’s (POCG) work to advance the [NDPE Implementation Reporting Framework \(IRF\)](#) and through our development of the [Cargill Environmental Compliance Verification Guideline](#). Our verification guideline, which goes beyond IRF data verification to also facilitate field verification, helps to provide our customers and other stakeholders greater transparency and accountability in the way we deliver on our NDPE commitments and how we report progress. We also completed the first year of implementation activities with our existing landscape initiative in Indonesia and launched our second landscape initiative in Latin America where we are focusing on scaling up NDPE implementation in Colombia’s Lebrija River Basin and one of its subbasins. These initiatives bring together stakeholders across multiple sectors to address common environmental and social issues.

We developed a digital customer portal to improve the transparency of our palm oil supply chain by showcasing sustainability data more effectively. We began pilot testing this portal, called PalmWise, with a small group of customers in February 2021 and will continue to introduce it more broadly and add more capabilities.

We also expanded our segregated sustainable palm oil capacity in North America in November 2020 to help our customers meet their sustainability commitments with palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO).

(continued)

*Governance details available at <https://www.cargill.com/sustainability/palm-oil/policy-commitments>

Looking ahead

As we continue moving forward with our efforts to transform our supply chain and influence practices across the broader palm oil industry, we are focusing on several key issues:

Deforestation outside concessions

While deforestation within commercial palm concessions has been significantly reduced – including in Indonesia where deforestation dropped from 40% beginning in 2008 to less than 15% in 2016 – smallholders continue to clear land beyond commercial concession areas where they plant palm and sell their fresh fruit bunches to mills that are not NDPE compliant. We helped to convene the Production Protection Beyond Concession (PPBC) Action Group, part of the Palm Oil Collaboration Group, in 2020 to design and implement new approaches for addressing this deforestation and supporting rural livelihoods in Indonesia and Malaysia. That work continues in 2021.

Human rights due diligence

We worked with Verité Southeast Asia to develop our human rights strategy for our palm supply chain in addition to reviewing our systems in our plantations. We are also collaborating with others through the Consumer Goods Forum and POCG to improve efficiency and effectiveness as we collectively scale up tools and resources to address labor and human rights issues across the palm industry.

Leakage markets and models of incentivization

Together, the industry must address the problem of “leakage” markets (buyers who do not enforce NDPE standards) by finding new ways to incentivize smallholders and other suppliers to follow NDPE guidelines. Cargill is evaluating ideas, including mentoring suppliers to help them pursue remediation and gain access to support services and financing to help them get on the path toward compliance.

Independent verification

We will scale up approaches for tracking progress and demonstrating NDPE compliance, including IRF and the Cargill Environmental Compliance Verification Guideline, in addition to supporting our supply chain partners in becoming RSPO certified.

As we focus on meeting our own sustainability goals and advancing collaborative efforts, we will continue moving the industry to the next level of transparency and sustainability.



Robert Horster

Global Sustainability Lead for Agricultural Supply Chains, Food Ingredients and Bioindustrial

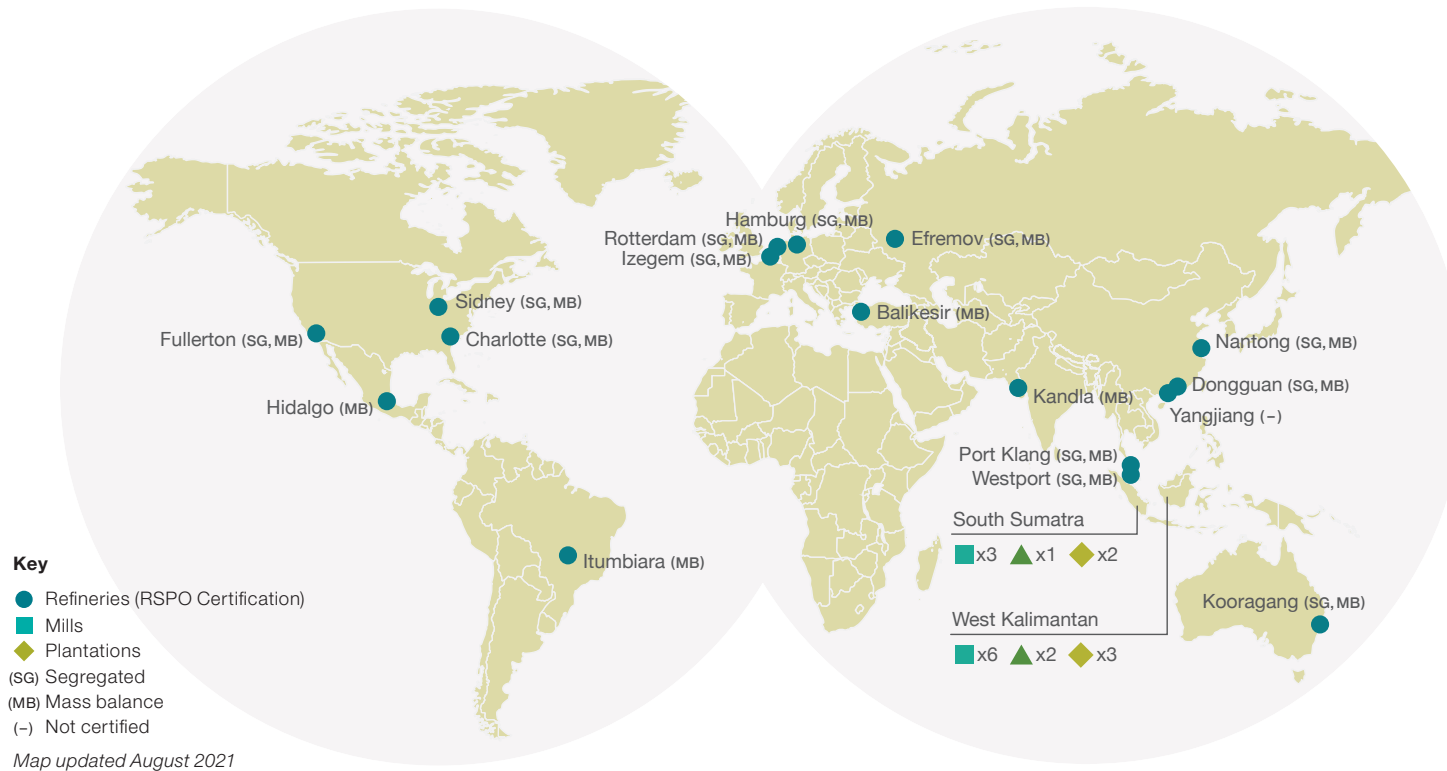
Cargill palm sustainability timeline




Cargill palm oil operations

Cargill operates a global palm oil supply chain with physical assets in the form of plantations, palm oil mills, kernel crushing plants and refineries. As a trader of major commodities around the world, our key activities in the palm supply chain include sourcing, trading and refining oil from third-party mill suppliers¹. We buy some of the oil directly from mills; the majority of the oil is sourced indirectly via traders and refiners on the open market. We also purchase from smallholders through cooperatives and indirectly from independent smallholders.

¹ Our mill list can be found on our [Palm Sustainability Dashboard](#).




 **17** Refineries

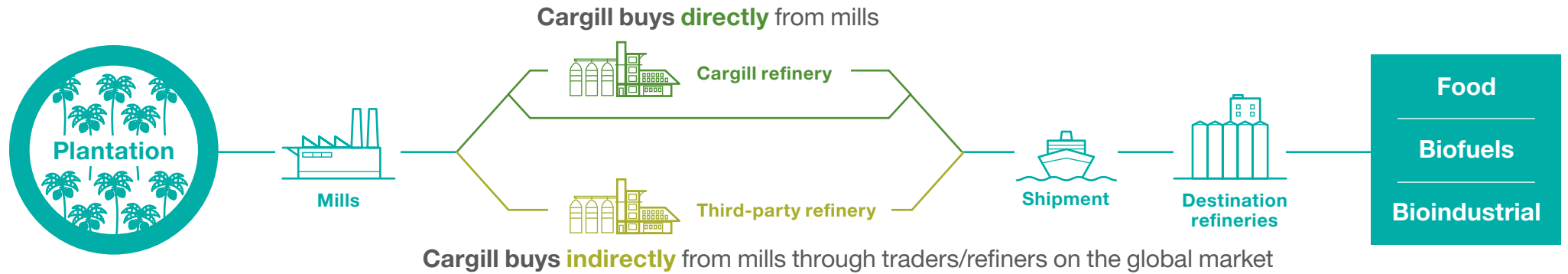
 **12** Mills
Includes palm oil mills and kernel crush plants

 **5** Plantations

 **22,000** Smallholders
Cargill partners with 22,000 smallholders (plantations <2ha)

Not part of Cargill operations
 **1,631** Third-party mills

Our palm oil supply chain



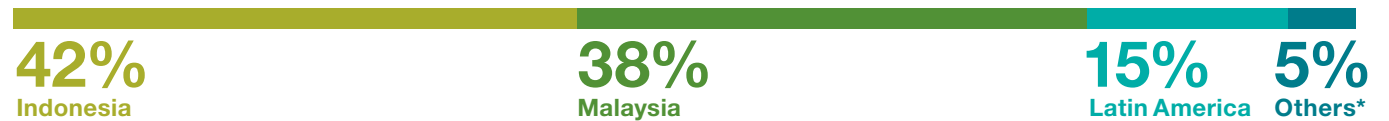
Proportion of RSPO certified volumes out of global volumes

17% of all Cargill volumes physically certified (RSPO segregated and mass balance)

38% RSPO segregated sold in Europe

10% RSPO mass balance sold in Europe and US

Origin of the volumes at destination



*Thailand and Papua New Guinea

Direct and indirect mills sourcing (volumes)



Our commitments

See more details in the [About Cargill](#) section of this report.



Protect forests



Protect human rights



Help ensure a traceable, transparent and sustainable palm oil supply chain

Protect forests

We are taking steps to protect forests in our palm oil supply chain in line with the High Carbon Stock Approach (HCSA) and consistent with Cargill's companywide commitment detailed in our [Forest Policy](#).

Protect human rights

We treat people with dignity and respect, provide equitable, safe and supportive workplaces and take action to promote human rights in our supply chains as described in our [Human Rights Commitment](#).

Help ensure a traceable, transparent and sustainable palm oil supply chain

Cargill's commitment to producing and sourcing palm oil in an economical, environmentally sustainable and socially responsible manner is detailed in our [Policy on Sustainable Palm Oil](#). In accordance with "No Deforestation, No Peat and No Exploitation" (NDPE) practices, Cargill commits to a supply chain that:

- Protects high conservation value (HCV) areas, high carbon stock (HCS) forests and peatlands regardless of depth
- Respects and upholds the rights of workers, indigenous peoples and local communities
- Enables smallholders to become successful businesspeople, improving their livelihoods through responsible production, maximizing yields and improving quality
- Upholds high standards of transparency through reporting of traceability, time-bound implementation plans, resolving grievances and achieving third-party verified policy compliance

The U.N. Sustainable Development Goals

Cargill is committed to using our global reach within the agriculture, food and nutrition sector to help achieve the U.N. Sustainable Development Goals (SDGs), which are aimed at ending poverty, improving food security, promoting gender equality, advancing sustainable economic development, addressing climate change and ensuring prosperity for all. For more information visit [Cargill.com/SDGs](#).





Our progress

2020 goals and
achievements

2020 impact dashboard

Protecting forests and human rights

Based on 2020 calendar year

Goal

Key performance indicators

Progress

More info

Cargill plantations



**Cargill-owned mills/
plantations (and
smallholders supplying
to them) compliant with
NDPE policy**

Percentage of mills, plantations and managed smallholders RSPO certified

●●○ 92% of mills
●●○ 82% of plantations
●●○ 71% of managed
smallholders

[page 14](#)

Percentage of fresh fruit bunches (FFBs) originate from
NDPE-compliant sources

●●● 100%

Percentage of Cargill operations and surrounding communities
covered by a fire prevention and awareness program

●●● 100%

Third-party supply chain



Traceability

**Traceability to
plantations by 2020 in
high-priority landscapes**

Percentage traceable to plantation level
(We began transitioning to a risk-calibrated approach in 2019)

●●○ 52%

[page 21](#)



**Monitoring
and
verification**

**NDPE compliance
verified across Cargill
supply chain**

Percentage of supply chain covered by satellite and/or radar monitoring
(New verification KPI to be introduced in 2021)**

●●○ 98%* monitoring

[page 24](#)

●○○ New
●●○ In progress
●●● Achieved (100%)

(continued)

*The change in percentage of mills covered by satellite monitoring was due to the addition of new mills linked to Cargill's supply chain toward the end of the reporting year and further developments being made in our internal satellite monitoring system, supported by Descartes Labs, where the process to integrate new mills takes time. In 2021, these mills will be part of the scope of satellite monitoring for our internal monitoring system.




**We finalized our verification protocol in 2021. We will begin piloting this approach with a few suppliers this year and will provide metrics for this KPI in future reports.

2020 impact dashboard

Protecting forests and human rights

(continued)

Based on 2020 calendar year

	Goal	Key performance indicators	Progress	More info
 Grievances	Report on all grievances in our supply chain transparently and publicly	Percentage of verified grievances have an action plan	●●○ 83%	page 26
		Updates provided on management and monitoring	●●● 100%	
 Supplier engagement	Direct and indirect suppliers compliant with NDPE policy	Direct mills Percentage of direct mills formally aligned with our NDPE policy	●●○ 89%	page 29
		Percentage of direct mills have completed self-assessments	●●○ 78%	
		Percentage of direct supplier high-priority mills assessed and covered by continuous improvement plan	●●○ 49%*	
		Direct traders/refiners Percentage of direct suppliers (traders/refiners) with credible NDPE policy and implementation plan to cover their mill supply base	●●○ 76%**	
 Landscape initiatives	Common environmental, land and labor issues addressed through relevant landscape programs and case studies	# of landscape projects	●●○ 6	page 33

●○○ New
 ●●○ In progress
 ●●● Achieved (100%)

(continued)

*Progress among direct, high-priority mills (based on risk-calibrated approach) that have undergone either self-assessment or field assessment and have a continuous improvement plan.








**Progress among direct suppliers (traders/refiners) that have a credible NDPE policy and implementation plan at the group level to cover their mill supply base.




2020 impact dashboard

Protecting forests and human rights

(continued)

Based on 2020 calendar year

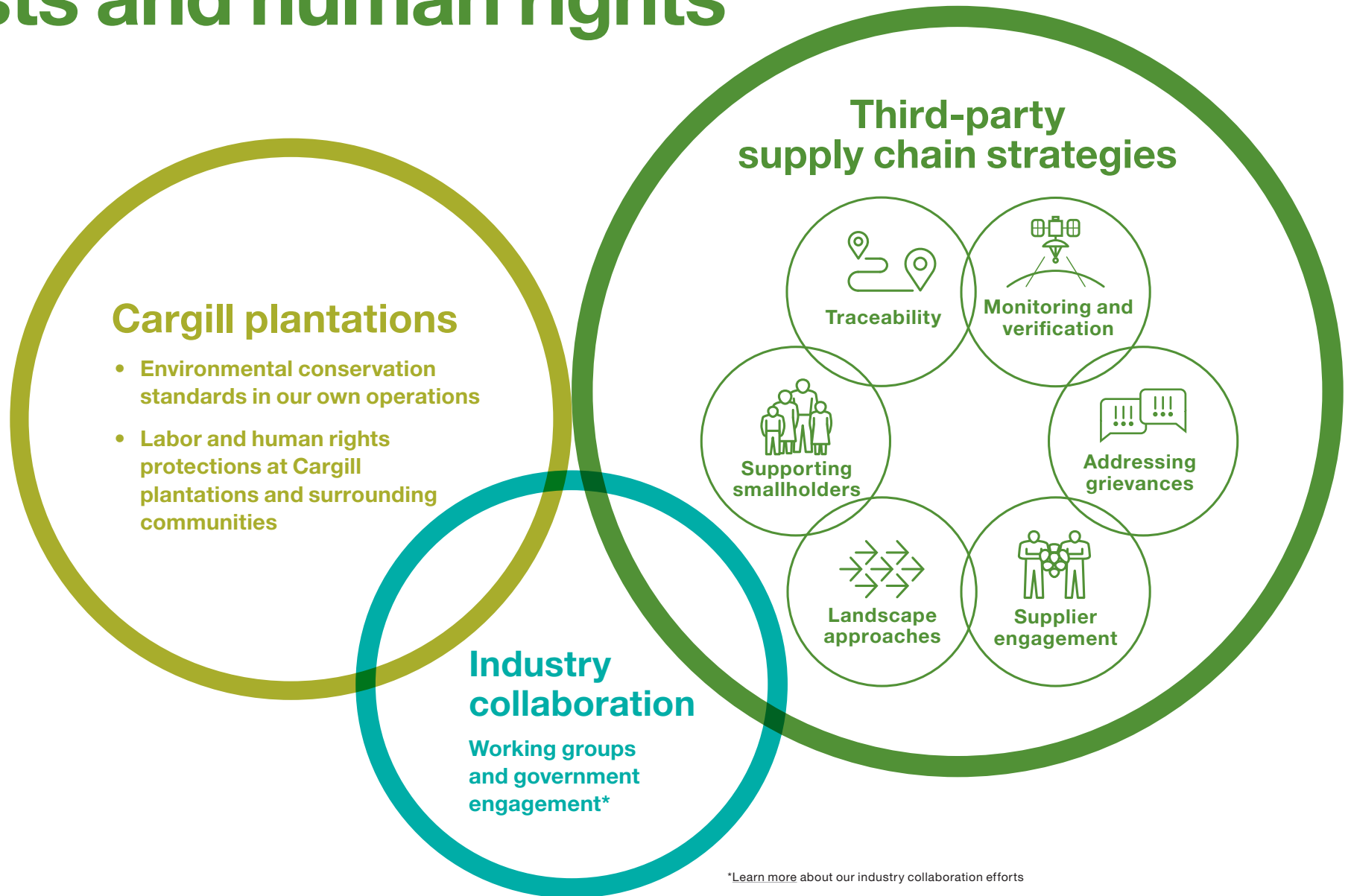
Based on 2020 calendar year	Goal	Key performance indicators	Progress	More info	
	Addressing labor and human rights issues	Human rights protected in Cargill supply chains*	Percentage of direct suppliers that have human rights commitments in their NDPE policy	 84%	page 37
	Smallholders	Smallholders included in supply chain and their livelihoods improved	Number of farmers certified in a Cargill program** Number of farmers preparing to attain certification in a Cargill program Number of direct mills which performed an assessment of their smallholder supply base and engage smallholders in sustainable practices Projects aiming to improve farmer livelihoods	 356  3,699  16  8	page 39

 New
 In progress
 Achieved (100%)

*As part of developing our human rights strategy for our palm supply chain, we are developing new KPIs to measure progress related to human rights.

**Cargill program is focused on impacting smallholders in our direct supply chain.

How we are protecting forests and human rights



*Learn more about our industry collaboration efforts

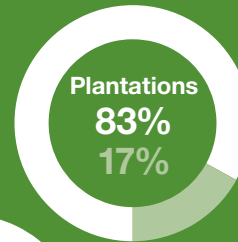
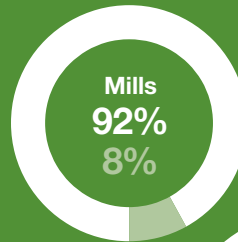
Cargill plantations

Since joining the RSPO in 2004, Cargill has been advancing sustainable practices in our palm plantations in Indonesia – including working directly with smallholders in the surrounding communities. We maintain new developments in line with the High Carbon Stock Approach (HCSA) and peat conservation commitments, and we continue to protect human rights.

Our goal: Cargill-owned mills/plantations (and smallholders supplying to them) are compliant with our NDPE policy.

KPI PROGRESS

Percentage RSPO certified
■ Certified ■ Non-certified



100%
Fresh fruit bunches originate from NDPE-compliant sources

100%
Cargill operations and surrounding communities (5km) covered by a fire prevention and awareness program



Upholding high standards of conservation

At our five plantations – located in South Sumatra and West Kalimantan, Indonesia – we have put in place a mix of strategies and procedures to ensure continued compliance with our Policy on Sustainable Palm Oil.

Biodiversity monitoring

As part of our commitment to protect conservation areas, we use Zoological Society of London’s (ZSL’s) Spatial Monitoring and Reporting Tool (SMART) conservation software to conduct effective, real-time patrolling of the high conservation value (HCV) and high carbon stock (HCS) areas in and around our five plantations. In February 2020, we evaluated the effectiveness of the SMART and Cyber Tracker tools we use to monitor biodiversity within the conservation areas at our PT Hindoli plantation. By implementing SMART with Cyber Tracker tools in remote places with limited resources, our conservation staff receives information about where threats are occurring and can address them quickly. These tools help capture information and streamline the data collection process, helping to increase the effectiveness of our conservation

efforts. Based on positive outcomes after one year of use, we have committed to using these tools in the HCV areas at all Cargill plantations to help protect habitats and species from poaching and other threats.

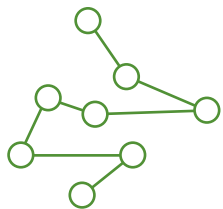
High Carbon Stock Approach (HCSA) Steering Group

Cargill joined the HCSA Steering Group on March 5, 2020 to help inform developments in the HCSA standard. HCSA provides a practical, effective approach for forest protection and land use planning while also respecting the rights and livelihoods of local people. We require our suppliers to perform HCV-HCS assessments, and we hold ourselves to the same standard.

IMPACT

Conservation impact of using SMART with Cyber Tracker

Efficiency benefits



Record georeferenced field data quickly and easily

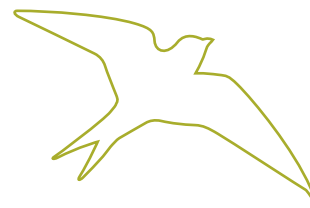


Capture georeferenced photos to validate field observations



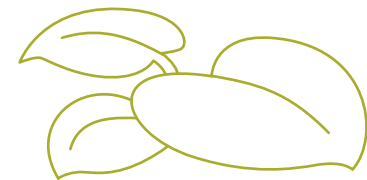
Real-time data submissions and alerts

Biodiversity impact



Animals

Collected a new list of birds from conservation areas based on recorded data that confirms sightings by our conservation patrol team



Plants

Enrichment of HCV areas with more than 8,500 plantings of local vegetation and native plants

HCV - HCS assessment

In alignment with the HCSA Toolkit and our Forest Policy, we engaged Daemeter Consulting in 2020 to conduct an HCS assessment* to determine eligible planting areas at our PT Andes Sawit Mas (ASM) plantation as part of new palm developments. This assessment, which was executed under COVID-19 safety protocols, included a scoping study, assurance of free prior and informed consent (FPIC), and stakeholder and public consultation with seven villages in the Jelai Hulu and Marau sub-districts in compliance with our NDPE policy prior to any land clearing. The assessment also included forest patch analysis, land cover validation and biodiversity assessment. As HCSA members, we are committed to the peer review process as specified in the 2017 HCSA Toolkit update.

*To complement the existing HCV assessment that has reached satisfactory status by HCV Resource Network Peer Review

Fire prevention

As part of our zero burning policy and commitment to fire prevention and awareness, we installed permanent signboards in 2020 indicating the current fire danger rate at all employee assembly areas to enhance employee awareness about the importance of preventing wildfires. We monitor our own production areas and publish hotspot updates to help protect the communities surrounding our concessions from fire risk. Through our Cargill Fire-Free Village program, we work with local governments to empower communities to prevent and control fire by focusing on fire deterrence and detection, monitoring and suppression.

PROPER environmental award

The two mills at our PT Hindoli plantation in South Sumatra – Sungai Lilin and Tanjung Dalam mills – both were awarded a Green ranking in January 2020 for achievements in environmental management from the Company Performance Assessment in Environmental Management (PROPER) Program of the Indonesian Ministry of Environment and Forestry. The Green rating is awarded to companies that have exceeded environmental management regulations or compliance requirements through their implementation of environmental management systems, efficient utilization of resources and good social responsibility efforts.



Addressing and preventing labor and human rights issues

We work to protect the rights of workers involved in our operations, including employees and contractors, as outlined in the Cargill Commitment on Human Rights and in our Policy on Sustainable Palm Oil. Our actions include:

Multi-stakeholder partnerships

We are supporting the [Decent Rural Living Initiative](#) focused on gender committee pilot projects, contract innovations and the potential for multi-party collective bargaining agreements in Indonesia. We are using our plantations as pilot sites for these initiatives and sharing best practices from our own operations.

Gender committees

Our gender committees, which include women representatives from palm plantation estates and mills in West Kalimantan and South Sumatra, empower female workers and address and prevent human rights violations.

Labor practices

We worked with [Verité Southeast Asia](#) to develop our human rights strategy focusing on due diligence, monitoring and remediation, including capacity building for Cargill employees.

Female representation

The representation of women in Cargill's palm oil business helps to raise awareness about gender issues and promotes the improvement of working conditions for women workers. In 2020, we recruited one of the first female palm estate managers in the palm plantation industry in Indonesia. She is responsible for managing 2,200 hectares of plantations with more than 100 employees. We have set a target to increase female representation in our Cargill Tropical Palm business in Indonesia to 22% at the manager level by 2025.

Increasing female representation in our palm operations, manager level and above

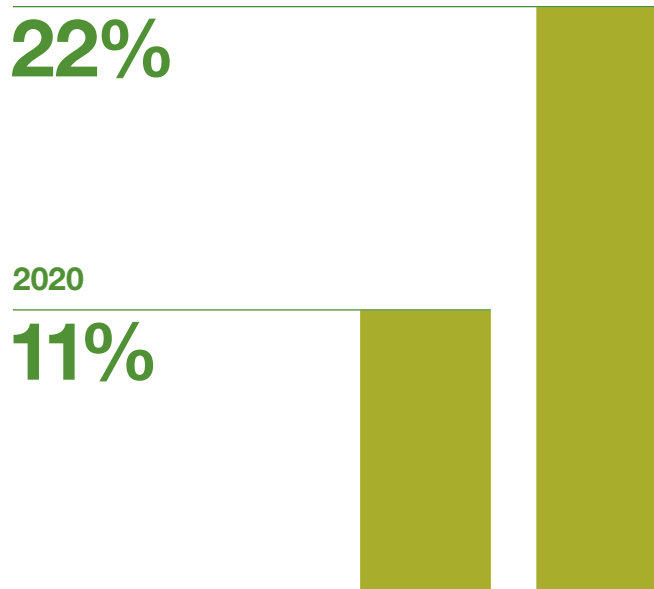
x2

2025

22%

2020

11%



COVID-19 safety measures

In 2020, we navigated the COVID-19 pandemic guided by our values of putting people first and doing the right thing. We prioritized the health and safety of our employees, their families and our contractors. Our comprehensive response plan included:

- Distribution of personal safety equipment (e.g., thermometers, masks and face shields)
- Implementation of health protocols, including temperature testing, safe distancing, cleaning and sanitation, quarantine mandates, office closures and strict policies for visitors
- Shift flexibility and remote working
- Training for employees and contractors
- Quarantine centers with health equipment and doctors
- Rapid test kits for employees with symptoms, exposure or travel history

Supporting local communities

We actively support the communities near our plantations with a variety of programs and initiatives focusing on gender, children, health and safety, and community empowerment. Learn more about how we are [protecting children in palm oil communities](#).

IMPACT

Healthcare

20+
clinics

More than 20 medical clinics providing healthcare for our employees and vaccinations for women and children in surrounding communities



Education

5,000
students

Access to quality education by operating 46 schools for the children of our employees and surrounding communities serving 5,000 students



Children

18,000
children
and
mothers

Better conditions for children and their mothers beginning with pregnancy through the [Children's Rights and Business Principles Pilot](#) created with UNICEF and RSPO



Youth

10-year
program

Apprenticeship program offered to young people (ages 16-23) as part of their formal education for more than a decade



Housing and hygiene

85%

9,000 rent-free houses – covering 85% of employees – with safe drinking water provided to each household



Supporting smallholders

We work directly with smallholders in communities around our plantations to help them achieve and maintain RSPO certification and NDPE compliance and improve their livelihoods.

IMPACT

7,300 smallholders

A total of 4.2 billion Rupiah in RSPO premiums was awarded to over 7,300 smallholders in West Kalimantan.*
[Learn more](#)

8,900 smallholders

receiving support from Cargill and IDH, The Sustainable Trade Initiative, to increase palm yields sustainably on approximately 16,600 hectares and improve farmer livelihoods in West Kalimantan and South Sumatra.



*4.2 billion IDR paid in RSPO premiums to smallholders between June 2020 and April 2021, equivalent to US\$278,000.

Cargill third-party supply chain

To achieve industry-wide change, we take a two-track approach focused on ensuring compliance within our own supply chain and transforming practices beyond our supply chain.

We continue advancing our efforts to improve the sustainability of our third-party supply chain, which accounts for more than 95% of Cargill's palm oil volume. We are committed to protecting forests and human rights across our entire supply chain – both within and outside of commercial palm concessions.

We are working to transform our supply chain through traceability, monitoring and verification, addressing grievances, supplier engagement, landscape approaches and smallholder programs.





Traceability

Our goal: Traceability to plantations by 2020 in high-priority landscapes.

KPI PROGRESS

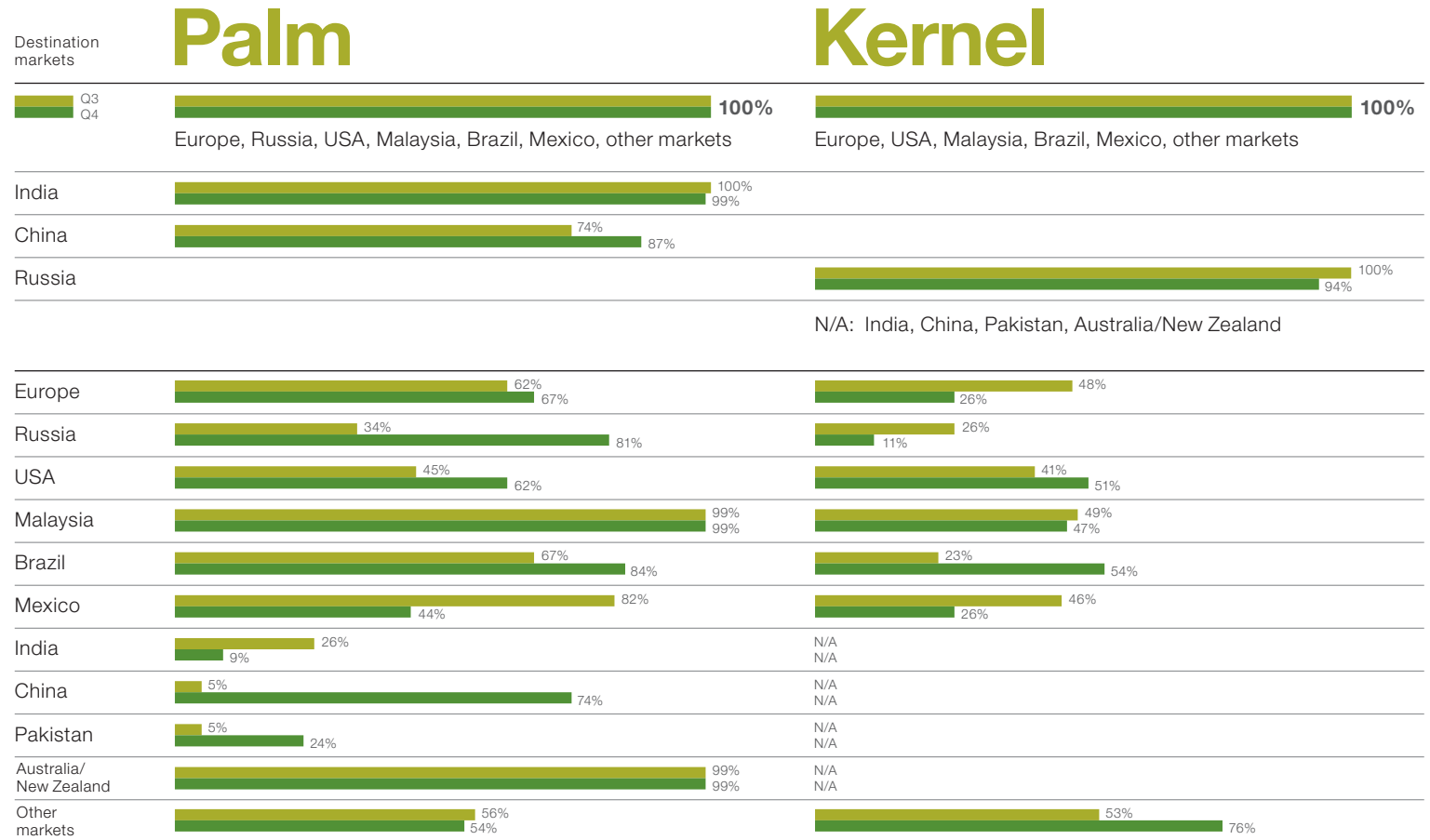
Traceability to mill level

98%
Global score

Traceability to plantation level

48%*
Global score

*In high-priority landscapes, we achieved 52% traceability to plantations in 2020.



Our risk-calibrated approach

After achieving 100% traceability to mills for third-party sourcing, we continued our journey of traceability to plantation by adapting our approach to focus on the areas at highest risk for noncompliance with NDPE commitments. While this change has slowed our progress toward achieving 100% overall traceability to plantation, we believe the risk-calibrated approach we began using in 2019 is an important step toward improving the sustainability of our palm supply chain. We continue implementing this targeted approach to collect traceability data and prioritize follow-up engagement using tools for mapping the fresh fruit bunch supply base of palm oil mills. Central to this approach is

tracing the fruit back to aggregations of producers in a village or municipality (the smallest administrative unit in a region). With this approach, we are able to identify areas of higher risk for not meeting NDPE criteria and prioritize those mills for engagement based on the extent of forest, protected areas and uncultivated peat areas surrounding the mill (within a 50 km radius).

Challenges and our actions

While traceability is only one of many tools in our sustainability program, it plays an important role in identifying non-compliance with our NDPE policy. When we set the ambitious goal in 2014 of achieving 100% traceability of our palm supply to plantations by 2020, we were at the

beginning of our learning journey. We have adapted our approach as we gained new insights along the way. For example, our ability to reach 100% traceability to plantations (TTP) depends upon the ability of our suppliers to collect and report data from their suppliers, and we have seen how supply chain complexities, government restrictions on sharing of concession boundaries and changing relationships between mills, third-party plantations and smallholders make it difficult for mills to obtain information and influence practices.

Although we have not yet reached our 100% TTP target, putting in place our strategy and goal guided our approach and improved our ability to monitor what is happening on the ground so we know where to take action. We continue to work toward full traceability of our palm supply chain.

Four steps to achieve risk-calibrated traceability to plantations

This risk-calibrated approach targets areas at high risk for noncompliance with NDPE commitments.



*Includes data to plantation level in high-risk/priority landscapes and data to village or administrative unit in low-risk/priority landscapes.

Traceability impact

Using the risk-calibrated approach (RCA) in our global supply chain

Mills are assigned numerical RCA codes based on their risk level. We use these codes to prioritize supplier engagements in key landscape areas, focusing on mills with codes of 3 and 4, indicating higher deforestation risks or allegations. (Data as of Q4 2020)

RCA code	1	2	3	4	Not analyzed	Total
Direct mills	46	20	9	34	7	116
Indirect mills	270	431	195	580	57	1533
Total	316	451	204	614	64	1649

← lower risk | higher risk →

CASE STUDY

Risk-calibrated approach facilitates early detection and proactive supplier engagement

Supplier location: Malaysia
RCA TTP code: 4

Our partner, Earthworm Foundation, shared snapshots of deforestation alerts occurring within the mill's own concession. A review of data from a radar and satellite system, supported by Descartes Labs, indicated similar alerts. The mill's RCA TTP code of 4 indicated traceability data collection at that point of time was a work in progress, so during a site visit, we observed and confirmed that 4 hectares of deforestation had occurred.

Action

The company acknowledged the deforestation, which occurred due to lack of understanding about protection of HCV and HCS areas. Early detection and site visits allowed us to address this at the earliest possible time and prevent further deforestation. In line with our [Palm Grievance Procedure](#), the supplier initiated an immediate stop work order and updated their NDPE policy. They are now identifying and conserving all HCV and HCS areas and collaborating with the state forestry department to rehabilitate the area.



“It has been a tremendous privilege participating in Cargill’s sustainability program on TTP, co-hosting a workshop pioneering the use of RCA in Sarawak and Global Forest Watch (GFW) satellite monitoring, as a testament of Sarawak Oil Palms’ commitment toward meeting sustainability and transparency requirements. We are encouraged that the capacity of our suppliers to collect traceability data and perform self-monitoring has been enhanced. We look forward to growing this partnership!”

Eric Kiu Kwong Seng, Chief Operating Officer, Sarawak Oil Palms Berhad

Next steps

We will continue to prioritize TTP in high-risk landscapes where the data is crucial for managing risks of deforestation. To make data collection more seamless, we will conduct virtual data collection using the TTP Portal created by CORE (Daemeter and Proforest) in Indonesia and Malaysia and using the Connected4Change platform in Latin America. By continuing to map plantations to mills, we will add even greater precision to our current monitoring and deforestation detection capabilities. Through the PalmWise digital customer portal, we will increase transparency by sharing advanced traceability and monitoring data about our supply chain to support our customers in meeting their sustainability commitments.



Monitoring and verification

Our goal: NDPE compliance verified across the Cargill supply chain.

98% monitored

Cargill is using satellite imagery to monitor for potential land use changes in our palm supply chain.*

Our approach

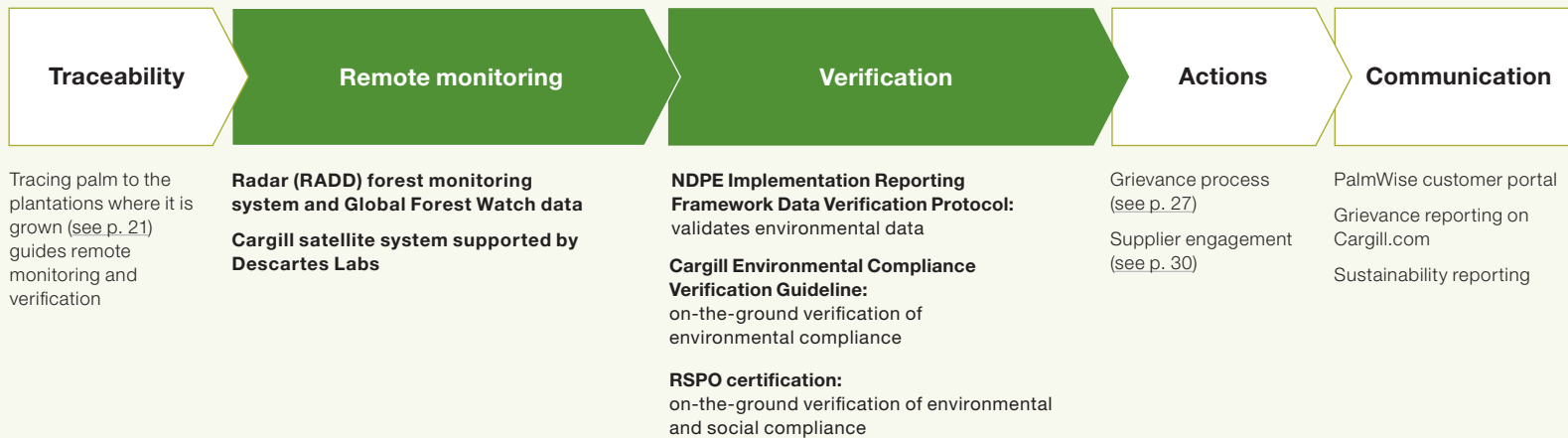
To ensure suppliers are adhering to our no-deforestation and peat commitments, we use satellite technology to remotely monitor and detect any changes to forested areas. We verify compliance with our NDPE policy using our own guidelines and industry frameworks. (For more information, see graphic below.)

Challenges

In comparison to the palm oil industry’s advances in tracking deforestation, the industry collectively has more work to do to track supplier progress and verify labor and human rights issues in the supply chain. These issues – including recruitment and treatment of migrant workers, forced labor and debt bondage – are complex, involve multiple stakeholders and require on-the-ground resources to adequately assess the scope and challenges and prioritize improvement. To address these challenges, we are taking action via the Human Rights Independent Verification Working Group of the Palm Oil Collaboration Group. Learn more about our efforts, such as piloting the Ulula worker voice system, in the [improving labor and human rights](#) section of this report.

Verifying compliance with NDPE commitments

Using plantation location data, we conduct remote monitoring of palm plantations and adjacent areas using satellite technology to help ensure there are no signs of deforestation or planting on peat lands, then we verify the results to confirm compliance with our NDPE policy and take action as needed.



*The change in percentage of mills covered by satellite monitoring from 100% in the prior year to 98% this year was due to the addition of new mills linked to Cargill’s supply chain toward the end of the reporting year and further developments being made in our internal satellite monitoring system, supported by Descartes Labs, where the process to integrate new mills takes time. In 2021, these mills will be part of the scope of satellite monitoring for our internal monitoring system.

Our actions

In 2020, we advanced our monitoring and verification capabilities in two ways – through the co-development of tools that will increase data sharing to advance transparency and through the launch of proprietary tools that allow us to delve deeper into details related to our own supply chain:

Monitoring

Data collected by the Radar Alerts for Detecting Deforestation (RADD) system, developed with support from Cargill and nine other palm oil producers and buyers, is now publicly available on the [Global Forest Watch \(GFW\) platform](#). Suppliers, governments, NGOs and other stakeholders can access this shared data – which is based on radar technology that sees through cloud cover to more precisely detect areas of clearing – and take action to halt deforestation.

In 2020, we also expanded use of our own internal monitoring platform, developed with Descartes Labs, to cover all our palm oil sourcing regions across Indonesia, Malaysia and Latin America. Tailored to Cargill’s supply chain and the needs of our customers, this platform adds another level of detail that complements the data available in the GFW system and allows us to be more precise in analyzing information about our supply chain.

Verification

In April 2021, we launched the [Cargill Environmental Compliance Verification Guideline](#) to provide increased transparency and accountability in the way we deliver and report on our NDPE commitments. The guideline provides

clear guidance on how to assess suppliers’ practices and helps ensure that plantations and suppliers not only are empowered to achieve and maintain compliance but also are held accountable for transforming their supply chains. (For more information, see graphic on [previous page](#).)

Next steps

We are recruiting suppliers from key origin countries to pilot the use of the Cargill Environmental Compliance Verification Guideline. Insights gained during the pilot will inform how we roll out the guideline across our entire supply chain.

“Preferred by Nature is pleased to be part of Cargill’s sustainability journey by co-developing the Cargill Environmental Compliance Verification Guideline. Verification is central to reporting and communicating sustainability compliance. The guideline will help Cargill identify, monitor and progressively transform its supply chain to meet sustainability requirements.”

Lita Natasastra, Senior Manager, Tailored Services, Preferred by Nature



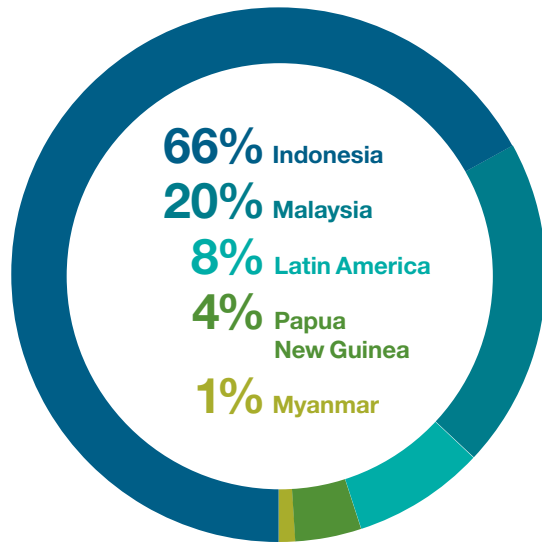


Addressing grievances

Our goal: Report on all grievances in our supply chain transparently and publicly.

KPI PROGRESS

Location of grievances



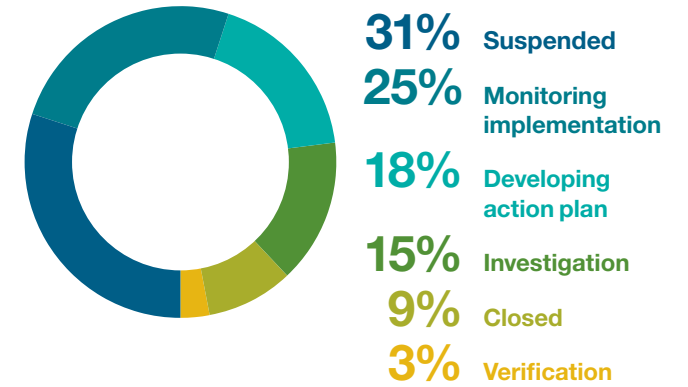
Grievances logged

21
Direct third parties

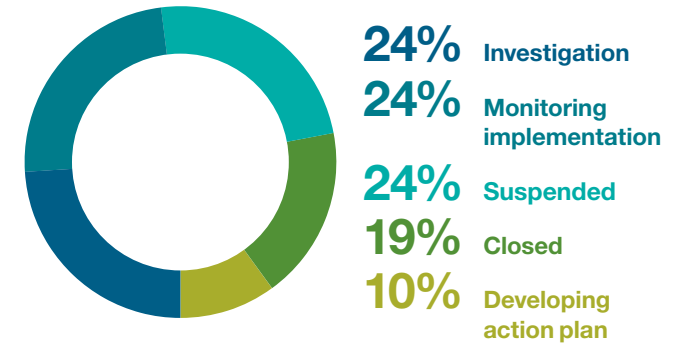
68
Indirect third parties

Addressing grievances

Deforestation



Labor/human rights



Our approach

When an issue is identified through our monitoring efforts, we immediately take action to address it. For example, when deforestation grievances are identified and validated, we immediately suspend suppliers and work with them to define an action plan with clear timelines and milestones. Our supplier suspension process is outlined in our [Palm Grievance Procedure](#).

We recognize that a range of issues affecting labor and human rights occur in the palm oil supply chain with varying levels of severity and impact. To be able to tackle these issues effectively, we believe in prioritizing engagement to drive long-term capability and compliance improvements – in most situations banning producers is not a productive first step. When a supplier is unable or unwilling to make progress within the agreed upon timeframe, or has repeated non-compliances, we take action to remove them from our supply chain in cooperation with our upstream supply chain partners.

We hold ourselves and our suppliers accountable to respond to grievances, set time-bound action plans to ensure progress and close the grievance in a timely manner as agreed to by the complainant. We do not tolerate retaliation against anyone who, in good faith, raises a concern or participates in an investigation or whistleblowing.

Our Palm Grievance Procedure



Our Palm Grievance Procedure provides a transparent, open and robust process for dealing with grievances, no matter how they are raised.

Complaints or allegations relating to our direct suppliers

We engage the grievance raiser and the implicated grievance subject to discuss the issues raised and work to resolve confirmed issues.

Complaints or allegations relating to indirect suppliers

Our palm grievance coordinator engages our direct supplier utilizing the supplier’s own grievance process to resolve the matter and, when necessary, we take further steps aligned with our Palm Grievance Process.

Grievances raised through the RSPO

We follow the RSPO’s established grievance procedure and framework combined with Cargill’s own Policy on Sustainable Palm Oil and Palm Grievance Process in cases where Cargill’s approach warrants a more specific and direct approach to stakeholder concerns.



Challenges

Some suspended suppliers choose to continue unsustainable practices and operate in “leakage markets” where they sell to customers that do not enforce NDPE standards. To address these challenges, Cargill is working to build incentive models to encourage these suppliers to pursue remediation. We are also increasing awareness of available conservation projects they can support by sharing examples from other suppliers and connecting them with consultants for expert advice on remediation.

Our actions

Our zero-tolerance policy means that any verified instances of deforestation will result in the supplier’s suspension and removal from our supply chain. Prior to reengagement, suppliers must not only have an action plan, but also show evidence of implementation.

Next steps

We are exploring sustainable financing schemes, incentives for conservation and other innovative models to encourage suppliers to pursue remediation and conservation.



Supplier engagement

Our goal: Direct and indirect suppliers are compliant with Cargill's NDPE policy.

KPI PROGRESS

Sustainability program impact

Direct trader/refiner



Volume covered by NDPE policy



Developed group action plan



Developed refinery action plan

Direct mills



Conducted self-assessment



Conducted field assessment



Developed continuous improvement plan



Attended NDPE workshop

Total number of third-party suppliers

41 Third-party refineries
1,631 Third-party mills
161 RSPO segregated mills

Mill prioritization for engagement

Cargill is using the Global Forest Watch Pro Palm Risk Tool Methodology to categorize the mills from high to low prioritization for engagement

378 high
565 medium
697 low

Our approach

To ensure our suppliers are operating in compliance with our NDPE policy commitments and our [Supplier Code of Conduct](#), we engage with them through visits, assessments and workshops. Our risk-calibrated approach for traceability helps us prioritize the most important areas and suppliers for action. Our supplier engagement programs address both environmental and social sustainability challenges as we work to end deforestation and protect human rights in our supply chain.

Supplier engagement components

1. Due-diligence questionnaire and desk-based due diligence
2. Self-assessments
3. Field assessments
4. NDPE policy and implementation plan
5. Continuous improvement plan
6. Training

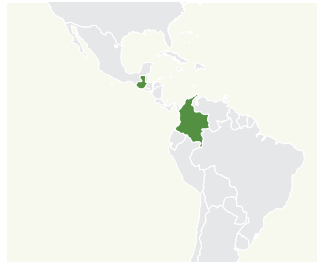
Challenges

At the end of 2020, 76% of our direct suppliers were implementing NDPE action plans and reporting their progress. Our challenge now is getting the remaining suppliers on board, especially smaller suppliers who have many options for where to sell their palm.

Our actions

We engage with our suppliers around the world to end deforestation and protect human rights:

Supplier engagement in Latin America



We participated in growers' association initiatives in 2020 to engage with suppliers and encourage more sustainable practices, through the Sustainability Index of the Investigation Center for Palm Oil (CENIPALMA) in Colombia and the Social Performance Project in Guatemala. We also updated our [Connected4Change online supplier engagement platform](#) to help our direct suppliers meet our NDPE commitments. Updates to the platform include aligning the self-assessment tool with the Implementation Reporting Framework (IRF) and

our risk-calibrated approach; and adding more detailed content on technical topics to help suppliers better understand RSPO requirements and HCSA implementation.

IMPACT

100%

traceable to plantation in Guatemala and Nicaragua, 70% in Colombia

30%

of suppliers regularly use Connected4Change learning platform modules

90%

of suppliers covered by NDPE self-assessments

12

high-risk suppliers supported by our responsible sourcing program

100%

engagement with direct suppliers

70%

of suppliers covered by NDPE policies

Supplier engagement in Brazil



In Pará State, we have been working with Earthworm Foundation (formerly The Forest Trust) through the Aggregator Refinery Transformation (ART) program to help palm oil mills in our supply chain improve their environmental, social and labor practices. During 2020, Earthworm conducted remote monitoring of five mills, including one in a high-risk area, to follow up on action plans, provided customized toolkits with resources to help mills close gaps and led training. Field visits were delayed until 2021 due to COVID-19 restrictions.

IMPACT

100%

traceable to plantation for palm originating from Brazil

5

mills with action plans were monitored, covering 97,000 hectares

1

FPIC (free prior and informed consent) and conflict resolution training was conducted with 2 companies and 5 staff (Biopalma and Tauá Brasil)

4

communication mechanisms between farmers and companies were created and monitored

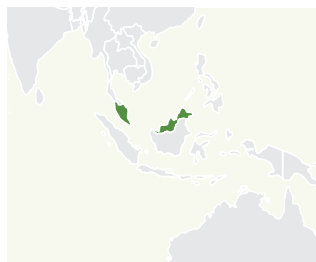
3

trainings and workshops involving 12 staff were conducted with mills (performed during monitoring calls with Palmasa, Denpasa and Biopalma)

Our actions *(continued)*

We engage with our suppliers around the world to end deforestation and protect human rights:

Supplier engagement in Malaysia



Together with our sustainability partner, Earthworm, we adapted our engagement activities with two key Malaysian suppliers to accommodate COVID-19 travel restrictions. We will continue using virtual tools to ensure continuity in supplier engagement until we can resume site visits.

Supplier engagement in Indonesia



We continued our approach of engaging with our direct suppliers and with the refiners and aggregators in our Indonesian supply chain. We were able to complete some in-person supplier meetings prior to March 2020; subsequently we have been adapting our supplier engagement tool, Nimply, to enable us to conduct remote assessments. We continued rolling out the risk-calibrated approach with suppliers to advance traceability to plantations and succeeded in getting many small and medium sized suppliers

to join us in using the IRF. Our focus in 2020 also included working with our suppliers to strengthen their NDPE action plans and hold them accountable for progress.

IMPACT

10 suppliers participated in a virtual workshop focused on the importance of ethical recruitment practices

17 companies received tools and resource training (IRF, satellite monitoring, Malaysian Sustainable Palm Oil Trace platform in collaboration with The Malaysian Palm Oil Certification Council)

19 companies received support for capacity building on traceability and grievance management

IMPACT

7 supplier groups have developed NDPE action plans

21 companies received support for capacity building on traceability and grievance management

2 supplier groups received tools and resource training on IRF and satellite monitoring

Next steps

In 2021, we will continue to reinforce the need to adhere to NDPE policies and practices. We will leverage technology, look for new ways to engage with suppliers and identify local consultants who are better positioned to safely connect with suppliers on the ground. We will bring NDPE knowledge to

smallholders by empowering the mills in our supply chain to provide training directly to fresh-fruit-bunch dealers, agents and smallholders. We will also share tools for supplier engagement, monitoring and verification, and collaborate with industry peers to develop and deploy strategies to address deforestation outside of concessions.





Landscape initiatives

Our goal: Common environmental, land and labor issues are addressed through relevant landscape programs and case studies.

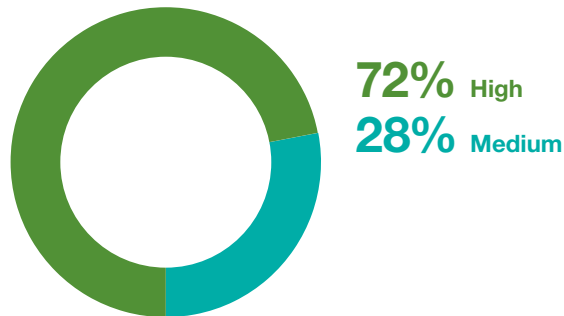
Our approach

We collaborate through landscape-level initiatives and platforms, such as the Tropical Forest Alliance (TFA), to address challenges that span physical and political boundaries and involve multiple commodities as issues related to deforestation and social exploitation often are not limited to a single supplier or sector.

KPI PROGRESS

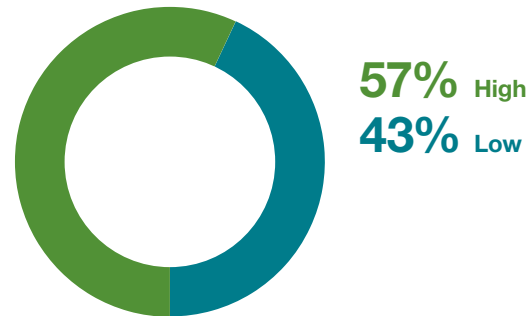
Siak/Pelalawan, Indonesia landscape program

Cargill mill priority



Lebrija River Basin, Colombia landscape program

Cargill mill priority



6

Total number of landscape projects:
 Ketapang Verified Sourcing (Indonesia)
 Siak-Pelalawan (Indonesia)
 Hindoli Landscape Project (Indonesia)
 Intel4Value (Colombia)
 Lebrija River Basin (Colombia)
 Rurality Project (Brazil)

29

Number of mills in Cargill supply chain engaged in Siak/Pelalawan Landscape Program

7

Number of mills in Cargill supply chain engaged in Lebrija River Basin Landscape Program

Our actions

Colombia



We started our first landscape program to scale up NDPE implementation in Colombia's Lebrija River Basin and one of its subbasins. We conducted the first stage of our design phase and identified and mapped existing initiatives and stakeholders (including palm producers) in the area. This process is supported by the Palm Growers' Association of Colombia (FEDEPALMA) and other local organizations, such as Red ABC and Social Fruit of Palm Foundation.

Colombia Lebrija River Basin landscape program progress

7 mills engaged in the river basin area

11 stakeholder interviews to understand and define problems that need to be addressed

2 field visits to confirm program focus areas, identify local stakeholders and engage local authorities to join the initiative

2 workshops conducted to identify and agree on focus areas for the landscape program



Indonesia



In the Siak and Pelalawan districts of Indonesia, a coalition formed by Cargill and eight other companies working together with CORE (Daemeter and Proforest) implemented activities to advance the [Siak and Pelalawan Landscape Program](#). We continued with training stakeholders on key topics, including certifications and inclusion of women. 2020 outcomes included:

- **Conservation** Priority conservation areas have been identified and engagement with relevant provincial agencies has commenced.
- **Village engagement** Seven priority villages and their key issues have been identified for engagement and interventions based on environmental risk. Each village has been allocated a full-time village facilitator who has been trained in topics including peat restoration, village mapping, gender issues and institutional structures.
- **District traceability** Government engagement on data sharing is ongoing. Siak and Pelalawan districts now have 100% traceability to plantation at the village level. Smallholder data collection is ongoing for priority villages.
- **Mill engagement** 96% of mills have now been engaged. IRF snapshots were completed for all mills and group engagement has commenced to roll out in-depth engagement on landscape priorities together with district agencies, including Indonesian Sustainable Palm Oil (ISPO) training for non-certified mills.

Siak and Pelalawan Landscape Program long-term goals

1. **Protect and enhance forests, peatlands and natural ecosystems**
2. **Empower small-holders and local communities to improve their livelihoods**
3. **Ensure respect of labor and land rights within the palm oil sector**
4. **Pursue sustainable palm oil production goals through improved district policies and plans**



Next steps

In Indonesia, we are proceeding in 2021 with the implementation of the Siak and Pelalawan Landscape Program focusing on the following workstreams:

- **Village support** Continue the village support program in seven villages with existing facilitators and coordinators.
- **Training** Train extension service officers and help farmers meet eligibility criteria of the RSPO independent small-holder standard linked to incentives.
- **Additional villages** Add five new villages to the program.
- **Mill engagement** Continue engagement and traceability to help mills become NDPE compliant.
- **Deforestation monitoring** Continue monitoring and rapid response using the RADD system in Siak and align with the objectives and reporting of key industry working groups (Production and Protection Beyond Concessions working group under the Palm Oil Collaboration Group and the Consumer Goods Forum Forest Positive Coalition of Action).
- **Government engagement** Continue engagement with local government agencies and other stakeholders to support them in implementing the Pelalawan Sustainable Palm Oil District Action Plan.
- **Conservation and rehabilitation** Develop a conservation and investment plan for areas critical for conservation, rehabilitation or protection.
- **Collective bargaining** Explore options for setting up a district-level collective bargaining mechanism for the palm oil sector in collaboration with the Decent Rural Living Initiative, CNV International and International Labour Organization (ILO).

CASE STUDY

Production and protection beyond concessions (PPBC)

Within palm concession areas, major palm oil buyers and the supplying plantation companies address deforestation through supply chain action and satellite monitoring. Less progress has been made in building effective approaches for the third-party supply base. The industry recognizes there is an urgent need to scale up efforts to start tackling deforestation across the whole supply base, including outside concessions.

Increasing the number of initiatives aimed at addressing deforestation occurring outside of oil palm concessions or plantations requires different proactive approaches that also support rural livelihoods. Producers, producer country governments at the national and sub-national levels, local communities and other relevant stakeholders all must be involved.

Taking action

To accelerate effective implementation of NDPE commitments, Cargill and PepsiCo brought together companies from every stage of the palm oil supply chain in November 2019, leading to formation of the Palm Oil Collaboration Group (POCG) and the PPBC Working Group, which focuses on scaling up positive approaches to improving livelihoods and protecting forests outside concessions.

In 2020, Cargill, Nestlé and PepsiCo together with facilitation by Proforest convened the PPBC Action Group, including 13 companies and 13 technical support organizations working to implement forest conservation and monitoring activities combined with an outreach group supporting engagement with key stakeholders.

PPBC approach

PPBC Action Group objectives and phases are outlined below:

- Objective 1: Prioritize where action is needed through geospatial analysis, stakeholder engagement and initiative mapping (initial focus: Indonesia and Malaysia)
- Objective 2: Agree and implement proactive interventions by: scaling up and strengthening action through existing supplier relationships, in existing initiatives or sourcing landscapes; and initiating collaborations or activities in newly identified PPBC priority areas.

Phase	Timing
Phase 1: Prioritization & objective setting	Q1-Q2 2020
Phase 2: Action planning & engagement	Q3 2020 – early 2021
Phase 3: Take action & monitor	2021 onward

Achievements

The PPBC Action Group completed Phase 1 during 2020 and is nearing completion of Phase 2 following technical review of the monitoring protocol.

Next steps

In 2021, the group is finalizing Phase 2 and beginning Phase 3 during the second quarter of the year, focusing on implementation and field tests, outreach and fund-raising strategies, monitoring and reporting.

Cargill's role

In addition to co-convening the group, we intend to conduct pilot testing of the PPBC protocol as part of our current [initiative with smallholders in Sungai Linau](#). Insights from that pilot test will inform discussions with supply chain companies and other partners about how to finalize and implement management and monitoring plans across the landscape.



Improving labor and human rights

Our goal: Human rights are protected in Cargill supply chains.

KPI PROGRESS

84%

Direct suppliers have human rights commitments in their NDPE policy

Our approach

Cargill is committed to protecting the human rights of workers, indigenous people and local communities in our supply chains as detailed in our [Human Rights Commitment](#) and our [Policy on Sustainable Palm Oil](#) and in line with international human rights principles and local applicable laws. We support the work being done to address labor and human rights issues by governments and organizations, including the [International Labor Organization](#) and the [United Nations Children's Fund \(UNICEF\)](#), [RSPO Human Rights Working Group](#) and [Earthworm No Exploitation](#) standard. Learn more about our commitment to protect labor, employment and human rights.

Our Supplier Code of Conduct requires suppliers to: know and follow the laws that apply to them and their business; treat legal requirements as a minimum standard, including meeting or exceeding all legal requirements for compensation and working conditions; provide safe and healthy working conditions; foster an inclusive work environment that is free of harassment and discrimination; and respect

employees' rights to organize and bargain collectively. Cargill stipulates that suppliers never use or tolerate the use of human trafficking, forced labor or child labor as defined by the ILO and detailed in our [Modern Slavery and Human Trafficking Statement](#). Our Supplier Code also explains how to access our third-party grievance system managed by Navex.

In our global [Policy on Sustainable Palm Oil](#), we commit to a transparent, traceable and sustainable palm oil supply chain with the aim to deliver palm oil that is produced in accordance with NDPE practices. Our policy extends to all parts of our palm supply chain and requires plantations, processing and trading operations and all third-party suppliers to act in an environmentally sustainable and socially responsible manner.

We publicly list [supplier grievances](#) on our [Palm Sustainability Dashboard](#). We hold ourselves and our suppliers accountable to respond to grievances, set time-bound action plans to ensure progress and close the grievance in a timely manner as agreed to by the complainant. [Cargill's Palm Grievance Procedure](#) provides a transparent, open and robust process for dealing with grievances. Learn more in the [addressing grievances](#) section of this report.



Our actions

In 2020, we took a series of actions to improve our own processes and to help our suppliers do the same:

- **Labor Transformation Program** In 2020, this program with Earthworm in Malaysia continued with site visits and virtual engagements to help our suppliers address labor and human rights gaps, such as ethical recruitment, passport retention, employment contracts and grievance mechanisms. This engagement resulted in identification of areas for improvement and suppliers taking steps to close gaps in their processes. We will resume in-person site visits in 2021 when possible based on COVID-19 restrictions to verify progress and support ongoing improvement.
- **Embode assessment** In November 2020, the human rights consulting group Embode [released its report](#), commissioned by Cargill and two other companies (Bunge Lodgers Croklaan and Mondelez International), on the situation of migrant workers in Malaysia's palm sector. The report provides recommendations on how companies, governments, employers and recruitment agents can improve the protection of migrant workers and better ensure that their fundamental rights are respected and upheld. Using insights from the report, we have begun conversations with government representatives and raised discussions in industry working groups about ways to address recruitment practices and other problems. We also are applying the recommendations to our own operations and will share insights to help improve accountability across the Malaysian palm industry.
- **Ulula worker voice tools** We continue working with suppliers in Latin America, Malaysia and Indonesia to support use of [Ulula worker voice system](#) to improve workers' ability to provide feedback and help suppliers appropriately respond to worker concerns.
- **Social Performance Program** In Guatemala, we participated in the Social Performance Program initiated by the Palm Growers' Association of Guatemala (GREPALMA) and implemented by Earthworm Foundation focused on Free Prior and Informed Consent (FPIC), community impact, collective bargaining and protection of human rights defenders. We will continue our engagement in this initiative in 2021 to help member companies address key social issues in the palm supply chain.





Smallholder programs

Our goal: Smallholders are included in our supply chain and their livelihoods are improved.

KPI PROGRESS

356

Number of RSPO-certified smallholders in a Cargill program

16

Number of direct mills which performed an assessment of their smallholder supply base and are engaging smallholders in sustainable practices

3,699

Number of smallholders preparing to attain RSPO certification in a Cargill program

8

ongoing projects aimed at improving farmer livelihoods

Our approach

We work strategically with select mills in our supply chain to help smallholders deliver on their transformation plans and participate in programs focused on building smallholder capacity and promoting responsible farm development.

Challenges

A key challenge when working with smallholders is creating a culture of continuous improvement in adoption of sustainability practices. Face-to-face training is critical to this important work. In 2020, COVID-19 restrictions delayed progress in areas where on-site contact was required.

“Cargill’s continuous support of Wild Asia Group Scheme (WAGS) Perak has provided one of the most important models of how small producer inclusivity in the global palm oil supply chain can be achieved. Our success with small producer certification was developed over seven years and this would not have been possible without the continued support of Cargill.”

Dr. Reza Azmi, Executive Director and Founder, Wild Asia

Our actions

Our work with smallholder farmers in Indonesia is covered in the Cargill plantations and landscape approaches content presented earlier in this report. Included here are highlights of our work with smallholders in other geographies.

Next steps

As COVID-19 travel restrictions are lifted, we will proceed with delayed and new smallholder engagement programs to provide essential on-the-ground training and explore alternative approaches to advance progress. In Latin America, we will introduce the RSPO assessment app, proceed with formal RSPO pre-audits and move forward with project

implementation and socialization workshops with smallholders in Guatemala and expand our engagement project using digital tools with 1,200 smallholders in Colombia. In Malaysia, we will resume work with smallholders to conduct the RSPO audits required for certification.

IMPACT

Smallholder programs

Guatemala

105
smallholders

in Guatemala are working toward RSPO certification through assessments and work plans (partners: Solidaridad Network and Palmas del Ixcán)

Colombia

400
smallholders

(including 96 women) with 8,300 hectares of land in Colombia have completed self-assessments using the Farming Solutions tool, 63% are achieving NDPE compliance (partner: Solidaridad Network)

Brazil

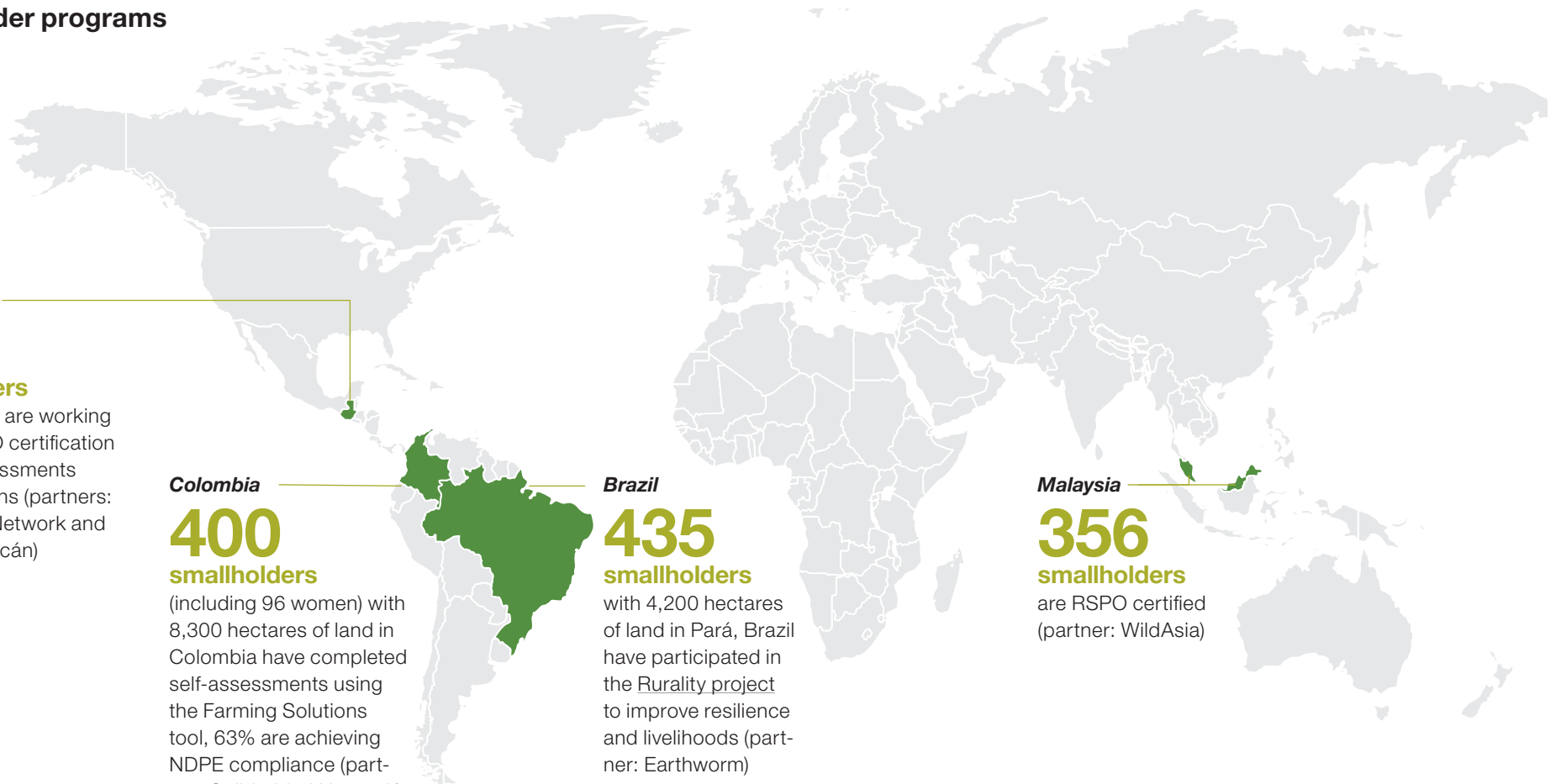
435
smallholders

with 4,200 hectares of land in Pará, Brazil have participated in the Rurality project to improve resilience and livelihoods (partner: Earthworm)

Malaysia

356
smallholders

are RSPO certified (partner: WildAsia)





**Looking
ahead**

Our priorities for the next five years

We have made steady progress toward our goals; in areas where we have not yet fully achieved them, we continue building upon that progress. Moving forward, we are aligning our 2025 sustainable palm oil goals and approach with Cargill's broader global sustainability priorities – Climate, Land & Water and People – which are detailed in the [About Cargill](#) section of this report. In 2021 and beyond, we will focus on three areas: transparency, engagement and monitoring & verification. Through the actions we are taking in each of these areas (see table on the [next page](#)) we are working toward the following outcomes: Our suppliers demonstrate conservation of forests, peatlands and critical ecosystems, and respect for land and labor rights; smallholders and communities are resilient as a result of responsible practices; landscapes demonstrate progress toward responsible practices; and transparency is improved, perceptions influenced, and trust is built through data and analytics.



Our approach going forward



Transparency

- Establish innovative platforms to increase efficiency in supply chain data aggregation and analysis, monitoring and reporting of progress
- Accelerate efforts to achieve full traceability to mills, and to the plantation level using the Risk-Calibrated Approach, leveraging data for monitoring, engagement and verification
- Monitor and verify compliance with NDPE commitments by utilizing digital tools and implementing our grievance process to enable proactive response and resolution
- Engage key stakeholders to initiate dialogue and build awareness on strategic topics using data-based evidence



Engagement

- Lead smallholder trainings to increase awareness and implement responsible practices
- Implement village-led livelihood programs to enable land stewardship and natural ecosystem conservation
- Scale smallholder engagement through landscape programs and in alignment with Production and Protection Beyond Concession Working Group
- Develop materials and train direct suppliers to socialize and support NDPE expectations with FFB suppliers
- Develop incentive models for supplier engagements and compliance expectations
- Mimimize 'leakage' by working with suspended suppliers on re-engagement plans
- Scale implementation of human rights engagement with direct suppliers
- Continue to further develop the human rights action plan for our palm oil supply chain



Monitoring and verification

- Establish baseline assessment of priority landscapes, monitor and report on key outcomes
- Identify and roll out suitable digital tools and processes to monitor and verify human rights issues in our operations and supply chain, including local network monitoring
- Roll out Cargill NDPE verification program and/or industry relevant protocols
- Roll out Implementation Reporting Framework

Insights guiding our work

As we move forward with our work to continue improving the sustainability of our palm oil supply chain, we are guided by the following principles.

Incentivize change

We must continue working to identify how to inspire and incentivize suppliers – who have otherwise been hesitant to improve their practices – to transform.

Collaborate with governments

The role of government institutions in enforcing compliance with sustainability requirements is critical for success. We need to collaborate with government agencies and engage them to ensure sustainability compliance is addressed in a systemic way.

Prioritize engagement

Our transformative approach through continuous engagement with suppliers is critical to moving the supply chain toward greater sustainability. We accelerate progress by helping suppliers to improve where possible rather than immediately suspending them when challenges arise.

Build partnerships

Building meaningful partnerships to transform the industry is resource-intensive, takes time and requires long-term commitment to make impact at scale.

Address cross-sector issues

Deforestation linked to timber, rubber and paper supply chains often occurs on landscapes where palm is later planted on cleared land. In addition to the multi-stakeholder landscape-level initiatives we currently implement to address deforestation and social exploitation issues involving multiple commodities, we recognize a larger collaborative effort will be needed to identify solutions that span physical and political boundaries. We are actively engaging on this topic in industry working groups.

Innovate

Innovation in sustainability is essential in order to achieve greater impact and deliver desired results.

About Cargill

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

We are
155K
employees

Working in
70
countries

With more than
156
years of
experience

Delivering for customers
in more than
125
countries

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

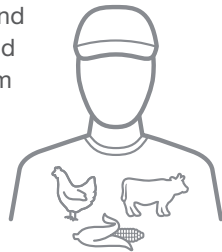


Our business

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

For farmers

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



We provide insights to our partners



We transform raw materials into finished goods



For customers

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



We move products around the world



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 Board Chair and CEO Dave 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 approach to sustainability and corporate responsibility

Our purpose is to nourish the world in a safe, responsible and sustainable way. It's who we are. It's why we exist. As the world faces extraordinary challenges – from climate change to food insecurity – delivering on our purpose is more critical than ever before.

Our global Sustainability strategy sets clear priorities based on the most material issues to our business. We identified Climate, Land & Water and People by evaluating the environmental, social and economic impacts of our diverse business and supply chains.

As we drive progress against these areas, we'll do so by engaging, empowering and advancing sustainable practices across farm and field, because we believe agriculture is how we'll deliver.

Agriculture is how we help people and the planet *thrive*.

As the world joins in advancing the U.N. Sustainable Development Goals, we believe that many of the solutions to the challenges we're facing can be found in the very

place our food system begins: Agriculture. Agriculture can be a force for good. We aim to empower farmers and workers, support local communities, promote safe and fair working conditions and help ensure food is nutritious and plentiful for all. We're also driving progress on priorities that safeguard our planet and ensure we're operating our business in a sustainable way. Through our work with key partners, collaborative initiatives with our customers and through constantly innovating the products and

services that we offer, we are committed to creating impactful change that leverages our scale of operations and reach.

By empowering farming communities, protecting land and regenerating our soils, we'll nourish this growing population – safely, responsibly and sustainably.



Abbreviations

AFi:	Accountability Framework initiative	NGO:	Non-Governmental Organization
FFB:	Fresh Fruit Bunch	POCG:	Palm Oil Collaboration Group
FPIC:	Free Prior and Informed Consent	POIG:	Palm Oil Innovation Group
GFW:	Global Forest Watch	PPBC:	Production and Protection Beyond Concessions
HCS:	High Carbon Stock	RADD:	Radar Alerts for Detecting Deforestation
HCSA:	High Carbon Stock Approach	REPSA:	Reforestadora de Palmas del Petén S.A.
HCV:	High Conservation Value (areas that support vital natural ecosystems and biodiversity or maintain the subsistence or culture of local communities)	RSPO:	Roundtable on Sustainable Palm Oil
ILO:	International Labour Organization	SCCM:	Sustainable Commodities Conservation Mechanism
IRF:	Implementation Reporting Framework	SDGs:	Sustainable Development Goals
ISCC:	International Sustainability and Carbon Certification standards	SMART:	Spatial Monitoring and Reporting Tool
ISPO:	Indonesian Sustainable Palm Oil	TFA:	Tropical Forest Alliance
MSPO:	Malaysian Sustainable Palm Oil	ZSL:	Zoological Society of London
NDPE:	No Deforestation, No Peat and No Exploitation		



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