



Palm Oil

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About this chapter

Unless stated otherwise, the content in this chapter covers calendar year 2022, including KPI progress metrics.

Cargill's palm oil supply chain extends from our own plantations and mills to trading and refining palm oil around the world. In 2022, we took tangible steps toward meeting our No Deforestation, No Peat, and No Exploitation (NDPE) commitments in our global supply chain.

In addition to signing the **Agriculture Sector Roadmap to 1.5°C**[☞], we revised our 2025 palm roadmap to accelerate our commitment to be deforestation-free in our palm oil supply chain by 2025. We continue our active role as co-conveners of the **Palm Oil Collaboration Group**[☞] and we advocate for adoption of the **NDPE Implementation Reporting Framework (IRF)**[☞] across the palm industry. In 2022, 54% of our global refinery volumes achieved the NDPE IRF highest category of “Delivering.” We are closing the gap on our goal to achieve 100% traceability to plantation by 2025, reaching 72% globally in 2022 compared to 65% in 2021.

We are preparing for the implementation of new regulations affecting the palm supply chain, such as the **European regulation**[☞] impacting products associated with deforestation and forest degradation. In 2022, we accelerated our engagement with suppliers focused on collecting polygon maps of plantations to improve analysis and detection of deforestation activity. We also developed new platforms to improve due diligence processes.

Cargill continues our active role in multistakeholder platforms, organizations and working groups, such as representing traders and processors on the Roundtable on Sustainable Palm Oil (RSPO) Board of Governors, participating in the RSPO North America Sustainable Palm Oil Network, and sponsoring the first RSPO Interamerican Conference in May 2023. In Colombia, Cargill has been elected to the steering committee of the Alliance for Sustainable Palm Oil of Colombia (APSCO), the main initiative to produce sustainable palm oil in the region.

We will continue to transform our palm oil supply chain—and the industry—in the years ahead.



Natalia Orlova
Managing Director,
Cargill Edible Oils
North America



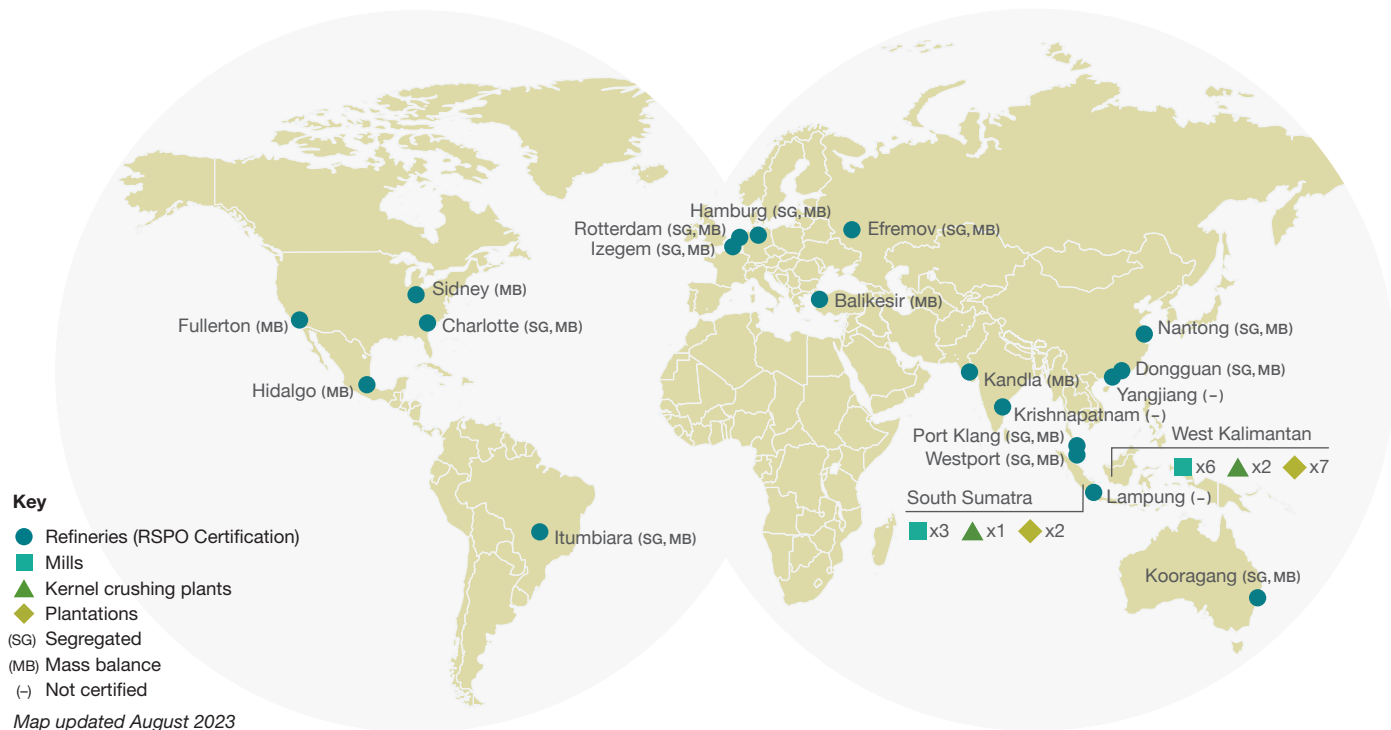
Daniel Stregels
Managing Director,
Cargill Edible Oils
Europe

Supply chain overview

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 suppliers.⁴³ 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.

⁴³ Our mill list can be found on our [Palm Sustainability Dashboard](#).



Origin countries

Predominantly Brazil, Colombia, Ecuador, Guatemala, Honduras, Indonesia, Malaysia, Mexico, Papua New Guinea, Peru, and Thailand

Destination regions and countries

Australia, Brazil, China, Europe, India, Indonesia, Malaysia, Mexico, Pakistan, and United States

 **19** Refineries

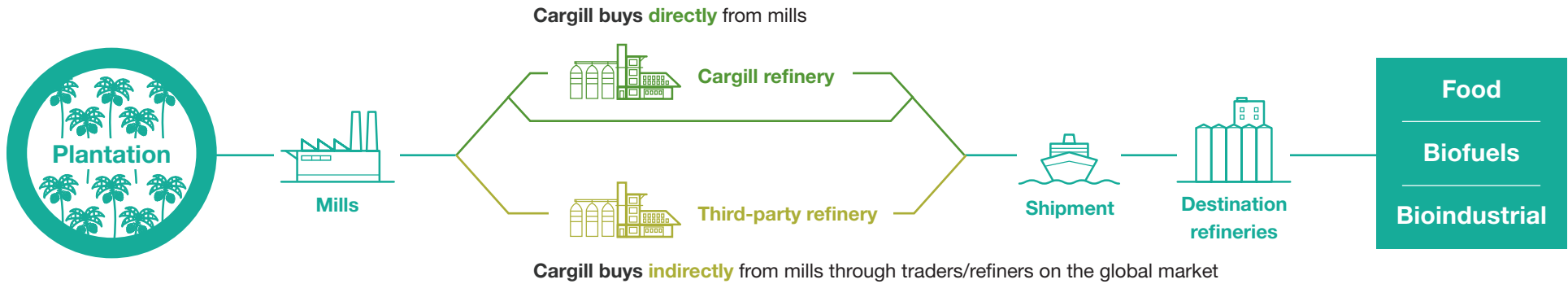
 **12** Mills
Includes palm oil mills and kernel crush plants

 **9** Plantations

 **24,000** Smallholders
Smallholders we partner with in our own operations

Not part of Cargill's operations
 **1,640** Third-party mills

Our palm oil supply chain



Our commitments

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](#).



Respect 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 Policy](#).



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 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

Cargill palm oil sustainability roadmap

Purpose Nourish the world in a safe, responsible and sustainable way

Priorities






Goals

	Climate Change	Land Use	Water	Farmer Livelihoods	Human Rights
2025	Support our Science Based Targets initiative (SBTi) goal to reduce Scope 1 and 2 absolute greenhouse gas (GHG) emissions in our operations by 10% against a 2017 baseline	100% traceable to plantation (TTP) All palm oil volumes are in the “Delivering” category of the NDPE IRF (Implementation Reporting Framework) ⁴⁴			Human Rights due diligence (HRDD) processes activated at 100% of Cargill-owned palm plantations 100% of direct suppliers have human rights commitments in their NDPE policy
2030	Support our Science Based Targets initiative (SBTi) goal to reduce our Scope 3 GHG emissions from our extended supply chain by 30% per ton of product, against a 2017 baseline		Enable improved access to safe drinking water in our priority communities in Indonesia for 25,000 beneficiaries Enable a water positive impact in priority regions	60,000 farmers supported through services and partnerships	100% of direct and indirect suppliers have human rights commitments in their NDPE policy HRDD processes activated at 100% of direct suppliers’ operations 100% of indirect suppliers have been trained on how to create and implement a HRDD action plan

⁴⁴ We updated our palm sustainability roadmap in 2022 with a commitment to be deforestation-free by 2025. We are measuring our progress using the NDPE IRF for the percentage of our refinery volume on the “Delivering” category.

Dashboard

This dashboard aligns with our current palm oil sustainability roadmap and includes the key performance indicators (KPIs) we are using to track and share progress toward our 2025 and 2030 goals.⁴⁵

Roadmap pillar		Goal/KPI	2022 progress
 Climate	Climate Change	2025 Support our Science Based Targets initiative ⁴⁵ goal to reduce scope 1 and 2 emissions by 10% against a 2017 baseline	Please refer to the Climate section
		2030 Support our Science Based Targets initiative ⁴⁵ goal to reduce scope 3 GHG emissions by 30% per ton of product against a 2017 baseline	Please refer to the Climate section
 Land & Water	Land Use	2025 100% TTP	72%
		All palm oil volumes are in the “Delivering” category of the NDPE IRF ⁴⁶	54% Delivering
	Water	2030 Enable improved access to safe drinking water in our priority communities in Indonesia for 25,000 beneficiaries	1,193 beneficiaries
 People	Farmer Livelihoods ⁴⁷	2030 60,000 farmers supported through services and partnerships by 2030	27,167
		Number of farmers who received training	23,149
		Number of farmers who are certified/verified under a sustainability program	9,837
		Number of landscape programs in which Cargill participates	9
	Human Rights	2025 100% of Cargill-owned palm operations have implemented our HRDD process	100%
	100% of direct suppliers have human rights commitments in their NDPE policy	72%	

⁴⁵ As communicated in last year's report, 2022 was the final year of reporting on the previous KPIs that corresponded with our earlier roadmap. Going forward, we expect to track year-over-year progress using the new KPIs shown here.

⁴⁶ We updated our palm sustainability roadmap in 2022 with a commitment to be deforestation-free by 2025. We are measuring our progress using the NDPE IRF for the percentage of our refinery volume on the “Delivering” category.

⁴⁷ Referring to all programs registered up to the end of December 2022.

Focus areas

Cargill plantations

Cargill has been advancing sustainable practices in our palm plantations in Indonesia since joining the RSPO in 2004, including working directly with smallholders in the surrounding communities. At our nine plantations across Indonesia, located in South Sumatra and West Kalimantan, we maintain new developments in line with the High Carbon Stock Approach (HCSA) and peat conservation commitments and we continue to protect human rights.

2022 Progress

Certification

In 2022, we maintained the RSPO certification for every mill and palm kernel crush plant in our operations. Most of our facilities are also certified under the Indonesian Sustainable Palm Oil scheme (ISPO).

Reforestation and conservation

Our efforts to restore a peat swamp forest near our Hindoli plantation in South Sumatra have been successful in reforesting the area. Careful selection, tree planting, and conservation monitoring have improved the density of flora and fauna, and maintaining surface water levels helps to prevent potential fires. After four years, the project achieved the following positive impact in 2022:

- **100%** of the area is reforested
- **10,000** native trees (26 local species) have been planted
- **Eight** protected bird and animal species have resettled in the reforested area
- More than **50,000-ton** reduction of carbon dioxide equivalent (CO₂e) and nearly 14,000 tons of carbon stock sequestered

This project has been recognized as an example of collaboration by government, private sector, and

100%
Mills RSPO certified

84%
Plantations RSPO certified

64%
Smallholders RSPO certified

100%
Fresh fruit bunches originate from NDPE-compliant sources

100%
Cargill operations and surrounding communities covered by a fire prevention and awareness program

NGO partners to preserve peat swamp forests with high conservation value and diversity.

We also continue our involvement in the Nanga Lauk community forestry conservation project in West Kalimantan. The project supports the local indigenous community in protecting biodiversity and critical ecosystems across more than 1,400 hectares of forest through sustainable land-use practices and patrolling against illegal logging. Orangutans have been returning to the area, and the project aims to expand to cover more than 9,000 additional hectares.

Methane capture

To reduce the greenhouse gas (GHG) footprint of our palm oil operations in Indonesia, we have been identifying and quantifying emissions sources and are implementing nine projects to capture methane gas emissions from wastewater treatment facilities at our mills. The collective impact of these projects is an estimated reduction of 270,000 metric tons of CO₂e, helping to meet Cargill's goal to reduce GHG emissions in our operations by 10% by 2025, against a 2017 baseline.

The captured methane is being used to generate power for use in our mill operations and housing for workers and their families. Two biogas plants in West Kalimantan are currently operational, two others are being built and five additional projects are targeted for completion by the end of 2024.

Decent Rural Living Initiative

Cargill joined the **Decent Rural Living Initiative** [↗] in 2022, a pre-competitive collaboration by five leading palm oil producers working together with relevant experts and stakeholders to develop long-term practical solutions that



benefit rural workers in the palm oil industry. Initially focused on Indonesia, the initiative is guided by seven principles:

- Commit to experimentation and scaling solutions
- Be worker-centric
- Provide additionality, ensuring efforts complement rather than duplicate existing programs
- Take a systemic approach, recognizing transformation requires social and structural change
- Be transparent
- Be future-oriented, considering the impact of industry trends on the well-being of rural workers
- Engage relevant experts to inform and validate solutions

Women's empowerment

To expand the role of women in palm oil plantation communities, Cargill is collaborating with **Yayasan CARE Peduli** [↗] and the Musi Banyuasin District Government in South Sumatra to launch a three-year women's empowerment program in 13 villages. The program aims to address challenges faced by women in the palm oil plantation sector, including limited access to financial resources, knowledge, and technology as well as sexual harassment and lower wages compared with male farmers.

Recognition

In 2022, seven of Cargill's palm oil mills were recognized with the highest level of the Indonesian Ministry of Industry's Green Industry Award for sustainable production. This award helps demonstrate the impact of Cargill's **Policy on Sustainable Palm Oil** [↗] and commitment to supporting the UN Sustainable Development Goals.

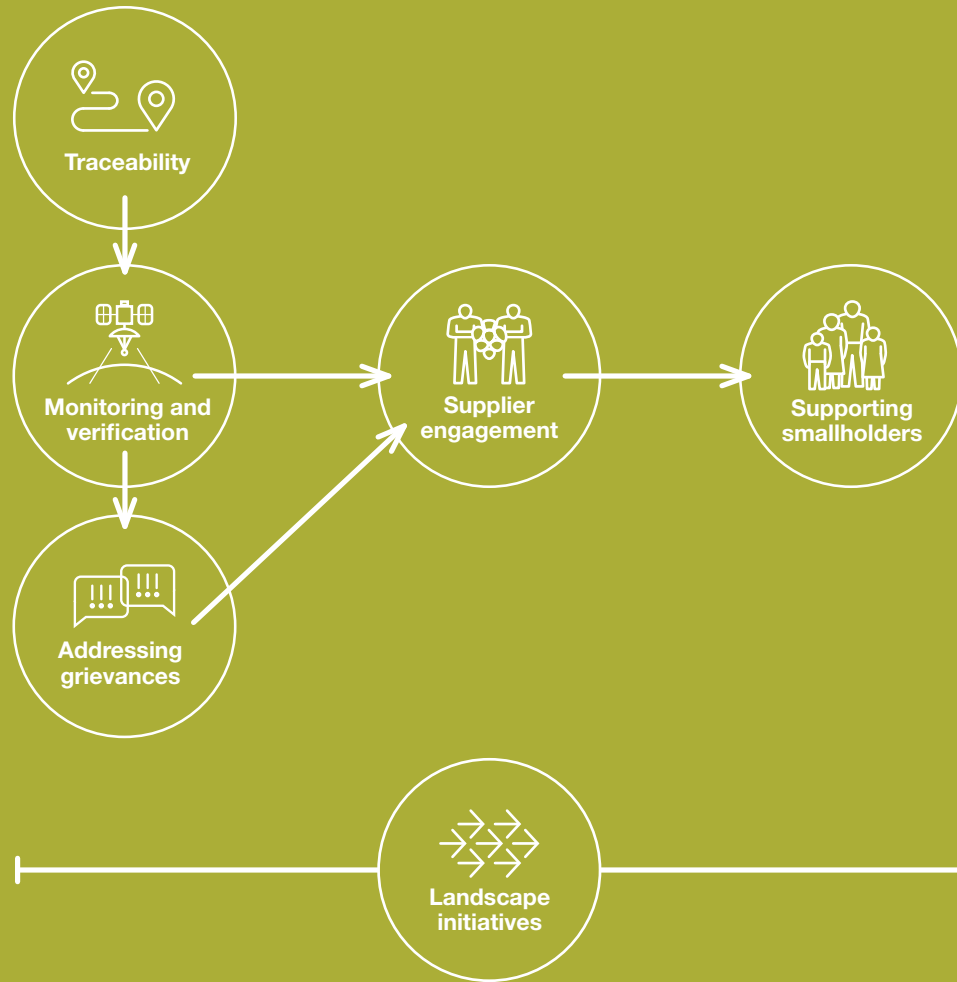
Cargill third-party supply chain

To achieve industry-wide change, we take a two-track approach focused on ensuring compliance with our Policy on Sustainable Palm Oil within our own supply chain, in addition to transforming practices beyond our supply chain.

2022 Progress

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 initiatives, and smallholder programs.

How we are protecting forests and human rights in our third-party supply chain



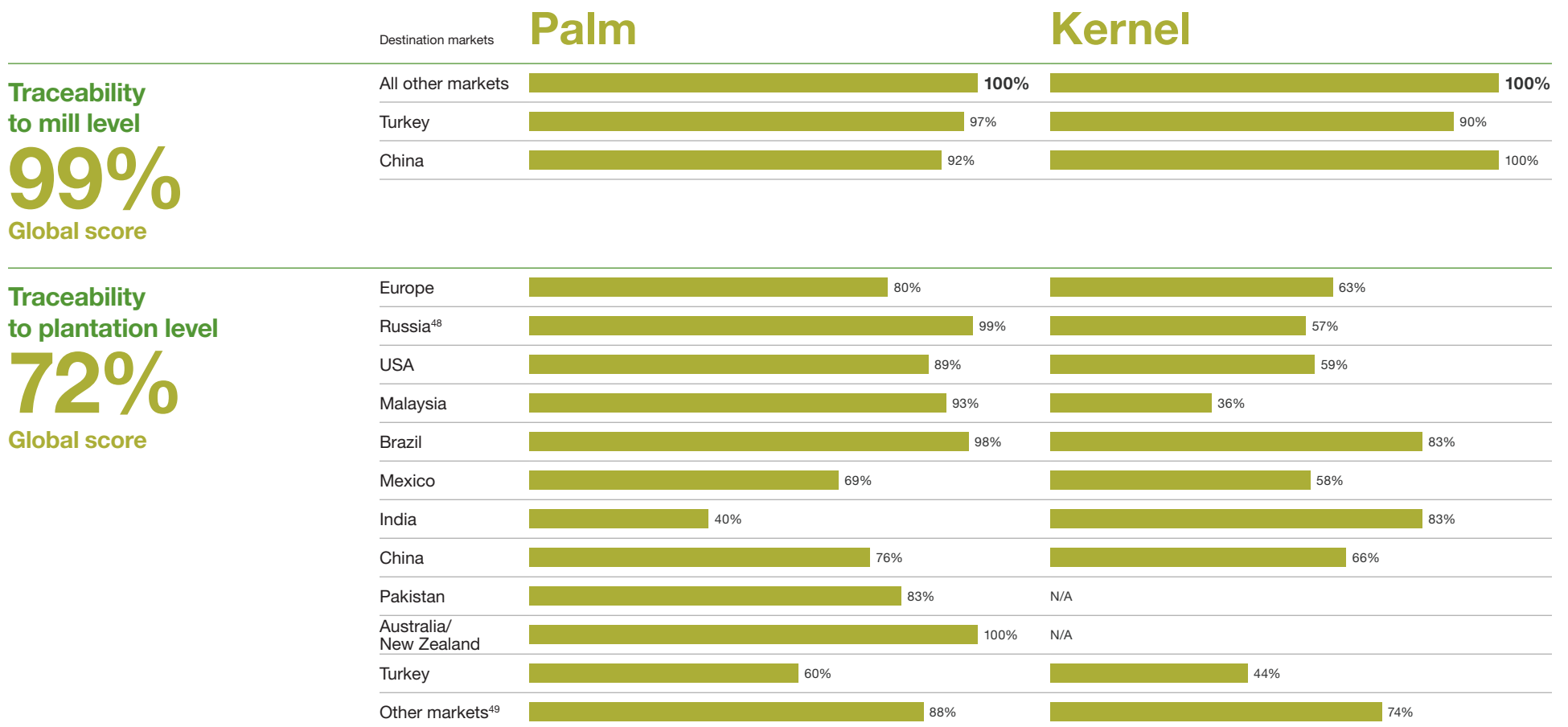
Traceability

Our approach

We have been using a **risk-calibrated approach** since 2019. We map the fresh fruit bunch supply base of palm oil mills and identify areas of higher risk for not meeting NDPE criteria based on the extent of forest, protected areas, and uncultivated peat areas surrounding the mill. We prioritize high-risk mills for engagement.

In 2022, we continued to close the gap toward reaching 100% traceability.

KPI PROGRESS



⁴⁸ Read [Cargill's statement](#) about the situation in Eastern Europe.

⁴⁹ Includes Indonesia and other countries.



Monitoring and verification

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 Policy on Sustainable Palm Oil using our own guidelines and industry frameworks. (For more information, see the graphic below.) Cargill is now working with Satelligence to enhance our robust monitoring capabilities in support of our commitment to be deforestation-free in the palm oil supply chain by 2025. Due to this transition, we will include supply chain coverage metrics in subsequent ESG reports as Cargill continues to monitor our supply chain using Satelligence’s system.

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 Policy on Sustainable Palm Oil and take action as needed.



Addressing grievances

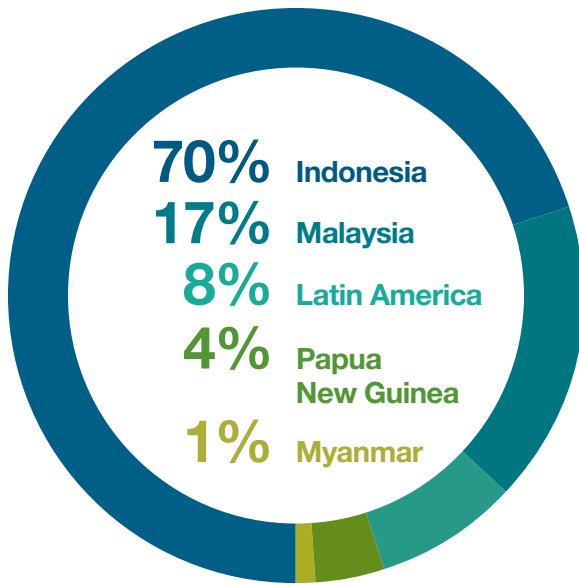
Our approach

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](#)⁵⁰. To address labor and human rights issues in the palm oil supply chain, we prioritize engagement based on varying levels of severity and impact to drive long-term capability and compliance improvements. When a supplier is unable or unwilling to make progress within the agreed upon timeframe, or has repeated non-compliances, we remove the supplier from our supply chain.

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.

KPI PROGRESS⁵⁰

Location of grievances



Grievances logged

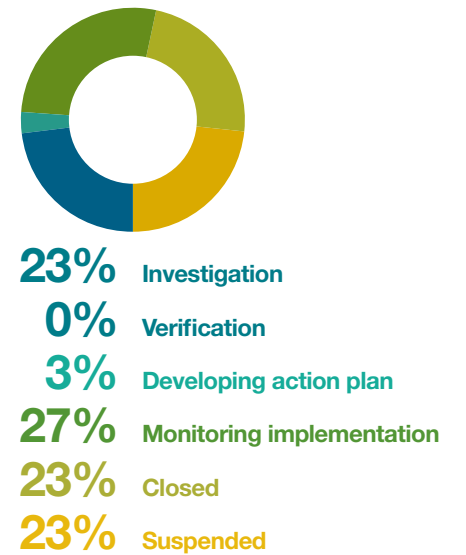


Addressing grievances

Deforestation⁵¹



Labor/human rights⁵¹



⁵⁰ Referring to all grievances registered up to the end of December 2022.

⁵¹ Percentages do not total 100% due to rounding of decimals.



Supplier engagement

KPI PROGRESS

Sustainability program impact

93%

Volumes covered by NDPE policy

90%

Direct suppliers (traders/refiners) with NDPE policy

Direct mills

70%

have completed self-assessments

82%

with NDPE policy

Total number of third-party suppliers

63 Third-party refineries

1,640 Third-party mills

Our approach

To ensure our suppliers are operating in compliance with our [Policy on Sustainable Palm Oil](#)⁵² commitments and our [Supplier Code of Conduct](#)⁵², we engage with them through visits, assessments, and workshops. Our risk-calibrated approach 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. During 2022, working in partnership with the Consortium of Resource Experts, known as CORE (which includes Daemeter and Proforest), we updated our comprehensive due diligence process beginning with a questionnaire that suppliers must complete—followed by verification by our team—prior to our purchase of palm products. We will apply this updated due diligence process for all our suppliers globally.

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

Latin America: We continued our work with suppliers in Colombia, Honduras, Guatemala, and Mexico to scale implementation of our Continuous Improvement Program focused on NDPE best practices. In 2022, we provided consulting and training to 12 high-risk suppliers to help them close gaps and comply with NDPE expectations in our Policy on Sustainable Palm Oil. Five suppliers from Colombia and Mexico completed action plan implementation during 2022, demonstrating compliance with social and environmental criteria. We also provided training to more than 320 mill assistants in Latin America through three webinars on our Connected4Change platform focused on traceability, geographic information system tools, and European regulations, including EUDR and CS3D.⁵²

Our actions

Brazil: Through our partnership with [Earthworm Foundation](#)⁵², we are supporting palm oil mills in our supply chain to improve environmental, social, and labor practices so they meet the criteria of Cargill's Policy on Sustainable Palm Oil. Earthworm assesses and guides suppliers using the Aggregator Refinery Transformation (ART) action plan to help them increase sustainability, traceability, and accountability. In 2022, suppliers made progress in closing the gaps outlined in their action plans, and more than 100 supplier representatives were trained to address socio-environmental sustainability challenges during a series of sessions focused on human rights, conflict management, and [free, prior and informed consent \(FPIC\)](#)⁵² rights for indigenous peoples.

Malaysia: We engaged with suppliers during 2022 to improve human rights and prevent deforestation. Working with Earthworm Foundation, we conducted an Ethical Recruitment Due Diligence Program with a mill in Masai (Johor) focused on recruitment practices, from pre-arrival of migrant workers at their country of origin to departure after completion of their work with the mill. The program included review of the supplier's standard operating procedure for recruitment, policies, and engagement with recruitment agents. (Updates on the Labor Transformation Program are provided in the human rights content under [Programs and partnerships](#).) To prevent deforestation, we engaged with three mills to review traceability, met with their

⁵² European Union Deforestation-free Regulation (EUDR) and Corporate Sustainability Due Diligence Directive (CS3D)

external suppliers, visited sites with deforestation alerts, and provided training about capacity building on HCV⁵³ areas. Earthworm also conducted focus group engagement with mills on NDPE capacity building, EUDR requirements and guidance on traceability using polygon maps. We partnered with Proforest to conduct a workshop for 12 fresh-fruit bunch dealers about NDPE and EUDR requirements and traceability systems. In addition, we worked with Control Union to conduct traceability audits of seven mills for one of our customers.

Indonesia: We worked with Daemeter to conduct a three-day supplier engagement workshop attended by more than 30 participants focused on sustainability trends and regulations, our **risk-calibrated approach** [☞] for collecting traceability data, FPIC updates, RSPO Principles and Criteria implementation best practices, and management and monitoring of HCV/HCS⁵³ areas.

Cargill continues to increase transparency in traceability through verification. We piloted the Traceability Verification

Guidance for Palm Oil Supply Chains, developed by CORE, with the objective to verify the compliance of traceability systems, processes, and outputs. The pilot, supported by CORE, was conducted at a refinery and a mill owned by one of our suppliers, Permata Group. Outcomes of the verification were shared with the supplier and Cargill will follow up on an action plan accordingly. We will continue to explore the Traceability Verification Guidance for Palm Oil Supply Chains and associated processes.

⁵³ High conservation value (HCV) / high carbon stock (HCS)



Improving labor and human rights

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 Policy** [☞] and our **Policy on Sustainable Palm Oil** [☞] and in line with international human rights principles and applicable local laws. We support the work being done to address labor and human rights issues by governments and organizations, including the **International Labour Organization (ILO)** [☞] and the **United Nations Children's Fund (UNICEF)** [☞], RSPO Human Rights Working Group, and Earthworm No Exploitation standard.

Our actions

Our actions to advance human rights are included in the description of our programs and partnerships, along with updates about **landscape initiatives** and **smallholder programs**.

KPI PROGRESS

72%
of direct suppliers with human rights commitments in their NDPE policy



Programs and partnerships

We collaborate with partners to support smallholders and address sustainability challenges across the palm oil supply chain. Many of these challenges, such as deforestation and human rights concerns, are not specific to a single supplier or to the palm sector alone. To tackle issues that are common within a region and across commodities, Cargill collaborates with a variety of stakeholders through interventions at the landscape level. Working together, we can better address persistent, complex social and environmental risks involving multiple mills, growers, buyers, and other stakeholders. The involvement of public institutions in these collaborations is key to achieve systemic change.

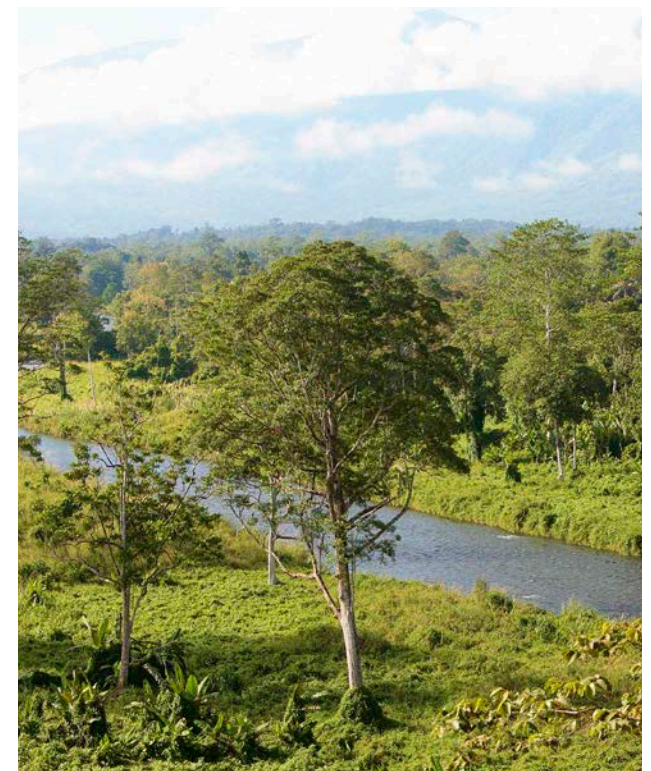
Landscape initiatives

Our approach

We collaborate through landscape-level initiatives and platforms, such as the **Tropical Forest Alliance (TFA)** ^{EN}, to address challenges that span physical and political boundaries and involve multiple commodities. Cargill is currently participating in nine palm-related landscape programs around the world.

Our actions

Brazil: We continue to support the **Tomé Açu landscape program**, in partnership with Earthworm Foundation, using an integrated approach involving brands, commodity producers, smallholders, authorities, and local communities in the northeast of the state of Pará. The program includes helping to develop small palm producers while achieving positive and regenerative impacts on the landscape. In 2022, the program strengthened farmer associations and cooperatives and supported the formalization of 10 businesses—initiatives that are expected to produce a 30% increase in revenue for rural entrepreneurs. Ongoing women's empowerment efforts included interviews with 400 women and training for 120 female leaders. More than 400 families have participated in the program, six municipalities have benefited from food security initiatives, and land rights have been reinforced through property registration and access to new credit.





Colombia: We participate in three landscape programs in Colombia. Now in phase three, the Lebrija River Basin landscape program is implementing action plans focused on deforestation prevention, conservation, and farm and water management. In 2022, Cargill and Proforest conducted workshops and capacity building sessions to

build partnerships and develop the collaboration agreement with the palm oil core entities that support the project. The implementation phase commenced in 2023. So far, the program has reached:

- **67%** high-risk and **33%** low-risk mills in the Lebrija River Basin landscape
- **6 mills** in Cargill's supply chain engaged in the program

We continue to participate with Solidaridad in the **Intel4Value landscape program** to address employment and labor gaps among palm producers and workers in the Catatumbo region of Colombia. Now in its second year of implementation, the program is working to build an efficient, scalable, and sustainable palm oil value chain. The program is creating a positive social impact for nearly 3,000 workers—including nearly 1,000 women, providing environmental protection for more than 20,000 hectares of farmland, and improving livelihoods for 1,200 smallholder farmers, including more than 400 women. During 2022, more than 380 smallholders received training on sustainability issues and completed the Sustainability Index baseline to identify gaps in sustainable agriculture best practices. Furthermore, more than 100 producers completed the RSPO recertification process.

Cargill also remains a member of the **Colombia Land Initiative (CLI)**, which aims to support collaborative efforts to address land rights and tenure in two palm oil producing areas.

Malaysia: Our support for the **Southern Central Forest Spine (SCFS) landscape program** continues as the program enters its second year focused on supply chain transformation, forest protection and restoration, farmer resiliency, and workers and families. The program balances sustainable production, forest conservation,

resilient livelihoods, and good labor practices in the SCFS region—a group of forested areas and critical wildlife corridors that have experienced significant land conversion to palm plantations. The program's impact in 2022 includes:

- **42%** reduction in deforestation in the landscape's key sensitive area
- **26%** of palm mills are traceable to plantations
- **39%** of mills have action plans to address NDPE commitments
- **206** farmers engaged in livelihood improvement programs
- **274** (direct) and **1,934** (indirect) workers engaged to improve welfare and working conditions

To improve traceability, we participated in joint workshops with fresh-fruit bunch (FFB) dealers—a strategy that is expanding to include more mills across the landscape in collaboration with the Malaysia Palm Oil Board, Malaysian Palm Oil Certification Council, and other participants. Cargill also is a key partner in the development of effective grievance programs to safeguard workers' rights. We facilitated engagement with two mills to pilot the rollout of an operational grievance mechanism with management and workers at small and medium-sized palm oil companies. The need for a safe, effective, trusted grievance mechanism aligned with the United Nations Guiding Principles (UNGPs) was identified in 2021 and the collaborative response is led by Earthworm Foundation.

Indonesia: We participate in four landscape programs in Indonesia. We continue to support implementation of the **Siak and Pelalawan Landscape Program**¹³, which is focused on protecting and enhancing forest, peatland, and natural ecosystems; improving the livelihoods of smallholders; respect for labor and community rights; and sustainable oil palm production.

Through multistakeholder partnerships and consensus, the program achieved progress in several key areas during 2022, its third year of implementation. An additional 140 oil palm smallholders were mapped and identified using smallholder business registration guidelines, bringing the total to more than 1,300, and nearly 80 smallholders received plantation registry letters—a prerequisite for meeting the ISPO standard required by 2025. Training on conservation and good agricultural practices was provided to more than 2,000 people, and 18 households participated in a pilot project focused on income diversification. Farmers from more than 28 villages participate in the program, representing more than 150,000 hectares of land. Both the Siak and Pelalawan district governments have committed to natural ecosystem management and no-deforestation plans, and are moving forward with conservation regulations in eight villages and district action plans for sustainable palm oil. KPIs for this landscape program include:

- **79%** of high-risk, **15%** of medium-risk, and **6%** of low-risk mills in the landscape participating
- **47 mills** in Cargill's supply chain engaged in the program

The **Sungai Linau landscape program** in Sumatra, now in its second year of implementation, focuses on community-based land use development, long-term protection of the **Giam Siak Kecil-Bukit Batu Bioreserve**⁵⁴, GHG emissions reduction through forest and peat protection, and supporting village members' livelihoods. Progress highlights in 2022 included the completion of land tenure

assessment for Sei Linau village and an agroforestry group formed by community members to implement activity within the village forest perimeter, including the planting of crops such as rubber, coffee, and taro. Assessment of a deforestation monitoring protocol in Sungai Linau village also was conducted. The process involved engagement with various stakeholders, including the local community, government, and forest management agencies.⁵⁴ As of March 2023, smallholders from four villages had received training from program implementation partner Musim Mas about good agricultural practices, financial literacy, group dynamics, NDPE policy, and introduction to ISPO and RSPO requirements.⁵⁵

To increase use of sustainable practices by smallholders around our operations, we are implementing programs near our **Ketapang and Hindoli plantations**. In Ketapang, West Kalimantan, Cargill, IDH—The Sustainable Trade Initiative, JDE Peet's, and FORTASBI (the Indonesian Sustainable Oil Palm Smallholders Forum) are supporting independent smallholders to achieve ISPO and RSPO certification. To date, more than 5,000 independent smallholders from Ketapang are taking part in the landscape program covering nearly 12,000 hectares of palm plantations.

In the Musi Banyuasin region near our Hindoli plantation in South Sumatra, more than 2,500 independent smallholders covering nearly 7,000 hectares of plantations supplying to Cargill's Tanjung Dalam mill participated in the **Hindoli Landscape Program**. They received support for preparing to attain RSPO and ISPO certification as well as training and building their capacity to organize into cooperatives.



⁵⁴ Local community (Lembaga Pengelola Hutan Desa), Planning and Development Agency of Riau Province (BAPPEDA), Forestry Agency of Riau Province (Dinas Kehutanan Riau), Forestry Law Enforcement of Riau Province (GAKKUM Riau), and Forest Management Unit (Kesatuan Pengelola Hutan/KPH) of Bengkalis District

⁵⁵ Smallholders in Sungai Linau Landscape Villages: Tanjung Damai, Sungai Linau, Bandar Jaya, and Sumber Jaya



Smallholder programs

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.

Our actions

Guatemala: We continued working with our supplier, Palmas del Ixcán, to help smallholders in the company's supply base, many of whom are women, to adopt sustainable agricultural practices and build their capacity to achieve RSPO certification. During 2022, Cargill supported several key environmental and social studies, including land use analysis for nearly 30 smallholders who are in the process of becoming RSPO certified and pre-certification audits for more than 20 smallholders to identify gaps in their compliance with the RSPO standard. These producers

have received a complete action plan for moving toward certification as well as technical support from Proforest to develop key studies necessary for RSPO compliance, including Environmental and Social Impact Assessment (ESIA), FPIC, HCV evaluations, and previous Land Use Change Assessment (LUCA).

Colombia: Cargill supports smallholder implementation of the Sustainability Index in Colombia as part of the **Lebrija River Basin landscape program**.

Mexico: We participate in the **Holistic Program** [↗] for sustainable palm in Mexico—together with the RSPO, Proforest, the Mexican Federation of Palm Oil (FEMEXPAL-MA), Cargill customers, and suppliers—to help support the transformation of the Mexican palm oil supply chain. The program provides smallholders with technical support and capacity building on various sustainability issues, including human rights, land use changes, HCV land, and HCS carbon mapping. In 2022, the program helped to certify nearly 120 independent smallholders from Oleopalma, a member of the initiative, with more than 2,500 hectares of palm plantation land. The program trained nearly 20 group managers and nearly 530 professionals to build capacity around sustainability.

Malaysia: We continue to support independent smallholders under the **Wild Asia Group Scheme (WAGS) program** to attain RSPO certification. To date, 574 smallholders have been RSPO certified under the WAGS program.

“The partnership with Cargill since 2015 is very important to us as they were the first one in Malaysia to support a certification program with an independent mill. The partnership enabled us to develop the first dealer model, and since then we were able to replicate and expand to other parts of Malaysia and beyond. It is very crucial for companies wanting to support independent smallholders towards sustainable production and smallholder inclusivity to realize the complexity of the palm oil supply chain, then making the commitment and investment to make it happen. Cargill has set a precedent that others should emulate.”

Dr. Reza Azmi
Executive Director and Founder of Wild Asia



Human rights programs

Our approach

We participate in programs that address labor and human rights issues across our supply chain. In 2022, we took a series of actions to help our suppliers improve their processes.

Our actions

Labor Transformation Program: In 2022, the third year of implementing this program with Earthworm in Malaysia, we engaged with three high-volume mills on key topics, including ethical recruitment, retention of travel documents, accommodation, employment contracts, working hours, and grievance mechanisms. A positive impact from these mill engagements has been the return of workers' travel documents. Observations and findings from the engagements were used to create continuous improvement plans to guide suppliers in addressing key areas within their operations.

Labor Formalization Project: Cargill signed an agreement with the International Labor Organization (ILO) to support the promotion and enforcement of labor rights in Colombia. The project includes conducting gap assessments and implementing action plans to help suppliers uphold the rights of palm oil workers. The project is providing labor formalization support through technical assistance and capacity building for small, medium, and large suppliers across four regions in Colombia.

We continue to move forward on our sustainable palm oil supply journey. This includes providing transparency around actions to remove forest loss and conversion from our supply chain, outlining how we will measure and disclose emissions from land use change, and reporting progress toward these commitments.

