



Cargill Forest Protection Action Plans

TAKING ACTION

By endorsing *The New York Declaration on Forests* in 2014, Cargill pledged to do its part in driving practical measures to combat deforestation across our supply chains. The pledge comes in the midst of a dramatic transformation occurring in the food and agriculture commodity sectors, driven by new and fast changing market demands from consumer goods companies and consumers, new environmental and social policies, stronger laws for land rights for indigenous peoples and advocacy by civil society.

In 2015, Cargill established a new Corporate Sustainability Council, spearheaded by Chairman and Chief Executive Officer David MacLennan and chaired by Vice Chairman Paul Conway, to tackle some of these new pressures at the enterprise level. We sought counsel and input from stakeholders, including key customers and environmental organizations. As a result, we outlined new corporate priorities in four focus areas: land use (including deforestation), water, climate change and farmer livelihoods.

We identified forests as one of our top areas for action and to give priority to tackling illegal deforestation, first. All supply chains are different – once illegal deforestation is under control, we can take steps at tackling the issue of legal deforestation. Our actions to eliminate deforestation must be context-specific and provide the right incentives to engage producers, promote the best agricultural practices, encourage adoption of laws to protect forests, and seek multi-stakeholder consensus to enable both forests and agriculture to thrive. In a collaborative approach, forest protection and sustainable development must balance the environmental, social, and economic needs of the communities in which we operate.

Below we outline five priority areas with corresponding Forest Protection Action Plans, illustrating where we stand today but also with much work yet to be done:

- [Sustainable palm oil – Global](#)
- [Sustainable soy – Brazil](#)
- [Sustainable soy – Paraguay](#)
- [Sustainable cotton and maize – Zambia](#)
- [Sustainable fiber-based packaging – Global](#)

In Brazil, Indonesia and Malaysia, we have a ten-year track record of tackling deforestation, with well-established plans and programs in place. In Paraguay and Zambia, our efforts are more nascent and formative. Work in other businesses is in the early stages and will be ongoing as we evaluate other agricultural commodities for risks and opportunities to prevent deforestation. Oversight for this work will be at the enterprise level with Cargill's Sustainability Council.

The issues are complex and no one party can do it alone. Success will depend in part on the level of engagement of local suppliers, companies, and governments in processes that deliver local economic, social and environmental benefits. Ultimately success will be determined by the number of hectares conserved, restored and positively impacted. Hence, we must find ways to make progress in collaboration with our partners.



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SUSTAINABLE PALM OIL – GLOBAL

Cargill has been working towards sustainable palm oil since joining the Roundtable on Sustainable Palm Oil (RSPO) in 2004. In 2014, we established a palm policy goal to achieve 100 percent traceability to the mill by the end of 2015, and 100 percent traceability to sustainable plantations by 2020. Our commitment includes:

- No deforestation of High Conservation Value (HCV) lands or High Carbon Stock (HCS) areas
- No development on peat
- No exploitation of rights of indigenous peoples and local communities
- The policy also covers suppliers

We are on track to achieve our goal of 100 percent traceability to the mill level by December 31, 2015 for palm we ship or purchase in key markets, with the exception of India and China this year.

To help us reach this goal, we are partnering with The Forest Trust (TFT) to establish a traceability program, evaluate palm oil suppliers and formulate action plans to bring them in line with our policy. We are also working with industry associations such as Indonesia Palm Oil Pledge (IPOP), Roundtable for Sustainable Palm Oil (RSPO) and Sustainable Palm Oil Manifesto (SPOM), pushing to increase cooperation and accelerate best practices across the palm oil sector.

Cargill was one of the first companies in Indonesia to trial the HCS methodology developed by TFT and Greenpeace. We are members of the HCS steering group spearheaded by IDH, and we are a sponsor of the HCS Science Study. We support the convergence of these tools and methodologies as the science evolves to include consideration for economic, social and environmental factors.

You can read more about our progress in palm oil [here](#).

In 2016, we will:

- Continue field assessments of suppliers in Indonesia, Malaysia, South and Central America.
- Implement the HCS approach in three areas identified for potential expansion in Kalimantan (adjacent to existing plantation areas).
- Intensify our pilot program for the use of unmanned aerial vehicles (UAVs) to monitor forest cover change and tree health, and to improve yields and reduce inputs. Support HCS assessments at sites for three third-party suppliers. Build support for the development and trialing of Responsible Smallholder Peat Management Guidelines for existing plantations on peat and replanting/rehabilitation.
- Trial the Aggregator/Refiner Transformation (ART) approach in Malaysia at one of our refineries, with the aim to expand to Indonesia.



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SUSTAINABLE SOY – BRAZIL

In Brazil, Cargill works with more than 15,000 soy farmers at all levels of production. We are committed to the continued improvement of soy production and forest protection, especially the Amazon Biome. Since 2004, Cargill has led the industry by collaborating with The Nature Conservancy (TNC) to pioneer a pragmatic, market-based approach to reducing deforestation in the Amazon biome. Our responsible soy program today also reaches up to 20 municipalities in the state of Mato Grosso, covering close to 25 million hectares of land.

In 2006, Cargill partnered with industry and environmental organizations to create the Brazilian Soy Moratorium, an agreement to not purchase soy from lands in the Amazon biome that were deforested after July 2006. The Soy Moratorium has been extended through May 2016. Cargill remains actively involved.

Cargill's 2020 Plan for sustainable soy in Brazil continues to focus on the Forest Code implementation to help the sector move to legal compliance and to help farmers enhance production while conserving and restoring forests.

In 2016, we will:

- Support the extension of the The Soy Moratorium beyond May 2016 until an alternative approach is reached to cope with Brazilian society's needs and legal standards, and offer consumers an acceptable level of assurance that Brazil's soy is produced sustainably.
- By May, request the CAR (Rural Environmental Registry) as a sourcing requirement for any of Cargill's direct soy suppliers and align our sourcing guidelines to support the Brazilian Forest Code implementation.
- By May, verify our soy direct suppliers' compliance with the Brazilian Forest Code and additional requirements. Implement incentives in hot spot areas to enhance and accelerate compliance with the Brazilian Forest Code.
- Utilize the list of embargoed areas published by the Brazilian Environmental Ministry and the List of Slave Labor distributed by the InPacto (Pact for the Eradication of Slave Labor Institute) as a sourcing criterion.
- Support the *"Coalizão Brasil: Clima, Florestas e Agricultura"* (Brazilian Coalition for Climate, Forests and Agriculture) to help build local consensus on effective measures to protect forests, bring an end to illegal deforestation, mitigate the effects of climate change and promote a low carbon economy in Brazil.
- Work in partnership with industry, government, environmental organizations and customers to accelerate change.



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SUSTAINABLE SOY – PARAGUAY

In Paraguay, Cargill works with over 3,000 farmers in both the southern and northern regions of the Atlantic Forest. Cargill does not acquire soybeans that are originated from the Paraguayan Chaco.

In 2004, Paraguay enacted a zero deforestation law, which is set to expire in 2018. In its place, there is a need for new legal mechanisms to protect forests and prevent a return of high deforestation rates in the Atlantic Forest.

Cargill has been building a sustainable soy program since 2009 to meet European Union-recognized sustainability criteria, including the Biomass Biofuels Sustainability voluntary scheme (2BSvs), ISCC, and Cargill's own certification program known as Triple S (Sustainably Sourced & Supplied), focusing on no deforestation, greenhouse gas reductions and responsible working conditions. This currently covers a third of our supply.

In 2015, Cargill began work to expand its current sustainable soy program and to include farmers from other regions. Our aim is to help shape a model for local industry, raise awareness around forest management and help build the foundation for an effective land use monitoring program.

In 2016, we will:

- Work with government and public institutions to better understand the implementation of the existing local forest code and the current rate of deforestation for areas where we source soy.
- Map Cargill's total footprint in Paraguay; create coverage maps corresponding to the legal framework for all areas.
- In partnership with third parties, establish the first phase of a georeferenced producer database to help conduct a review of compliance levels with current legally mandated forest cover level, and help implement a program to map farm perimeters.
- Collaborate with third-party systems for deforestation monitoring (such as the WRI-Global Forest Watch) to promote widespread adoption in the soy sector in Paraguay.
- Participate and provide leadership in the broader national conversation on land-use in Paraguay, such as the Green Commodities Project, a multi-stakeholder project with the aim to help set new local standards for soy producers, and to help the Paraguayan government build capacity to implement more effective forest protection laws.
- Explore with local NGOs, including Solidaridad, the expansion of extension services and technical support for small producers, including issues of land use compliance, and restoration of degraded and marginal areas.
- Build upon and expand our current biomass program. Today, Cargill operates a 550 hectare forest plantation of eucalyptus to provide 15 percent of its biomass needs. Our goal is to have 50 percent of our biomass needs covered with our own managed forests within ten years.



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SUSTAINABLE COTTON AND MAIZE – ZAMBIA

In Zambia, Cargill works directly with over 70,000 farmers through our network of more than 1,600 training schools. Our agricultural conservation training includes crop management, conservation agricultural practices and agroforestry programs. While Zambia does not generally show up as a hot spot for deforestation on maps such as WRI's Global Forest Watch, parts of eastern Zambia do show agriculture increasingly encroaching on protected areas, buffer areas and community conservation areas.

Cargill is playing an active role in a local multi-stakeholder forum called the Chipata Roundtable which has established *The Luangwa Valley Ecosystem Partnership Management Initiative*, helping to bring together key government and non-government stakeholders. The Chipata Roundtable has established an action plan to support local community leaders' efforts to establish Community Conservation Areas over the next two years and to discourage production in sensitive areas.

Also in the Luangwa Valley, Cargill is helping facilitate connections between the Chipata Roundtable and the newly formed World Bank Group's BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL). ISFL aims to operate for 10 years (2015-2024) and achieve emissions reductions while improving rural livelihoods and wildlife conservation. The program is expected to cover 6 million hectares.

In 2016, we will:

- Continue to help protect local conservation areas by training farmers to adopt better agricultural practices.
- Work as a task force group member of the Chipata Roundtable.
- Provide ongoing support to help unlock resources from the ISFL funded Zambia Integrated Forest Landscape Program to help strengthen the Chipata Roundtable. We are providing technical support to connect the ISFL team with local stakeholders.
- Roll out conservation agriculture training through our farmer field schools.
- Increase the distribution of soil-enriching Gliricidia trees to our farmer network, and continue our agroforestry initiatives.
- Continue to play a role in strengthening industry standards on environmental practices for farmers.



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SUSTAINABLE FIBER-BASED PACKAGING – GLOBAL

Cargill spends more than \$1.2 billion annually on packaging. Of the fiber-based packaging Cargill purchases, approximately 98 percent falls into three categories: corrugated, paper bags and folding cartons.

Cargill's global strategic sourcing and procurement team continuously looks for opportunities to minimize packaging through size optimization and reduced material usage. Packaging suppliers are given annual "cost takeout goals" and regularly recommend design modifications or alternative materials to optimize the packaging Cargill uses.

In 2016, we will:

- Perform a risk analysis of corrugated, paper bag and folding carton global supply chains.
- Establish sustainable sourcing standards for corrugated, paper bags and folding cartons with a time-bound implementation plan and targets. Standards will take into consideration third-party certification schemes such as Forest Stewardship Council (FSC), Programme for the Endorsement of Forestry Certification (PEFC) and others endorsed by PEFC. Standards could also give preference to recycled content. Based on the risk assessment, targets may be geography-specific.
- Educate all fiber-based packaging suppliers on Cargill's sustainable sourcing standards. If necessary, work with suppliers to identify alternate materials.
- Establish a centralized tracking process to monitor sourcing performance and report on progress annually.