



Cargill Policy on Sustainable Palm Oil

As one of the world's largest buyers of agricultural commodities, Cargill's purpose is to nourish the world in a safe, responsible and sustainable way.

We believe forests and farms must coexist as both are crucial to life on the planet. Forests provide food, water, fuel, medicine and livelihoods to billions of people, while providing vital habitat, regulating the climate and storing carbon for the wider environment. Agriculture is essential to the livelihoods of billions of people and to food security for all.

Palm oil plays a critical role in feeding and supporting the livelihoods of millions. Demand for edible oils will continue to grow as the world population is predicted to reach 10 billion by 2050. Palm oil is the most viable option to meet this demand. It is the highest yielding edible oil crop, using less land, energy, fertilizer and pesticides than other vegetable oils for every ton produced. Our Policy on Sustainable Palm Oil (Palm Policy) allows for both sustainability values and agricultural development to simultaneously thrive. As Cargill sits between growers and consumers, we commit to using this position to take practical measures to help protect forests, mitigate agriculture as a contributor to deforestation, provide farmers with access to markets and promote responsible supply chains that respect people and human rights.

Cargill's commitments to producing and sourcing palm oil in an ethical, environmentally sustainable and socially responsible manner are embodied in our responsible production requirements that aim to deliver palm oil that is produced in accordance with "No Deforestation, No Peat and No Exploitation" (NDPE) practices. Our time-bound roadmap outlines the four pillars that have been the cornerstones of our Palm Policy, guiding its implementation and delivering impact: traceability, supplier engagement, sustainable plantations and smallholder programs.

We will deliver with our eye on long-term, sector- and landscape-wide transformation. We will enact changes in our direct supply chain while working in close collaboration with critical stakeholders, including our direct and indirect suppliers, customers, communities, governments, non-governmental organizations, academia and others to achieve our commitments. We will participate in industry and multi-stakeholder forums, and engage with governments to achieve lasting sector-wide sustainability impacts.

Our Commitment

Cargill commits to a transparent, traceable and sustainable palm oil supply chain that:

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

The Cargill [Code of Conduct](#),¹ [Policy on Forests](#)², [Commitment on Human Rights](#)³ and our [Supplier Code of Conduct](#)⁴ are key pillars of our Palm Policy.

Scope

This Policy applies to all the physical palm oil products that Cargill produces, trades and processes.

We work with our direct and indirect suppliers across all their operations, smallholders, customers, governments, non-governmental organizations, industry associations and other stakeholders to implement this policy and continuously drive compliance.

In our own operations and by engaging with our suppliers, Cargill is committed to:

1. *Protecting environmentally, socially, and economically important resources for the benefit of current and future generations.*

Protection of forest, habitats, ecosystems and livelihoods

- 1.1. Implement the combined HCV - HCSA-FPIC methodologies⁵ to identify areas for protection, preventing clearance of ecologically and socially important forests, habitats, hydrological systems, community and customary lands, and to determine eligible new planting areas⁶.
- 1.2. Require and partner with all suppliers to implement HCV and HCSA in their own operations and supply chains⁷.
- 1.3. Support efforts to refine and improve implementation of HCSA to ensure it is a robust, scientifically-sound, socially, politically and economically acceptable approach to achieving a deforestation free supply chain.

Conservation and Responsible Management of Peat

- 1.4. Commit to and require all suppliers to not develop on peat, defined as soil containing greater than 65% organic matter, regardless of depth.
- 1.5. Utilize the RSPO Manual on Best Management Practices (BMPs) for existing oil palm cultivation on peat⁸ and Protocol for Oil Palm Independent Smallholders for Sustainable and Responsible Management of Peat Areas (2017) as primary guidance for optimal peat management.

¹ <https://www.cargill.com/about/ethics-and-compliance>. This includes adhering to all applicable and relevant local and national laws, and international human rights principles.

² <https://www.cargill.com/doc/1432136544290/cargill-policy-on-forests.pdf>

³ <https://www.cargill.com/doc/1432136529974/cargill-commitment-on-human-rights.pdf>

⁴ <https://www.cargill.com/supplier-code>

⁵ HCS Approach toolkit is accessible here: <http://highcarbonstock.org/the-hcs-approach-toolkit/>

⁶ HCV-HCS manual is accessible here: <https://www.hcvnetwork.org/resources/hcv-hcsa-assessment-manual/view>

⁷ Development taking place without prior implementation of this methodology will be investigated through Cargill's grievance process and may require remedial action.

⁸ RSPO BMP manual is accessible here: <https://rspo.org/resources/best-management-practices/best-management-practices-on-peat>

- 1.6. Work with experts in developing and implementing guidelines and models for conservation, rehabilitation or alternative uses in areas unsuitable for development.
- 1.7. Work to protect critical peat domes and forests within our sourcing regions facing threats of developments through the adoption of landscape approaches and in partnership with producers, governments and communities.

Mitigation of Air Pollution and Greenhouse Gas Emissions

- 1.8. Maintain our long-standing no-burning commitment which includes the preparation of new plantings, re-plantings or any other developments.
- 1.9. Identify and report towards progressively reducing greenhouse gas (GHG) emissions from our own operations where relevant⁹.
- 1.10. Use appropriate tools to monitor and regularly report progress, such as the RSPO-endorsed Palm GHG tool or its equivalent.

2. *Recognizing and upholding the rights of the communities and workers in line with international human rights principles and local applicable laws.*

We participate in the UN Global Compact and take guidance from the UN Guiding Principles on Business and Human Rights and the International Labor Organization Fundamental Principles and Rights at Work. These frameworks call on us to engage in due diligence and take action to remedy issues where identified in our workplaces, supply chains and extended communities.

Land Tenure

- 2.1 Respect the rights of indigenous and local communities. We support FPIC as a core to protecting those rights. Concerning the utilization of lands to which they hold legal, communal or customary rights, all new developments where appropriate, must undergo a social impact assessment and implement a FPIC process prior to commencement of activities, in a manner that is locally relevant to the affected communities.
- 2.2 Support the Food and Agriculture Organization's Voluntary Guidelines on the Responsible Governance of Tenure¹⁰ and will engage stakeholders in the countries which we operate in to implement the guidelines.

Labor Practices

- 2.3 Prohibit the use of human trafficking, illegal, abusive, forced or child labor¹¹ within our operations anywhere in the world and work with our suppliers to prevent and address such practices across the supply chain. In cases where exploitative practices are identified, we will determine remedial actions to ensure appropriate, timely and transparent responses.

⁹ <https://www.cargill.com/sustainability/priorities/climate-change>

¹⁰ <http://www.fao.org/tenure/voluntary-guidelines/en/>

¹¹ <https://www.cargill.com/doc/1432136529974/cargill-commitment-on-human-rights.pdf>

- 2.4 Respect and protect human rights including rights of all workers regardless of age, ethnicity, gender, language, local customs, physical ability, race, socio-economic status, religion, sexual orientation, gender identity and expression, contract status or migration¹².
- 2.5 Uphold the right to freedom of association and recognize the right to collective bargaining. We will not discriminate against worker trade union representatives.
- 2.6 Commit to working with our employees, contractors, suppliers, independent organizations and governments to uphold an ethical and transparent recruitment process whether carried out directly or indirectly through sub-contractors. We prohibit any form of unlawful retention of identity documents.
- 2.7 Require workers, including those managed by sub-contractors, to be paid a wage equal to or exceeding the legal minimum wage. Only lawful deductions can be made and these must be socialized with workers in a manner they comprehend.
- 2.8 In line with RSPO standards conduct a living wage assessment, initially in our oil palm plantation operations, based on credible methodologies with the goal of ensuring workers have access to decent living wages.
- 2.9 Commit to upholding a responsible workplace by taking steps to protect all employees and contractors from occupational health and safety hazards. We will also ensure adequate treatment and/or compensation is provided to workers in cases of work-related illness and injury. We expect our suppliers to do likewise.
- 2.10 We will ensure that conditions of work - working hours, rest days and overtime comply with the law and collective agreements.

Freedom from harassment, intimidation, retaliation and violence

- 2.11 Prohibit harassment, intimidation and the use of violence by anyone associated with Cargill during their work or while performing any activity on behalf of Cargill. This applies to all employees, suppliers, third parties and contractors. Cargill will not tolerate retaliation against anyone who, in good faith, raises a concern or participates in an investigation or whistleblowing.
- 2.12 Should incidents be identified, take necessary preventive and corrective action, including but not limited to disciplinary or commercial action, such as supporting independent investigations, mediation efforts, and cooperating with law enforcement and international bodies, should such incidents be identified. We will also take steps to protect the anonymity of individuals or groups reporting through our grievance procedure.
- 2.13 We expect our suppliers to establish an accessible and transparent grievance procedure for workers, individuals, communities and civil society impacted by their supply chain operations to resolve complaints.

3. Promoting the inclusion of smallholders into sustainable palm supply chains

- 3.1 We work directly and in partnership with our suppliers to support smallholders and communities to identify and manage HCS, HCV and customary areas.

¹² Cargill [Code of Conduct](#), [Commitment on Human Rights](#), [Global Anti-Discrimination Policy](#)

- 3.2 Respect the informed decision making authority of smallholders, who demonstrate legal or customary right to land, to determine the future uses or conservation of their lands.
 - 3.3 Support the identification, creation and implementation of tools and mechanisms to enable smallholders and communities to conserve these areas while maintaining or improving their livelihoods.
 - 3.4 Work with smallholders and stakeholders to facilitate their compliance with our policy requirements through the development of guidelines, tools and incentives focusing on capacity building and responsible farm development, where gaps exist.
- 4. *Upholding high standards of transparency and monitoring through reporting of timebound implementation plans, progress, proactive monitoring and grievances***
- 4.1 Publish regular reports, including an annual report, on key metrics, time-bound implementation plans, progress and impacts.
 - 4.2 Conduct due diligence of new suppliers, assess risk, and proactively monitor our supply chains and sourcing landscapes using tools such as spatial assessments and social risk methodologies.
 - 4.3 Work with parties to resolve complaints and conflicts relating to non-compliance of this Palm Policy through an open, accessible, transparent and consultative process. Cargill's [Palm Grievance Procedure](#) provides a structured and timely approach to ensure external stakeholder grievances are constructively engaged and clear milestones are developed towards resolution of non-compliances. We regularly review our grievance process and commit to continuous improvement of our procedure.
 - 4.4 We will work with credible independent third parties to verify compliance of our suppliers with this Palm Policy, and to audit and evaluate the implementation and performance of this Policy across our supply chain.

Cargill's commitment to building a transparent, traceable and sustainable palm oil supply chain is effective immediately. We continue to actively work with suppliers and establish Standard Operating Procedures to raise awareness and build capacity to guide implementation of this Policy. We expect all suppliers to transparently demonstrate progress against this Palm Policy. Where gaps are identified, we will transparently implement our grievance procedure to ensure compliance.

Who we are:

Cargill is committed to helping the world thrive. Our purpose is to nourish the world in a safe, responsible and sustainable way. Every day, we connect farmers to markets, customers with ingredients, and people and animals with the food they need. We combine our expertise with new technologies and insights to serve as a trusted partner for food, agriculture, financial and industrial customers in 125 countries.

We continue to offer RSPO certified, ISCC certified or other equivalent certified products in support of our customer demands and legal requirements¹³. In addition, we continue to encourage and support our palm product supply chain partners to join the RSPO and become RSPO certified.

Cargill will continue to engage in ongoing review of our Palm Policy and internal implementation plans. As new information and knowledge comes to light, Cargill will adjust and improve procedures in ways that are consistent with our goals of protecting forests, peat lands, local communities, workers and human rights.

Where we are:

Cargill operates a global palm oil supply chain with physical assets in the form of plantations, mills and refineries. As a trader of major commodities around the globe, our key activity in the palm supply chain is in the trading markets where we source from third-party mill suppliers. We also purchase smallholders' palm oil through cooperatives and indirectly from independent smallholder farmers.

How to reach us:

Contact information: <https://www.cargill.com/page/cargill-contact-us>

March 2019

¹³ Examples of such national schemes include the Malaysian Sustainable Palm Oil (MSPO), Indonesia Sustainable Palm Oil (ISPO) and the Indian Palm Oil Sustainability Framework (IPOS).