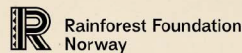
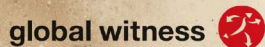


Promises to Keep

A Call on the Cargill-MacMillan Family to
Ensure that Cargill Keeps its Commitment
to End Deforestation and Land-Conversion
in South America

direct and indirect deforestation of
in Brazil, A commitment to
commitment to end deforestation
global food supply includes
of soy, Cargill's commitment
company's commitment of deforestation-free
commodities conversion-free soy across South
America





*The woods are lovely, dark and deep,
But I have promises to keep.*

Robert Frost

Note: The specific recommendations in this report refer only to Cargill's 2023 commitment to eliminate deforestation and conversion from its supply chain in South America. In addition to the criteria listed in this report to make that commitment real and effective, we also call on Cargill to implement equivalent policies wherever it operates to ensure that its entire supply chain is free of conversion, deforestation, and human rights violations.

On November 27, 2023, Cargill announced a commitment to eliminate deforestation and land conversion from its agricultural supply chain in Brazil, Argentina, and Uruguay by 2025.

This commitment by Cargill is potentially a huge and long-awaited step forward for the planet and the Indigenous peoples and other traditional communities who depend on, and protect, these ecosystems.

Unfortunately, given Cargill's long track record of breaking previous commitments – it is hard not to be skeptical.

The following report documents the steps needed by Cargill to ensure that this commitment is as real on the ground as it is on paper.

We are determined to work with Cargill and its owners, the Cargill-MacMillan family, to ensure that this policy creates industry-leading standards and becomes a vehicle for sector-wide transformation.



Background

According to a recent study published in Science Magazine, more than 90% of tropical deforestation is driven by agriculture.¹

Because of the direct link between the destruction of the world's ecosystems and climate change, the Intergovernmental Panel on Climate Change (IPCC) has found that industrial agriculture is nearly as big a driver of climate change as the emissions of all planes, cars, trucks, trains, buses and ships in the world combined.^{2,3}

And when it comes to industrial agriculture, Cargill is in the driver's seat.

It is estimated that Archer Daniels Midland, Bunge, Cargill, and Louis Dreyfus (collectively known as the ABCDs), control 70-90% of the global grain market.⁴

The annual revenue of Cargill, the largest privately held company in America, is nearly equal to the other ABCD companies combined.⁵

In short, industrial agriculture drives the destruction of the world's forests and other ecosystems—and the Cargill-MacMillan family holds the steering wheel.

If the family chose, Cargill could lead the way to restoring land instead of clearing it, charting a path to a nature-positive food supply and force its competitors to do the same.

It has been demonstrated time and again that there are enough already degraded and deforested lands—more than 1.5 billion acres (about 2/3 the size of the entire United States including Alaska)—in Latin America to dramatically expand agricultural production without destroying forests or other intact ecosystems.^{6,7}

For years, Cargill's policy has been first to drag its feet, then to make bold public commitments to solve the problems, and then fail to carry those commitments out.⁸

According to the peer-reviewed International Journal of Management Studies and Social Science Research, "Cargill continues to adjust its goals for the future based on its inability to obtain its sustainability objectives in a timely manner."⁹

This new commitment is a bold step in the right direction for Cargill.

A chance for the Cargill-MacMillans to be remembered as the family that made the world a better place, not a worse one.

If, this time, Cargill keeps its promise.

Cargill's Broken Commitments On Forests

In 2014 at the United Nations Climate Summit, Cargill's Chief Executive Officer (CEO) David MacLennan stood on stage beside UN Secretary General Ban Ki-moon and pledged to eliminate deforestation from Cargill's supply chain by 2020, as a part of the New York Declaration on Forests. "We are proud of our track record tackling deforestation. Today, I am here to say that we are going to do more. We understand that this sort of commitment cannot be limited to just select commodities or supply chains. That's why Cargill will take practical measures to protect forests across our agricultural supply chains around the world."¹⁰

In June 2019, a year after being fined by the Brazilian government for their role in illegal deforestation,¹¹ Cargill publicly abandoned the goal.¹²

In the decade since the signing of the New York Declaration on Forests, tropical deforestation has increased 40% in comparison to the previous ten years.¹³

On November 2, 2021, at the UN Climate Change Conference in Glasgow (COP 26), Cargill, along with nine other agricultural companies with a combined annual revenues of almost \$500 billion, once again grabbed headlines by committing to "halting forest loss associated with agricultural commodity production and trade."¹⁴ As a part of the COP 26 Agricultural Commodity Companies Corporate Statement of Purpose, Cargill committed along with the other signatories to laying out a "Roadmap to 1.5" that would bring the sector into line with international goals to keep climate change below 1.5 degrees Celsius by eliminating deforestation and land-conversion.

But according to a statement from a group of Cargill's largest customers including Walmart, McDonald's, Unilever, Nestlé, Mars, General Mills, PepsiCo, Procter and Gamble, Colgate-Palmolive and others, the Roadmap published at COP 27 in Egypt was so weak that it would prevent Cargill's customers from meeting their climate and deforestation commitments if they continued to source from Cargill.¹⁵



Cargill's November 2023 Commitment

In November 2023 Cargill issued the following statement:

Cargill is announcing an accelerated commitment to eliminate deforestation and land-conversion from its direct and indirect supply chain of key row crops in Brazil, Argentina, and Uruguay by 2025. The commitment spans several important commodities in the global food system, including in-country origination of soy, corn, wheat, and cotton, building upon the company's global commitment of deforestation-free commodities and conversion-free soy across South America by 2030.



The Agriculture Sector Roadmap to 1.5

The November 2023 commitment may be seen in the context of the [Agriculture Sector Roadmap to 1.5](#), of which Cargill is a signatory, which includes an additional set of definitions, targets, and cutoffs dates.

The Roadmap commits Cargill and the other signatories to the development and publication of commodity-specific time-bound implementation plans to remove forest loss from supply chains, annual public reporting against these targets, and the disclosure of emissions from land use change.

This November statement strengthens the company's approach to responsible sourcing in South America in several ways:

- It includes a clear and ambitious target date
- It includes both deforestation and land-conversion in other natural ecosystems, such tropical savannas (Cerrado)
- It includes direct and indirect suppliers, and
- It focuses on highest-risk commodities

REQUIREMENTS FOR CARGILL'S COMMITMENTS



For Cargill's South American Deforestation and Conversion Free (DCF) Supply Chain commitment to be credibly and effectively implemented on the ground, Cargill must:

01
Adopt precise and credible definitions for deforestation and the conversion of natural ecosystems.



08
Regularly and clearly report on progress toward achieving deforestation- and conversion-free (DCF) supply chains according to Accountability Framework standards.

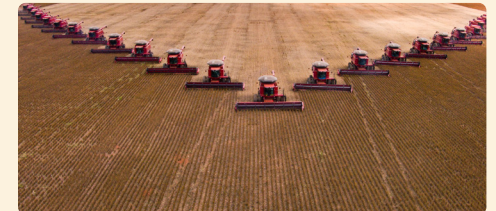
02
Adopt a 2020 cut-off date for both conversion and deforestation as other signatories to the Roadmap to 1.5 have done.

04
Include full traceability to farm of origination for both direct and indirect suppliers.

09
Ensure that Cargill's supply chain is free of human rights violations.

03
Extend the commitment to cover all high-risk South American geographies.

05
Accurately assess deforestation and conversion occurring on farms in Cargill's supply chain.



06
Disclose data on non-compliance.

07
Address non-compliance by directly linking the suspension of suppliers to violations of the policy.

10
Withdraw support from high-risk infrastructure projects that serve as drivers of deforestation and social conflicts, such as the Ferrogrão railway and Abaetetuba port in the Brazilian Amazon, and ensure that the infrastructure for Cargill's supply chain is itself deforestation, conversion, and human rights violation-free.

In addition, Cargill must immediately end contracts with suppliers in violation of its already existing policies.

01 Credible definitions for deforestation and conversion

In order to be implementable, Cargill's policy must reference and apply common, credible terminology and definitions.

Neither Cargill's recent statement nor its previous policies have explicitly defined either the terms "deforestation" or "conversion". The Roadmap to 1.5 was widely denounced for attempting to create new, insufficient definitions when generally accepted definitions already exist.

The [Accountability Framework](#), the leading authority on responsible agricultural and forestry supply chains, provides clear definitions for both terms, and aligned definitions should be added into Cargill's policy.



Accountability Framework definitions of deforestation and conversion

Deforestation: Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.

- This definition pertains to no-deforestation supply chain commitments, which generally focus on preventing the conversion of natural forests.
- Severe degradation (scenario iii in the definition) constitutes deforestation even if the land is not subsequently used for non-forest land use.
- Loss of natural forest that meets this definition is considered to be deforestation regardless of whether or not it is legal.
- The Accountability Framework's definition of deforestation signifies 'gross deforestation' of natural forest where 'gross' is used in the sense of 'total; aggregate; without deduction for reforestation or offset.'

Conversion: Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function.

- Deforestation is one form of conversion (conversion of natural forests).
- Conversion includes severe degradation or the introduction of management practices that result in a substantial and sustained change in the ecosystem's former species composition, structure, or function.
- Change to natural ecosystems that meets these definitions is considered to be conversion regardless of whether or not it is legal.

02 Adopt a 2020 cutoff date for deforestation and conversion

To be meaningful and enforceable, the policy must specify a cutoff date of 2020, or before if legally required, after which deforestation or conversion renders a production unit and the commodity volumes produced in the regions specified non-compliant with the commitment.

None of Cargill's commitments or policies currently specify a cutoff date. The absence of clear cutoff dates provides an opportunity for continued clearance well beyond the issuance of these commitments, making it increasingly difficult for Cargill to meet not only its own commitments but also global climate and nature goals.

To be consistent with these goals as well as the New York Declaration on Forests and the European Union Deforestation Regulation this cutoff date should be no later than 2020.

On rural properties that are legally required to restore native forests or other natural vegetation that was illegally cleared prior to 2020, landowners must provide formal evidence of ongoing compliance.

03 Extension of commitment to cover all high-risk South American geographies

To truly change Cargill's trajectory and legacy, the policy must apply to all of the high-risk countries from which Cargill sources, not just three.

Cargill's commitment references three of the countries that Cargill sources soy from in South America, with the exclusion of Bolivia and Paraguay, both defined as high risk by Cargill's own analysis, as well as Colombia and Peru where Cargill's website lists grain operations as well.

In addition, the Roadmap to 1.5, of which Cargill is a signatory, covers the biomes of the Amazon, Cerrado and Gran Chaco. The Amazon and Gran Chaco extend into Bolivia and Paraguay, which are not covered in Cargill's November statement.

The Accountability Framework states that commitments should apply to all of the company's sourcing origins. Extending this commitment to cover Bolivia, Paraguay, Colombia, and Peru will strengthen Cargill's commitment and reduce inconsistencies with its commitments relative to the Roadmap.

04 Cargill's DCF policy must include traceability of direct and indirect suppliers

Current traceability practices for Cargill's direct suppliers in Brazil are strong, with internal reports claiming 100% traceability to farm, and completed polygon mapping for direct suppliers in other South American countries.

However, Cargill sources 42% of soy from indirect suppliers in Brazil. The company has no indirect supplier traceability commitments, other than plans/initiatives in Brazil.

As per the Accountability Framework, traceability should be sufficient to ascertain compliance with the commitment (or the scope and nature of noncompliance) for the entirety of Cargill's direct and indirect supply chain in all countries. This may be achieved by Cargill achieving traceability to farm level, monitoring sourcing areas that are free of conversion, or obtaining credible verified information of compliance provided by suppliers or third-party certification bodies.

Land registers (cadasters) and traceability mechanisms should ensure that direct suppliers possess legitimate land titles, and that land claims are not based on illegal land purchases, forged titles or land-grabbing on public lands.



05 Monitoring and reporting on deforestation and conversion

Cargill must accurately assess deforestation and conversion occurring on farms in its supply chain.

Cargill's ESG report describes an appropriate method to assess conversion on farms of its direct suppliers that are non-compliant with Brazil's Forest Code.

The new policy must apply to all clearance and conversion, in all countries, not solely that which is non-compliant with Brazil's Forest Code or other local laws.

This same method must be used to monitor the farms of indirect suppliers as well as direct suppliers.

Monitoring and reporting mechanisms should ensure that suppliers are not involved in purchase of soybeans or other commodities from non-registered areas. This is especially relevant in situations where neighboring areas are characterized by on-going deforestation and other illegal practices, such as land-grabbing on public lands.

06 Disclosure of non-compliant suppliers

Cargill should disclose data on non-compliance in its supply chain in all South American geographies on an annual basis.

Cargill's 2023 Environmental, Sustainability and Governance (ESG) report limits reporting on grievances and management of non-compliance to Brazil, and it is unclear what processes are occurring in other geographies, despite the stated scope of the grievance mechanism.

According to the report, when non-compliant suppliers are retained or suspended, the buyer engages them to develop, implement, and monitor an ambitious and time-bound implementation plan to achieve compliance, including necessary remediation. The methodology and approach to these implementation plans should be made transparent.

'Farmer engagement' is featured by Cargill as part of an 'inclusive sector-wide transformation' to protect vital ecosystems, and numerous examples of supplier engagement given throughout the ESG report. The Soy Action Plan calls for 'progress on engagement with direct and indirect suppliers', however the metrics that are being used to measure this progress are unclear. Robust metrics for supplier engagement can be found in the [AFI's Common Methodology for Reporting and Assessment](#), as well as in the KPIs of the Forest Positive Coalition of the Consumer Goods Forum.

The implementation of Cargill's new commitments must also include independent monitoring and evaluation conducted by an autonomous panel of experts, with full access to relevant information and support for periodic field visits, with full disclosure and public debate on results, including needed corrective measures.

07 Addressing non-compliance

Cargill must address non-compliance by directly linking its suspension of suppliers to violations of the policy, including when those commitments are more stringent than applicable law.

Cargill's South American Soy Grievance Mechanism lays out a process for stakeholders to raise concerns about non-sustainable soy being sourced by direct or indirect suppliers. This applies to all soybeans sourced across the five South American countries of operation. Cargill's 2023 ESG report also describes a process for addressing non-compliance, including supply-chain mapping, validation, blocking of suppliers (including assessing that the non-compliant soy is not being re-routed through other suppliers), and responding through engagement.

Cargill's automated system for blocking suppliers is currently linked only to government databases concerning violation of law and must be updated to include violations of the NDC Policy.

08 Deforestation and Conversion-Free disclosure

Cargill must regularly and clearly report on progress toward achieving deforestation- and conversion-free (DCF) volumes, using commonly accepted metrics.

Last year, the AFI put out a [clear request](#) for companies to disclose the proportion of their supplier chains that are deforestation- and conversion-free.

Robust and interpretable metrics of DCF performance in alignment with this ask can be found in the CDP Forests questionnaire, the GRI Agriculture Sector Standard, the CGF Forest Positive Coalition's KPIs, and the AFI's Common Methodology.

Cargill must disclose comprehensively and accurately using these tools.

09 Human Rights

Cargill's supply chain must be free of human rights violations as well as conversion and deforestation.

Given documented instances of land grabbing and other human rights violations related to land-conversion and land management in South America it is critical that Cargill complete a full assessment of Indigenous and other human rights violations, including slave and child labor in its current supply chains. It must implement policies and frameworks to ensure the supply chain is free from human rights violations, and undertake mitigation measures, and offer remedy and redress where violations have occurred in line with its commitment to the UN Guiding Principles on Business and Human Rights.

10 Deforestation, conversion, and human rights violation free infrastructure

The infrastructure for Cargill's supply chain must be deforestation, conversion, and human rights violation free.

Cargill and its executives have vigorously promoted and offered financing for the Ferrogrão Railway creating a major stimulus for the expansion of industrial soybean cultivation in the heart of the Amazon rainforest.¹⁶ This freight railway is proposed to be constructed through 933 kilometers between the Xingu and Tapajós rivers of the Brazilian Amazon, which would result in an estimated 2,000 square kilometers of deforestation, affecting at least six indigenous lands, 17 conservation units, and three isolated tribes without their consent or consultation. Cargill cannot reasonably claim that its supply chain is deforestation-free if that very supply chain is being constructed through the destruction of those same forests.

In addition, Cargill is currently facing a criminal probe over "irregularities" in the acquisition of traditional community lands for the construction of a port in Abaetetuba, as part of a massive industrial waterway for agribusiness and mining commodities along the Tocantins River in the Brazilian Amazon. According to Reuters, federal prosecutors in Brazil have requested a court order to suspend the project, "citing evidence that the area destined for its use was obtained illegally 'through land grabbing.'¹⁷ This would indicate a repetition of past controversial practices associated with the establishment

of a major port facility in Santarém, at the confluence of the Tapajós and Amazonas Rivers.

All of Cargill's infrastructure developments for its supply chain must comply with international human rights standards and, at a minimum, national laws. This must include due respect for the territorial rights and the right to free, prior and informed consent of Indigenous Peoples and other traditional communities potentially affected by Cargill's infrastructure investments.

Compliance with Existing Policy: Cargill must immediately end contracts with suppliers in violation of Cargill's existing policies.

To demonstrate good faith that Cargill will indeed uphold its new commitments, Cargill must immediately implement its existing policies. This includes not sourcing from farmers who clear land illegally or in Amazon Rainforest, or otherwise violate Cargill's existing Human Rights Policy and Policy on Forests.

Simultaneous to this report Stand.Earth is also publishing a portfolio of case studies of some of the worst actors in the sector with links to Cargill's supply chain entitled "Bad Apples."

We ask Cargill to drop these suppliers immediately.



Credit: Victor Moriyama / Rainforest Foundation Norway



Endnotes

- 1 <https://www.science.org/doi/10.1126/science.abm9267>
- 2 <https://www.ipcc.ch/srccl/chapter/summary-for-policymakers/>
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