

# Palm oil

## About this chapter

The content in this chapter pertains to calendar year 2023 unless otherwise noted.



# Supply chain overview

As a leading producer of palm oil, our operations involve sustainable sourcing, responsible trading, and refining of oil.

**Our palm oil production supply chain includes plantations, mills, palm kernel crushing plants, and refineries located across the globe.**

We uphold high standards on our palm plantations in alignment with our Policy on Sustainable Palm Oil, including in the areas of human rights, labor issues, and gender equality in our workforce. We work to minimize waste in our operations, converting byproducts into electricity and soil amendments to reduce greenhouse gas (GHG) emissions and improve soils.

While we directly purchase some oil from mills, most is acquired indirectly through traders and refiners. We promote the inclusion of smallholders by strategically purchasing via cooperatives and independently operated facilities to supply the mills we own and operate. This engagement with smallholders is particularly significant because it creates a diverse and resilient supply chain that in turn empowers local communities and provides access to an economic engine. [Learn more.](#)

## Elevating Standards

As a founding member of the Decent Rural Living Initiative (see [Focus areas](#), page 89) we authentically promote sustainable agricultural

and labor practices. This initiative strives to improve the social well-being within supply chain communities through the creation of fair wages, transparency, and worker-centric long-term collaborations. By providing smallholders access to competitive market prices for their produce, we increase profitability and contribute to local economic growth and stability, reducing their dependency on single income sources and mitigating the impact of market fluctuations.

“Roundtable on Sustainable Palm Oil (RSPO) members like Cargill represent one of the most pivotal pieces of the supply chain in terms of linking RSPO certified sustainable palm oil (CSPO) to supply chain actors wanting to source CSPO for their consumer products.”

**Cameron Plese**  
Head of North America, RSPO

Cargill owns:

19

refineries

9

mills

3

kernel  
crush plants

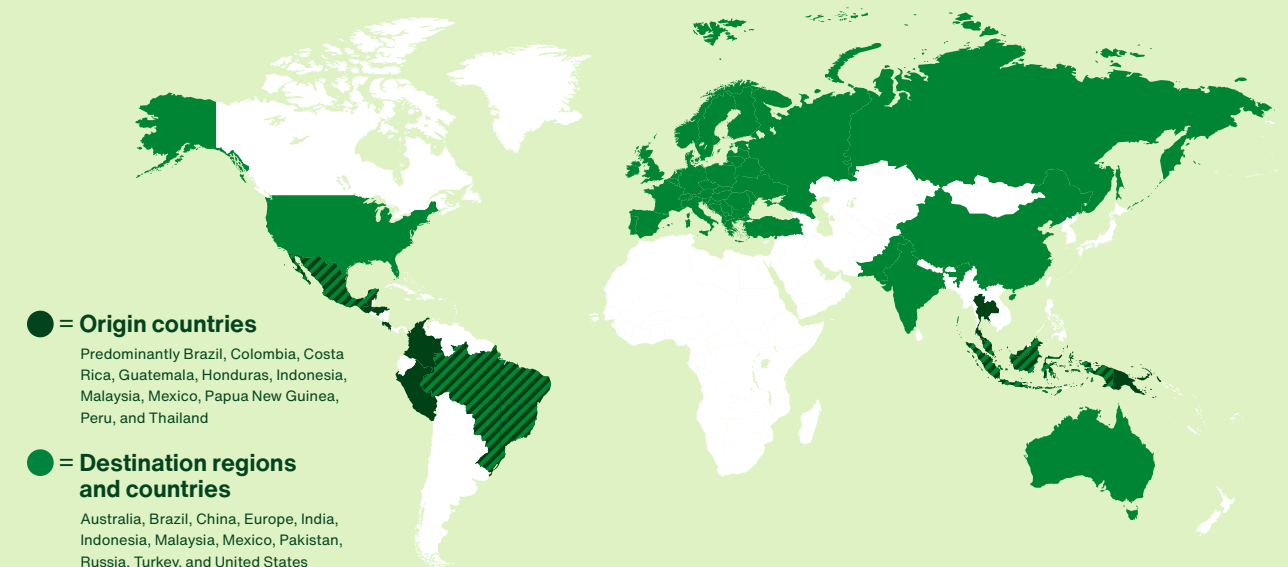
9

plantations

To make our supply chain more resilient, we partner with:

26,400

smallholders on 51,500 hectares of land



[View the locations of our mills on our website.](#)



## Palm oil supply chain

### 2023 progress

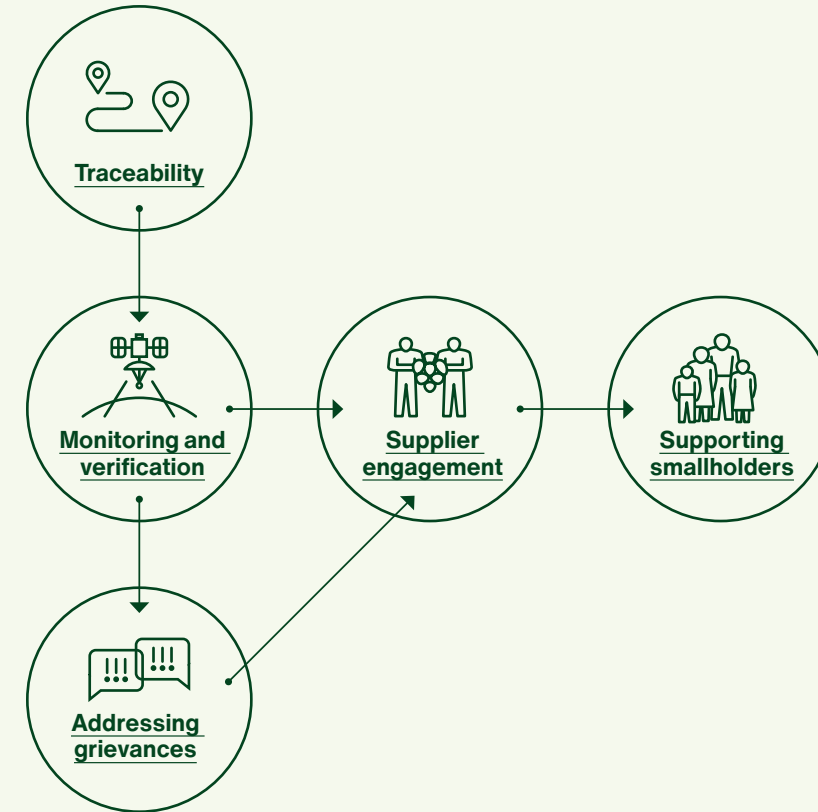
In 2023, we focused on making our third-party supply chain, which represents more than 95% of our total production volumes, more resilient. We have partnered with more than 26,400 smallholders (nearly 3,000 more than last year) across more than 51,500 hectares in our own operations.

Leveraging new technologies and third-party verifications, we have improved traceability, made progress towards a deforestation-free supply chain by 2025, and have reduced our operational GHG emission footprint in Indonesia by 270,000 metric tons of CO<sub>2</sub>e. We are advocates for the No Deforestation, No Peat, and No Exploitation (NDPE) Implementation Reporting Framework (IRF) and in alignment with Deforestation and Conversion Free (DCF) practices to prevent deforestation, adapting to new regulations such as the European Union Deforestation Regulation (EUDR), and the German Supply Chain Due Diligence Act (GSCDDA) to improve respect for human rights and the environment. We are actively participating in global sustainability platforms such as RSPO and the Palm Oil Collaboration Group (POCG).

### Key highlights

- 100% of our North American Palm is RSPO Certified and 100% of our Indonesian facilities are RSPO and ISPO certified.
- More than 15,600 farmers were certified/verified under a sustainability program, compared to 9,830 in 2022.
- 270,000 metric tons of CO<sub>2</sub>e reduced from methane capture initiatives.
- Our global Traceability to Plantation (TTP) increased from 72% in 2022 to 77% in 2023.
- Our refinery volumes in the “Delivering” category of the NDPE IRF increased from 54% in 2022 to 74% in 2023.
- More than 36,800 farmers were supported through services and partnerships, an increase from more than 27,100 in 2022.

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



**28%**  
of all volumes are physically certified (RSPO segregated & mass balance)

**1,300+**  
indirect mills

**244**  
direct mills

### We approach supply chain sustainability in two key ways:

#### ASSETS WE OWN

We ensure compliance with our Policy on Sustainable Palm Oil within our own supply chain.

View our Sustainability Policy [here](#).

#### THIRD-PARTY PARTNERSHIPS

We work with third parties who share our values for transparency, traceability, monitoring, verification, addressing grievances, supplier engagement, landscape initiatives, and smallholder programs. We also require that they acknowledge and adhere to our sustainability policy.

# Our goals

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

## Protecting and conserving forests

As a global leader supplying sustainable palm oil, we are dedicated to conserving forests, preventing land conversion and deforestation, and protecting high conservation value (HCV) areas, high carbon stock (HCS) forests, and peatlands, regardless of depth within our global supply chain through the High Carbon Stock Approach (HCSA). See our [Policy on Forests](#).

## Traceability and transparency

We are committed to maintaining traceability and high transparency standards through:

- Responsible NDPE practices
- Alignment with DCF good practices
- Empowering smallholders by improving their livelihoods through responsible production, maximizing yields and improving quality
- Respecting and upholding the rights of workers, indigenous peoples, and local communities
- Rigorous reporting and third-party verified compliance

We offer RSPO, ISCC, or equivalent certified products in support of customer demands and legal requirements.

## Reducing GHG emissions

We achieved our goal of reducing Scope 1 and 2 GHG emissions by 10% against our 2017 baseline, and we continue striving for emissions reductions in alignment with the Science Based Targets initiative (SBTi). See [Climate chapter](#).




## Respecting human rights

We prioritize human rights, ensuring fair treatment, safe working conditions, and ethical conduct across our global supply chains. This is detailed in our [Human Rights Policy](#) and is a core aspect of our sustainability practices.

### 100 % of our North American palm is RSPO certified

Effective January 2024, all customers buying palm oil from our U.S. refineries receive 100% RSPO-certified palm oil sourced from mass balance or segregated supply chains. This strategic shift supports a growing number of customers who have made their own pledge to source responsibly.




## Palm sustainability goals and roadmap

PRIORITIES	GOALS	2025	2030
	<b>Climate change</b>	Support our SBTi goal to reduce Scope 1 and 2 absolute GHG emissions in our operations by 10% against a 2017 baseline	Support our SBTi goal to reduce our Scope 3 GHG emissions from our extended supply chain by 30% per ton of product against a 2017 baseline
	<b>Land use</b>	100% traceable to plantation (TTP)  All Cargill's palm refineries' volumes are in the "Delivering" category of the NDPE IRF	N/A
	<b>Water</b>	N/A	Enable improved access to safe drinking water in our priority communities in Indonesia for 25,000 beneficiaries  Enable a water positive impact in water-stressed regions
	<b>Farmer livelihoods</b>	N/A	60,000 farmers supported through services and partnerships
	<b>Human rights</b>	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	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

# Dashboard

We use key performance indicators (KPIs) to monitor progress towards our 2025 and 2030 goals, as shown in the sustainability roadmap dashboard. The 2023 progress column shows our progress compared to the 2022 benchmark.



ROADMAP PILLAR	SUB PILLAR	YEAR	GOAL/KPI	2022	2023 PROGRESS <sup>1</sup>	
 Climate	Climate change	2025	Support our SBTi to reduce Scope 1 and 2 emissions by 10% against a 2017 baseline	10.97% reduction of absolute operation emissions	15.8%	
		2030	Support our SBTi to reduce Scope 3 GHG emissions by 30% per ton of product against a 2017 baseline	—	670,000 metric tons Co <sub>2</sub> e reduced	
 Land & Water	Land use	2025	100% Traceability to Plantation (TTP)	72%	77%	
		2025	All Cargill's palm refineries' volumes are in the "Delivering" category of the NDPE IRF	54% delivering	74% delivering	
 People	Water	2030	Enable improved access to safe drinking water in our priority communities in Indonesia for 25,000 beneficiaries	1,193 beneficiaries	3,184 beneficiaries	
		Farmer livelihoods <sup>2</sup>	2030	60,000 farmers supported through services and partnerships by 2030	27,167	36,817
				Number of farmers who received training	23,149	30,850
				Number of farmers who are certified/verified under a sustainability program	9,837	15,652
Human rights	2025		100% of Cargill-owned palm operations have implemented our HRDD process	100%	100%	
			100% of direct suppliers have human rights commitments in their NDPE policy	72%	82%	

<sup>1</sup> 2022 was the final year of reporting on KPIs that corresponded with our initial roadmap. Going forward, we expect to track year-over-year progress using the new KPIs above.

<sup>2</sup> Referring to all programs registered up to the end of December 2023.



# Focus areas

## Cargill owned and managed plantations

**We joined RSPO shortly after it was founded in 2004, reinforcing our commitment to sustainable practices across our nine palm plantations in South Sumatra and West Kalimantan, Indonesia. Collaborating directly with smallholder communities, we actively protect human rights, conserve peatlands, and ensure our developments align with HCSA to maintain environmental integrity.**

### Certification

In 2023, we maintained RSPO certification for every mill and palm kernel crush plant in our operations. 100% of our Indonesian facilities were ISPO certified with a strong chain of custody and compliance.

### Reforestation and conservation

After five years of restoration efforts in a peat swamp forest in South Sumatra, we have seen significant improvements. We've committed to investing \$3.5 million over the next two decades to continue these efforts. Careful species selection, tree planting, and conservation monitoring have improved biodiversity and surface water levels to prevent fires.

Our ongoing involvement in the Nanga Lauk community forestry conservation project in West Kalimantan supports indigenous communities in protecting biodiversity and critical ecosystems across more than 1,400 hectares through sustainable land use practices and compliance monitoring. The project is planned to expand to cover more than 9,000 additional hectares.

### Methane capture

We have initiated methane gas emissions capture from wastewater treatment facilities at our mills. Two capture plants are operational, while four additional plants are expected to be completed in calendar year 2024. Captured methane at Sei Kerandi Mill powers our mill operations and provides residential electricity, effectively improving energy access and strengthening grid resilience. Additionally, we are actively pursuing opportunities to harness methane captured at four other plants for beneficial use.

### Decent Rural Living Initiative

We joined the **Decent Rural Living Initiative** (DRLI) in 2022 as an Anchor Partner in collaboration with four other major oil palm producers to assist in developing long-term solutions to improve lives of rural workers, including women and their families.

**270,000 metric tons of CO<sub>2</sub>e reduced from our methane capture projects – equivalent to removing nearly 65,000 cars for a year in the U.S.**

Source: [Greenhouse Gas Equivalencies Calculator](#)

Our partnership defines and implements practical solutions for child protection and strengthening the role of gender committees on estates for a more gender-balanced industry.

In 2023, we presented our comprehensive Child Rights and Business Principles (CRBP) implementation at the DRLI Members Sharing Session, which covered pregnancy or maternity rights, breastfeeding rights, nutrition and health services, housing conditions, sanitation, water, hygiene, childcare, educational access, child labor, and young workers.

As we implement DRLI principles, such actions align with RSPO standards, bringing farmers one step closer to achieving certification. As the quantity of certified farmers increases within our supply chain, the greater our impact on elevating the standard of living for workers and their families.

## Women's empowerment

We launched the CARE-Cargill Resilience Building for Women in Palm Oil Communities project in 2022 to expand equity and empower women in South Sumatra, Indonesia. To date, we have reached over **12,800 people** (60% women) directly and almost **94,000 people** (55% women) indirectly with programs that enable access to technology and markets that help to expand small-scale agriculture profits and improve food security.

Through the national Women's Farmer Group program, we encouraged the formation of nearly 50 all-female groups in over 10 villages with approximately 750 members and supported the establishment of over 220 gardens with equipment, seeds, and extension workers. We promoted financial access with women-led Village Savings and Loan Associations with nearly 400 members.





# 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.



# KPI progress

In 2023, we made significant strides to close the gap toward our goal of 100% traceability.

## 99%

traceability to mill level, global score

Destination markets	Palm	Palm kernel
All other markets	100%	100%
China	95%	100%
India	99%	N/A
Pakistan	89%	N/A

## 77%

traceability to plantation level, global score

Australia/ New Zealand	100%	N/A
Brazil	97%	83%
China	93%	91%
Europe	79%	69%
India	56%	N/A
Indonesia	89%	86%
Malaysia	92%	67%
Mexico	66%	70%
Pakistan	89%	N/A
Russia	95%	69%
Turkey	60%	45%
United States	95%	74%
Other markets	83%	68%



## 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. Cargill is now working with Earthqualizer and Satelligence to enhance our robust monitoring capabilities in support of our commitment to be deforestation-free in the palm oil supply chain by 2025.

### Verifying compliance with NDPE commitments

We leverage satellite technology combined with precise plantation location data to conduct remote monitoring of palm plantations and their adjacent areas. This ensures there are no indications of deforestation or unauthorized activity on peat or forested lands.

# 99%

**of traceable mills covered by satellite monitoring**

### EU Deforestation Regulation

The EUDR prohibits placing or making available relevant products linked to deforestation on the EU market. Cargill shares the European Union's objective of combating deforestation and forest degradation linked to the production of agriculture commodities and products. The EUDR reflects many of Cargill's commitments to increasing transparency and traceability in our supply chains. When the regulation takes effect, all referenced supply chains must implement measures to ensure they are deforestation-free.





## Addressing grievances

### Our approach

When an issue is identified through our monitoring efforts, we immediately 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](#).

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 progress

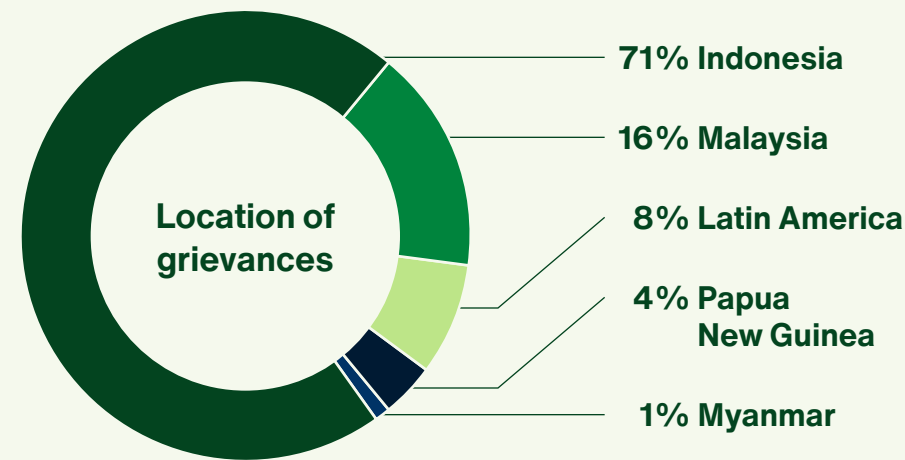
### Grievances logged

**30**

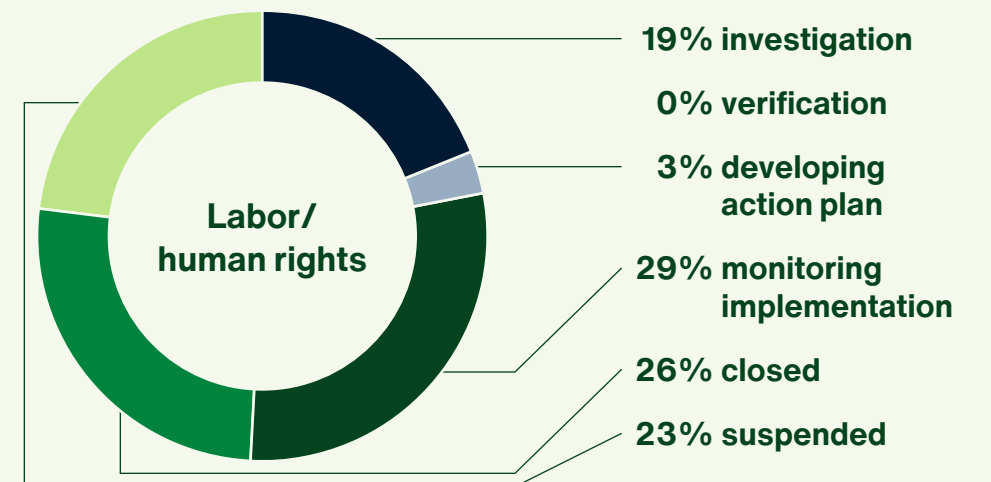
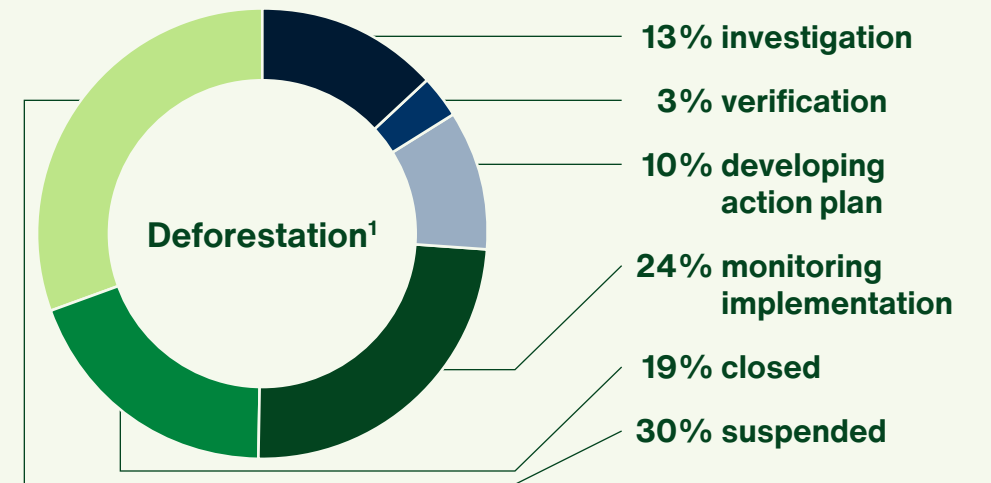
direct third-parties

**79**

indirect third-parties



### Addressing grievances



<sup>1</sup> Percentages do not total 100% due to rounding of decimals.

# Supplier engagement

## Our approach

We updated our due diligence process, developed in collaboration with the Consortium of Resource Experts (CORE), including Daemeter and Proforest, to enhance our commitment to sustainable sourcing. Our process is now initiated with a required questionnaire for all suppliers, followed by a thorough verification by our team. We continue to improve our processes and align with evolving regulations and customer requirements.

We enforce third-party suppliers compliance with our Sustainable Palm Oil Policy and Supplier Code of Conduct through:

- site visits
- assessments
- hands-on workshops

## Our actions

**Brazil:** The Aggregator Refinery Transformation (ART) program, in partnership with the Earthworm Foundation, supports the improvement of Brazilian suppliers' practices to meet our Policy on Sustainable Palm Oil. In 2023, there was noticeable progress observed during field visits and technical assistance calls. A series of training sessions were organized with over 80 supplier employees, providing technical support on community, individual improvement, and empowerment topics.

**Latin America:** We expanded our work with palm oil suppliers in Colombia, Honduras, Nicaragua, Guatemala, and Mexico to consolidate our Continuous Improvement Program, supporting over 10 high-risk suppliers to ensure compliance with our Sustainable Palm Oil Policy and NDPE principles. We also helped suppliers implement EUDR requirements, with a significant emphasis on legal compliance and zero-deforestation efforts.

We expanded our training programs, creating capacities with over 100 people from nearly 90 mills in various countries towards EUDR compliance.

We adapted our **Connected4Change platform** to map and enable better deforestation analysis in collaboration with Proforest. This change aims to collect the necessary compliance evidence for EUDR and the Corporate Sustainability Due Diligence Directive (CS3D).

**Malaysia:** For three years, we worked with Earthworm Foundation to develop a mill-level engagement framework to enhance adherence to our No Deforestation commitment. This 2019 initiative bolstered mills' capacity to gather TTP data and establish robust platforms to govern fresh fruit bunches (FFB) suppliers.

**Indonesia:** We conducted two new workshops for Indonesian palm suppliers titled "Navigating Global Sustainability Challenges Together" to lay the groundwork for a resilient supply chain. The first workshop in Jakarta focused on mill suppliers, introducing our commitment to eliminating deforestation and conversion-free strategies. The second workshop in Medan engaged refiners, crushers, and traders, emphasizing regulatory readiness and tailored consultations.

# Progress

94%

volumes covered by NDPE policy

92%

direct suppliers (traders/refiners) with NDPE policy

Direct mills

68%

completed self-assessments.

87%

with NPDE policy

Third-party suppliers

63

refineries

1,570 mills

## Supplier engagement components



Questionnaire and desk-based due diligence



NDPE policy and implementation plan



Self-assessments



Continuous improvement plan



Field assessments



Training



# Improving labor and human rights

## Our approach

We are 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 efforts 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.

**Colombia: Labor Formalization Project.** As a principal collaborator, we play a pivotal role in partnering with the ILO, FEDEPALMA, and other entities to advance decent work, improve working conditions, and ensure compliance with labor regulations in Colombia. This initiative emphasized labor formalization and occupational health and safety through strategic intervention plans that included both in-person and virtual training

sessions. Between 2023 and 2024, approximately 600 workers and producers, received training on these critical topics. By educating companies on the importance of labor formalization and compliance with regulations, we help protect workers' rights, improve working conditions, and promote fair labor practices.

**Malaysia: Labor Transformation Program.** In 2023, we partnered with Earthworm for a three-year program to address human rights issues in Malaysia's supply chain, focusing on training, assessment, capacity building, and monitoring suppliers on topics such as forced labor, child labor, and land rights.

**Human Rights Program.** Partnering with a leading global company and NGO implementation partner, we have assessed a palm oil supplier in Sabah as part of an initiative aimed at addressing specific human rights issues, including the risks of child labor, forced labor, and health and safety concerns. The program emphasizes monitoring, addressing, and preventing structural risks. We will continue to work closely with the company and the supplier to review the assessment results and address any gaps identified. In 2023, the first supplier successfully completed the assessment, and another is scheduled to begin in 2024.

ILO Cargill training session in Colombia



## KPI progress

# 82%

of direct suppliers with human rights commitments in their NDPE policy



# Landscape initiatives

## Our approach

We are committed to facilitating scalable solutions for human rights and eliminating deforestation through authentic partnerships. By actively collaborating with a broad spectrum of stakeholders, including mills, growers, buyers, and public institutions, we address complex, widespread challenges and drive systemic change.

Through landscape-level initiatives and platforms, we address challenges that span geographical and jurisdictional boundaries. We currently participate in eight palm-related landscape programs worldwide.

[Learn more.](#)



## Our actions

**Colombia:** Backed by FEDEPALMA and Proforest, our support for the Lebrija Landscape project continues as the program proceeds with its implementation phase in 2023. We engaged 30 producers from six mills in our supply chain in executing action plans focused on deforestation prevention, conservation, and farm water management. The program offers technical assistance and has conducted two field workshops aimed at equipping suppliers with practical tools for sustainable palm oil production.

- One high-risk and five low-risk mills in the Lebrija River Basin landscape
- Six mills in Cargill’s supply chain engaged in the program.

*Intel4Value landscape program* We collaborate with Solidaridad on two initiatives in Colombia. With the Intel4Value landscape program, we provide support for compliance with environmental commitments among palm producers and workers in the Catatumbo region of Colombia. In 2023, 444 smallholders received specialized training to measure progress made towards sustainability goals and completed the Colombian Sustainability Index baseline to identify gaps in best practices.

*Strengthening our partnership* We also signed a new global partnership with Solidaridad to provide training in sustainable agricultural best practices and improve compliance with social and environmental requirements for an

additional 520 palm oil producers in Colombia over three years. In its first year, we designed a work plan with six mills in our supply chain to achieve the project’s objectives and trained over 70 palm oil producers in best practices.

**Malaysia:** The global partnership with Solidaridad has also extended our work to Malaysia, where we aim to train over 1,000 smallholders in sustainable agricultural best practices to improve compliance. In its first year, Over 400 smallholders received training in sustainable agricultural practices.

Additionally, our support for the Southern Central Forest Spine (SCFS) landscape program continues into the program’s third year focused on supply chain transformation, forest protection and restoration, farmer resiliency, workers, and families. The SCFS has a strong connection with our supply chain in Pahang and Johor and is a co-funding opportunity to drive collective action to address systematic challenges in Peninsular Malaysia, including the shift to 100% traceability and implementing sustainability policies benefiting workers.

To enhance traceability, we engaged in joint workshops with FFB dealers, a strategy expanding to more mills in collaboration with industry bodies. Additionally, we facilitated pilot programs for grievance mechanisms at two mills, ensuring workers’ rights in alignment with the United Nations Guiding Principles led by Earthworm.

## Impact of Southern Central Forest Spine program (SCFS)

**91%**  
reduction in deforestation in the landscape’s key sensitive area

**640**  
farmers engaged in livelihood improvement programs

**28%**  
of palm mills are traceable to plantations

**530**  
direct workers engaged to improve welfare and working conditions

**58%**  
of mills have action plans addressing NDPE commitments

**2,000**  
indirect workers engaged to improve welfare and working conditions



**Brazil:** We support the Tomé Açú landscape program in partnership with Earthworm Foundation, using an integrated approach involving brands, commodity producers, smallholders, authorities, and local communities northeast of Pará to develop small palm producers while achieving regenerative landscape impacts. We have strengthened farmer associations and cooperatives through formalization of 10 businesses, expected to produce a 30% increase in revenue for rural entrepreneurs. Our women's empowerment efforts included interviews with 400 women and training for 120 female leaders. As a result, over 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 credit.

**Indonesia:** We continue to assist smallholders in obtaining ISPO and RSPO certification in Ketapang, West Kalimantan in partnership with IDH – The Sustainable Trade Initiative, JDE Peet's, and FORTASBI (the Indonesian Sustainable Oil Palm Smallholders Forum) in our Ketapang, West Kalimantan plantations.

*Siak Pelalawan Landscape Program (SPLP) in Riau, Indonesia.* In partnership with seven other major companies, we aim to meet our commitments through the design of a landscape program that supports the government Green Growth District (Siak) and implementation of the Sustainable Palm Oil National Action Plan in Indonesia (Pelalawan). The SPLP initiative is aimed at protecting forests, enhancing smallholder livelihoods, reinforcing labor and land rights, and promoting sustainable practices.

SPLP has trained close to 7,500 oil palm farmers in good agricultural practices (GAP). These practices increase knowledge of plantation registry letters (STD-B) and land titles, crucial for meeting ISPO standards required by 2025. As a result, nearly 200 additional smallholders received STD-B in 2023, bringing the total to close to 600 smallholders in the region since 2020.

Understanding the districts' stakeholders and intricate landscape is vital for steering land use toward responsible production and conservation. SPLP has created detailed profiles for 11 villages, laying the groundwork for effective land-use management.

Our participatory mapping efforts have covered almost 400,000 hectares, including nearly 10,000 hectares of village land-use plans now under management and protection. Furthermore, SPLP has strengthened close to 3,500 hectares of village forest through paludiculture, which is wet agriculture and forestry on peatlands, and supported the recovery of nearly 110 hectares within the village forest.

To address environmental and social risks associated with districts' mills, SPLP has consolidated an aggregated IRF profile for over 50 mills engaged in palm oil production. This profile is instrumental in guiding these mills towards NDPE production standards.

Both Siak and Pelalawan's district governments have shown a strong commitment to ecosystem management and no-deforestation plans. They are now establishing conservation regulations in 12 villages, three more than in 2022, and developing district action plans for sustainable palm oil.

While 2023 marks the fourth and final year of SPLP's initial phase, the program is set to extend into a second phase from 2025 to 2029. Project activities and objectives are being discussed within members, responding to the change of challenges compared to when the initial program was designed in 2020. SPLP will continue to focus on implementing village land-use plans, advancing social forestry, and rewarding efforts to protect forests.

*Hindoli Landscape Program.* The Hindoli Landscape Program empowers over 2,500 independent smallholders managing nearly 7,000 hectares of plantations that supply our Tanjung Dalam mill in the Musi Banyuasin region near our Hindoli plantation in South Sumatra. Through this program, smallholders receive support to achieve RSPO and ISPO certification and training to enhance their organizational skills and form cooperatives. This assistance enables their growth and development, fosters community resilience, and enables environmental stewardship.





*Sungai Linau Landscape Program.* This program focuses on the protection of peat forest within Giam Siak Kecil-Bukit Batu Natural Reserve and its vicinity via community-based land use planning. This protection is achieved through a community effort to reduce livelihood pressures on the reserve through sustainable practices in partnership with companies including several major brand name organizations. The program also targets GHG emissions reduction through forest and peat protection and supports the development of alternative livelihoods for villagers.

### 2023 progress

Year three and final year of Phase 1 implementation:

- Nearly 6,000 hectares of peat forest within GSK-BB Biosphere Reserve and in Sungai Linau boundaries effectively protected under social forestry license by LPHD (village forest group)
- Nearly 24,300 hectares is under community-based forest and fire monitoring. Since the start of the program, one of the partners on the ground, Asia Pulp & Paper, has built the capacity of villagers on fires management. After three years, the villages have a solid fire patrolling team with more funding from the village government to operate.
- Over 450 smallholders have been trained by Musim Mas (as part of the implementers) on GAP training, and over 300 smallholders are joining the intensive coaching. In addition, Musim Mas also delivered a “Training of Trainers” which over 30 participants attended (over 20 extension workers and 10 independent smallholders).
- A socio-economic baseline study conducted across villages helped identify the gender issues present in the landscape, and started raising gender awareness in Sungai Linau and Tanjung Damai villages. Development of financial literacy training for women is currently underway.
- Participatory mapping has been completed in all four villages (Sungai Linau, Sumber Jaya, Tanjung Damai, and Bandar Jaya villages). Communities within these four villages have also been closely engaged for their awareness of protecting and conserving the remaining forest in the landscape. So far, 40 hectares in Sungai Linau has been identified to be used as agroforestry, while nearly 500 hectares identified in Sumber Jaya and Tanjung Damai villages for potential agroforestry/reforestation.





# Smallholder programs

## Our approach

We empower smallholders to build capacity and promote responsible farm development by strategically working with select mills in our supply chain. We promote sustainable agricultural practices by offering training programs and assist with the development of action plans to determine the key actions that need to be taken to achieve RSPO certification. We conduct land use analysis and pre-certification audits to assess smallholder readiness to facilitate their capacity to achieve certification.

In 2023 we worked with organizations in four different countries to make progress towards our goal to increase the quantity of farmers certified under a sustainability program. Compared to last year, we increased the number of certified farmers from 9,830 to 15,600 in 2023.

## Our actions

**Guatemala:** In 2023, we continued our collaboration with Palmas del Ixcán to assist smallholders in Cargill's supply chain in adopting sustainable agricultural practices and building their capacity to achieve RSPO certification. Expanding on key environmental and social studies conducted in 2022, including land use analysis and pre-certification audits, a mock audit was performed to assess the readiness of the smallholders for RSPO certification. This exercise identified remaining gaps that needed to be addressed for certification. Using these insights, we revised our strategy and updated the action plan to help over 20 smallholders achieve RSPO certification.

**Indonesia:** We continued to assist smallholders in obtaining ISPO and RSPO certification in Ketapang, West Kalimantan in partnership with IDH – The Sustainable Trade Initiative, JDE Peet's, and FORTASBI (the Indonesian Sustainable Oil Palm Smallholders Forum) in our Ketapang, West Kalimantan plantations.

**Mexico:** The Holistic Program for sustainable palm oil in Mexico – developed through collaboration with the RSPO, Proforest, the Mexican Federation of Palm Oil (FEMEXPALMA), our customers, and suppliers – continued to make significant strides in transforming our palm oil supply chain. This program trained nearly 650 sustainability professionals from over 75 organizations across nine countries in various aspects of palm sustainability. A specialized course in document management was offered, equipping 30 participants to become internal auditors following ISO 19011 guidelines.

In producer development, four producer groups advanced towards RSPO certification, with compliance baselines finalized or updated and action plans developed through rigorous awareness and commitment-building processes. In total, 11 mills defined their sustainability commitments. Additionally, 117 RSPO-certified producers are progressing towards milestone B of the Independent Smallholders Standard, covering approximately 1,350 hectares. Overall, smallholder producers saw a 139% increase in income through the Holistic Program's support.

**Malaysia:** For the past decade, we have partnered with Wild Asia Group Scheme (WAGS) to support nearly 675 independent smallholders in Perak, including 45 women and nearly 30 individuals from marginalized Orang Asli communities. Our partnership has achieved RSPO Certification standards and demonstrated our robust commitment to diversity and sustainability in our supply chain.

The strength of our supply chain is intertwined with the communities that cultivate the production of palm, and our policy commitments to sustainability inform our efforts to ensure that the people and environment are safe and respected.

