

Update on Sustainable Value Chain Commitments: Oilseeds & Grains

In late 2015, Bunge announced commitments to enhance the sustainability of our value chains. Specifically, we committed to:

- eliminate deforestation from our agricultural supply chains worldwide, employing tested methodologies that incorporate carbon and biodiversity protections,
- respect local and indigenous community rights and apply free, prior and informed consent for land purchases and use,
- enhance the traceability and transparency of key supply chains over time,
- publicly disclose progress on our efforts.

Bunge's supply chains include both direct purchases from farmers and sourcing from third parties. Our major sourcing areas for oilseeds and grains are South America, North America and Europe. Sourcing for palm oil is primarily in South East Asia. Our principal sugar operations are in Brazil, where we operate or source from established agricultural regions.

Analysis shows that incidents of land use change related to oilseeds and grains are predominately located in specific regions in South America, while deforestation related to palm oil is predominately located in South East Asia. For more information about our activities in palm oil, please refer to our public progress [reports](#).

2016 Actions

Throughout 2016 we have conducted traceability and satellite analysis pilot studies in 9 areas in Argentina, Paraguay and Brazil that reflect different supply models and are also areas of agricultural expansion. Results from these pilots show that the volume of crops sourced from areas deforested in the past 10 years can reach up to 10% of our supply in a particular region. Percentages vary depending upon region and additional areas are to be studied.

We continue to take steps to block purchases from farmers who have violated environmental law. In Brazil, we report these statistics publicly in our sustainability [report](#).

We collaborated with civil society, other companies and government entities to develop practical, decision support tools that will identify areas both agriculturally and environmentally suitable for agricultural expansion.

We also developed strategic plans and communicated our commitments through various channels, including company reports, media interviews and direct communications.

Strategic Plans

In 2017, we will focus on actions in three areas: developing traceable supply chains, identifying and expanding in “go zones”, and developing incentives for sustainable expansion. New processes will be integrated into commercial planning, contracting and governance. Priority will be given to regions of high potential risk of land use change.

Develop Traceable Supply Chains

Supplier information

- identify and log GPS coordinates for direct suppliers
- in Brazil, increase percentage of CAR (Rural Environmental Registry) numbers and log concession boundaries
- identify and log GPS coordinates of third party supplier silos and engage to increase access to farm-level information

Monitoring & Analysis

- annual, seasonally optimized, deforestation assessments utilizing public and private satellite platforms
- alert system and flagging of active deforestation on supplier farms or proximate to supplier silos

Identify & Expand in “Go Zone” Areas

Decision Support Tool

- Continue collaboration with The Nature Conservancy and a coalition of companies, NGOs and EMBRAPA to develop an open source system for identifying agricultural potential and environmentally suitable land for agricultural expansion
 - Pilot tool in MAPITOBA in Q1 2017 and in Mato Grosso and Paraguay in 2017
 - Integrate additional environmental data layers as developed and endorsed
- Leverage tool in internally commercial planning processes

Develop Incentives for Sustainable Expansion

Policies and Procedures

- Update Bunge financing approvals and governance to incorporate additional assessments and requirements related to deforestation and future land use planning
- Integrate financing with traceability, monitoring and alert systems

Incentive Programs

- Collaborate with financial and multi-lateral institutions to develop preferential access to capital for farmers practicing sustainable expansion
- Support development of natural capital markets

Principles & Advocacy

Bunge is committed to achieving more sustainable supply chains, but ultimate success in eliminating deforestation from all agriculture will require things that are currently not in place:

- broad commitment and active participation by all industry participants
- government support,
- clear and practical definitions and environmental standards, and
- mechanisms that ascribe material value to environmental assets for which farmers today receive no compensation.

Bunge has and will continue to advocate for these principles in its public engagement and communications.

Timeline

Our intention is to make continuous improvement. We aim to make substantial progress in the near-term and achieve full compliance in all areas between 2020 and 2025.

Other Activities & Achievements

Supply Chains

Palm

- increased traceability to the mill of our palm oil supply from 67 to >80%
- launched a palm oil public grievance mechanism and supplier non-compliance processes
- engaged in industry transformation efforts in key Asian markets

Soy

- renewed the Amazon Soy Moratorium
- continued to block commercial activity with producers embargoed by IBAMA, the Brazilian environmental agency, for deforestation related violations and report these statistics publicly
- advanced our work with The Nature Conservancy work with municipalities to improve land use planning, assist farmers with legal compliance and promote agronomic best practices

Transparency

- issued two palm oil sustainability reports and launched a public grievance list
- expanded global sustainability reporting under the GRI framework, and issued GRI reports in Argentina and Brazil
- began reporting under the CDP Forests Program
- issued our first UN Global Compact Communication on Progress

Environmental Performance

- Finalized new operational goals, including goals to engaged in watershed management plans and reduce total waste generation

Recognitions

- Named most sustainable agribusiness company in Brazil for 8th consecutive year

To learn more, please visit bunge.com/citizenship.