



Mondelēz International Palm Oil Action Plan Update November, 2016

Background:

In 2014 we published our [Palm Oil Action Plan](#), a long-term roadmap to achieve a sustainable palm oil supply, launched after achieving our milestone of 100% RSPO Palm coverage in 2013. The [Palm Oil Action Plan](#) laid out our position and principles for palm oil sustainability, focusing on supplier expectations, government and sector engagement in key origins and global industry advocacy towards sector transformation. It set out initial 2015 milestones, to start the process of delivering against our principles.

In 2015 our suppliers made good progress against key milestones in our action plan, including:

Goal	Results
100% of suppliers' policies, principles aligned with Mondelēz	91% was from suppliers with published policies aligned with ours
100% suppliers' inbound oil traceable to mill	90% was traceable to the palm oil mill
Actions	
Supplier engagement	Engaged with Suppliers whose principles were not completely aligned with ours or whose traceability to mill did not meet our expectation. Suppliers who have taken remedial action will continue and the others will be phased out.
Engagement and advocacy	We co-chair the Consumer Goods Forum's Palm Oil Working Group – which published palm oil sourcing guidelines for members during 2015 – serve on the Roundtable for Sustainable Palm Oil (RSPO) Board of Governors; support the United Nations Development Programme (UNDP), the Government of Indonesia, and other partners to develop the Indonesia Palm Oil Platform; and continued to engage a wide range of stakeholders bilaterally and through industry platforms

Why are we updating our Palm Oil Action Plan now?

We are pleased with progress against our initial milestones across a complex supply chain. This update sets out new milestones for more concrete actions, based on learnings gained since 2014.

Our Palm Oil Action Plan remains the foundation to engage more deeply and broadly with our suppliers and stakeholders. We are updating our Palm Oil Action Plan with our learnings, further focusing our efforts on the areas of highest impact and meaningful change, within our supply base and across the palm oil sector.

The progress we achieved as of 2015 is our baseline and we will maintain 100% RSPO coverage for our palm oil. While published supplier policies in alignment with our principles and traceability to the mill were important first steps that we continue to expect all our suppliers to maintain, more work is needed to translate these tools into real progress on the ground, leading to a physical supply of sustainable palm oil.

Mondelēz Palm Oil Action Plan Update

1. Physical supply of sustainable palm oil:

We were the first multinational consumer goods company to state publicly that suppliers should track all of their inbound oil, not just what was supplied to us. This entailed our suppliers tracking oil in all their operations as well as oil sourced from third-party suppliers. We believe this was a critical step in catalyzing systemic change in sustainable palm oil. Going forward, we ask our suppliers to go beyond traceability of third-party supplies by engaging their suppliers to improve practices across their entire operations.

2. New focus areas and supplier expectations for action and reporting on sustainable palm oil and palm kernel oil:

We expect our suppliers to engage in prevention, mitigation, and where appropriate, remediation across the entire spectrum of environmental and social risks, encouraging sector-wide collaboration to effectively address systemic issues. We will track the following key indicators and where performance is lagging, engage suppliers to mitigate environmental and labor risks while continuing to benefit smallholders and local communities. We will exclude suppliers who do not immediately cease deforestation in their own concessions or exclude deforestation in their third party supply.

Focus areas	Objectives	2017 Milestones
Governance	Accountability and accelerated progress toward implementing Mondelēz policies and principles	<ol style="list-style-type: none"> 1. Published group wide policies signed by chief executive or board of directors 2. Governance and due diligence in place/active at senior levels of company 3. Roadmap, milestones and progress tracking for own and third-party supplier sustainability 4. Grievance and due diligence procedure in place and tracked publicly 5. Reporting on community consultation and FPIC (Free, Prior Informed Consent) where relevant 6. Immediate alert to Mondelēz regarding any outstanding grievance, risks found and alerts, regular reporting on mitigation and where appropriate, remediation measures 7. Focus areas verified by independent third-party expert

¹ Concession maps to be published where legally permitted

Environment	Develop a risk-based approach to tracking and eliminating deforestation and peatland loss, leveraging mapping technology to prioritize traceability and remediation.	<ol style="list-style-type: none"> 1. Provide ongoing assurance that no deforestation occurs on own concessions. 2. Map and risk assess all own mills and concessions¹ on Global Forest Watch (GFW), publish environmental assessments, including High Conservation Value (HCV), High Carbon Stock (HCS), Peat and RSPO New Planting Procedures (NPP) 3. Develop a mitigation plan for high-risk mills and concessions, track and report progress, consequences. 4. Develop a roadmap with milestones to engage third-party suppliers to conduct the same mapping¹, risk assessment and mitigation in the same manner. 5. Exclude suppliers who do not immediately cease deforestation.
Labor	Assure protection of the rights of all workers, including migrant workers in their own operations and engage third-party suppliers to do the same	<ol style="list-style-type: none"> 1. Provide annual assurance, verified by a recognized third-party labor rights expert, of continuous improvement in labor rights performance in own operations. 2. Develop a roadmap with milestones to engage third-party suppliers to provide assurance of their labor rights performance in the same manner.
Smallholders	Continue to engage smallholders in palm oil sustainability	<ol style="list-style-type: none"> 1. Know the proportion of smallholders in own supply base and the proportion of smallholders engaged in sustainability programs and the progress, outcomes of these programs. 2. Encourage third-party suppliers to know and report in the same manner.

3. Timeline

June 2017: All Mondelēz suppliers meet milestones identified in section 2

June 2018: All Mondelēz suppliers report on continued progress with third-party supplier engagement against the milestones identified in section 2

4. Engagement and Advocacy

Mondelēz continues to engage CGF's Palm Oil Working Group, the RSPO and UNDP as we have done to date. We are now also partnering with Global Forest Watch and engaging CGF's Social Sustainability Working Group to step up industry efforts in addressing environmental and labor risks impacting palm oil sustainability.

We also continue to maintain our engagement with various stakeholders in the palm oil sector to ensure we learn and contribute toward our common goal of achieving palm oil sustainability.

5. Reporting

We will continue to report our progress annually, including progress versus our supplier expectations in this update.

¹ Concession maps to be published where legally permitted