

Whereas: As one of North America's largest packaged food companies, ConAgra uses palm oil in a variety of its branded products. An estimated 55% of ConAgra's sales rely on palm oil.

Approximately 85% of palm oil is grown in Indonesia and Malaysia, and is a leading driver of deforestation in those areas. Due to high levels of deforestation and conversion of carbon-rich peatlands, Indonesia was, by a 2007 World Bank estimate, ranked the 3rd largest emitter of GHGs globally. The palm oil industry is also listed as one of the most notorious for using child and forced labor, according to the U.S. Department of Labor.

Companies that fail to uphold strong environmental and social values throughout their supply chains have faced significant reputational damage and consumer rejection of their products.

ConAgra is currently the public target of a coalition of environmental and consumer groups for sourcing palm oil from suppliers allegedly engaged in illegal deforestation in national parks and human rights violations. Although ConAgra has pledged "to source 100 percent of our palm oil from RSPO sustainably certified sources by 2015", it appeared in 2013 that the company relied principally on 'offsets' to address deforestation, rather than preventing physical acts of deforestation by its suppliers.

Human rights violations and the clearing of existing peatlands are not eliminated by purchasing offsets. A recent palm oil scorecard from the Union of Concerned Scientists ranked ConAgra as having one of the weakest policies in its sector for addressing the deforestation impacts from palm oil production.¹

Proponents are concerned that, ConAgra may be exposed to significant brand and reputational risks related to its supply chain impacts on deforestation and human rights.

Recently, major companies including Kellogg's and Wilmar have pledged to develop traceable, deforestation free palm oil supply chains. This raises the bar for the entire sector, heightening the risk of inaction to companies who fail to take responsibility for their supply chain impacts.

Therefore, be it resolved that: Shareholders request that the Board prepare an annual public report, at reasonable cost and omitting proprietary information, by February 15, 2015 providing metrics and key performance indicators demonstrating the extent to which the company is curtailing the on-the-ground impact of its palm oil supply chain on deforestation.

Supporting Statement: Proponents believe that meaningful indicators would include:

- Percentage of palm oil traceable to suppliers verified by credible third parties as not engaged in (1) physical expansion into peatlands, High Conservation Value or High Carbon Stock forests, or (2) human rights abuses such as child or forced labor; and
- Providing a time-bound plan (with intermediate steps) for 100% global sourcing consistent with those same criteria;
- Estimates of the number of physical acres of existing peat lands or forests eliminated during the last year due to its palm oil supply chain;

¹ http://www.ucsusa.org/assets/documents/global_warming/deforestation-free-palm-oil-scorecard.pdf

- An explicit commitment to work toward strengthening third-party certification programs to prevent development on high carbon stock forests and peatlands.