Corporate Responsibility Report

Cargill Ocean Transportation 2017
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Dear Stakeholders

Times are changing, even for one of the world’s oldest and most traditional industries. Today, we find ourselves in a fast-paced, technology-driven and increasingly transparent environment, one that is full of opportunities for Cargill and our business partners.

We believe the emergence of this new era presents industry leaders with an opportunity to make shipping safer, more efficient and more sustainable. It allows us to transact with each other in an effective, compliant and mutually beneficial way, working together with respect and inclusivity.

At Cargill, we are pleased with our performance in the reporting period. Most notably, we have improved the efficiency of our fleet, thereby reducing the amount of CO₂ produced by 5.7 percent on a cargo-ton-mile basis. We have completed regular ethics and compliance training throughout our organization, and we have provided intercultural development training among our business leaders to prioritize diversity and inclusion.

Looking ahead, we will continue to reach higher in the areas of climate change, health, safety, well-being and diversity. As this report demonstrates, we are taking a holistic approach to sustainable development and our obligations as responsible global citizens.

We are partnering with others to extend our impact. At the end of 2017, we joined with four organizations to advance sustainability initiatives and increase accountability across the ocean shipping industry: The Global Maritime Forum, the Maritime Anti-Corruption Network, the North American Marine Environment Protection Association, and Shipping & Trading Association. As we collaborate to foster an ocean environment our utmost to lead the maritime industry toward sustainable change.

In the meantime, global trends will continue to shape the industry. As we look at the broader market, we recognize the critical need for prudent and changing regulations. We are at the most significant and fundamental stage of our business transformation and as responsible global citizens.

We are vigilantly seeking to ensure robust compliance and enforcement, and advocate for an adequate and common fuel transition period for the bulk shipping sector. Achieving a more sustainable model will require significant upfront investment at a time when return on equity and charter rates are relatively low.

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Joe D’Antonio
President
Cargill Ocean Transportation

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Today, Cargill employs 155,000 people across 70 countries and has grown to become one of the largest privately owned companies in the world. Cargill reports performance publicly across four segments: agricultural supply chains, food ingredients, animal nutrition and poultry, and industrial and financial services. Descendants of W.W. Cargill continue to own the company and support our purpose to nourish the world in a safe, responsible and sustainable way.

Cargill’s ocean transportation business was formed in 1965 in response to growing demand for shipping services from the parent company. In 1990, we successfully expanded our customer portfolio to serve companies other than Cargill; today, 75 percent of Cargill’s ocean contracts are with external parties. In 2000, Cargill strategically divested from vessel ownership and shifted to a chartering model. This allowed the ocean transportation business to focus on core competencies in freight trading and risk management. We continue to invest in trade vessels assets directly and through joint venture initiatives.

We are proud to operate a leading freight-handling and trading business that provides first-class bulk shipping services to customers around the globe. In the dry-bulk market, we maintain a 5 percent market share in a highly fragmented industry. As a subsidiary of Cargill, Incorporated, the global headquarters of our ocean transportation business is in Geneva, Switzerland.

While we possess specialized services to lead in our industry, we benefit from the global reach, diversification and expert capabilities of our broader parent company. This includes critical capabilities around sustainability, technological innovation, and risk management; strong financial health and creditworthiness; and a deep culture of exceptional ethical conduct and compliance.

Founded in 1865 by W.W. Cargill in the U.S. Corn Belt, the company started as a grain merchant and trading house. During the course of the ensuing 150 years, multiple generations of family owners expanded globally and diversified operations across markets for food, agriculture and risk management.

We charter a fleet of 650 vessels at any one time, which are operated by some of the world’s leading ship-management companies.
Scope of Operations

We charter 650 vessels at any one time, which are operated by the world’s leading ship-management companies. We oversee the routing and efficiency of their operations from centers in Switzerland, the U.S., Singapore, Bulgaria and India.

More than 60 percent of Cargill’s vessels are dry-bulk ships, while the remainder are ocean product tankers. During the reporting period, we chartered 230 million tons of cargo, including iron ore, coal, grain, sugar and fertilizers. Our highly specialized product tankers transport edible oils, liquefied petroleum gas, caustic soda, fertilizers and biodiesels. Cargill does not transport any crude oil products.

In addition to the origins and destinations of the main trade flows identified below, we do business around the globe in 70 countries. Our customer base includes the world’s largest mining and agriculture companies. Our suppliers are predominantly ship owners, fuel oil producers and port agencies.

Our ocean transportation business employs more than 300 people in nine offices located in Switzerland, the U.S., India, Bulgaria, Singapore and Australia. India and Bulgaria function primarily as operations centers, while Switzerland, Singapore and the U.S. serve as our main trading hubs. We neither employ nor contract any seafarers in our capacity as a charterer.

This report covers exclusively the activities and commitments of Cargill’s ocean transportation business. It does not address any other businesses under the management or ownership of Cargill Incorporated. Corporate initiatives are referenced when the ocean transportation business has adopted them. The report covers our operations during calendar year 2017, except where otherwise noted.

Cargill’s global commodity flows

- Iron Ore: 50 million tons per year total
- Coal: 50 million tons per year total
- Grains: 45 million tons per year total
- Sugar: 5 million tons per year total

Fiscal year 2017

- Revenues: $109.7 billion
- Earnings: $2.8 billion
- Total assets: $55.8 billion

Credit rating

S&P: A
Moody’s: A2

Net worth: $30.1 billion
At the corporate level, Cargill is led by an Executive Team that is responsible for the company’s strategic direction, talent development and financial performance. Under Chairman and Chief Executive Officer David MacLennan, members of the Executive Team represent all of Cargill’s enterprises and major global functions. They constitute a diverse collection of experience both inside and outside of the company, and each has a strong record of leading people to achieve results. Together, they seek to fulfill Cargill’s purpose to nourish the world in a safe, responsible and sustainable way.

It is Cargill’s intention to bring greater benefits to our stakeholders by functioning as an integrated operating company with world-class capabilities and processes implemented at scale everywhere we do business. Cargill’s global functions enable our business groups to achieve these efficiencies by providing process governance and deep subject matter expertise.

Similarly, Cargill manages risk through an integrated, embedded risk-management function that governs risk limits, trading practices, counterparty and credit, execution of derivatives and other complex financial instruments, and long-term deals. These risk professionals, who work alongside our trading teams, benefit from a centralized hub of expertise that monitors Cargill’s overall risk portfolio and strives to limit potential losses.

In early 2018, Cargill announced the formation of a corporate sustainability hub to aid the company’s enterprises and businesses as they drive sustainability efforts specific to their industries. This hub includes leadership and experts from key functions such as operations and supply chain management, corporate affairs, law, among others. It also brings together experts from our businesses to advance Cargill’s sustainability priorities around climate change, water resources, land use, farmer livelihoods and food waste.

Cargill’s ocean transportation business sits within the company’s metals and shipping enterprise, which is led by Jan Dieleman, who has been with Cargill for nearly two decades and led businesses in both the U.S. and Europe. Upon assuming his current role, Jan identified sustainable shipping as a foremost priority within the business strategy. He also works to advance progress within the maritime industry as a whole, serving as a non-executive director of the Rocky Mountain Institute’s Carbon War Room and advocating for higher standards and practices across shipping.

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To date, we have engaged one-on-one with our stakeholders on a regular basis. In 2018 and 2019, we aim to develop a more robust engagement program with key international and regional stakeholders.

We identify our stakeholders as the following constituencies:

- Customers
- Suppliers
- Employees
- Shareholders
- Potential candidates
- Communities
- Consumers and the general public
- Financial institutions
- Governments
- Non-governmental organizations (NGOs)
- Industry and trade associations
- Academic institutions
Cargill completed our first materiality assessment of the ocean transportation business in the second half of 2017. In line with widely accepted practices, our assessment started with a horizon scan of the relevant industry topics and challenges.

The scan included a review of the pertinent and persistent media topics, as well as report-based and anecdotal evidence from our senior leadership team. This was followed by a stakeholder outreach and engagement initiative that principally included strategic customers, business leadership and employees. Feedback was gathered through online surveys. It is our firm intention to expand the scope of our stakeholder engagement in the coming years to include our suppliers and NGO partners.

Within our capacity as a vessel charterer, we recognize we have a limited ability to control or influence some material aspects. The aspect of ship recycling illustrates why. The average age of ships in our fleet during fiscal year 2017 was 15 years, whereas large bulk vessels typically have a lifespan of 30 years. On average, we will charter a ship for three to four years. This makes our ability to dictate a recycling policy extremely difficult. Nevertheless, as a leading global organization with a strong sense of responsibility towards the environment, we intend to advocate for and influence all of the material aspects we have identified, including ship recycling.

For Cargill’s ocean transportation business and our stakeholders, the aspects that are most material are: emissions; safety and well-being; anti-corruption; diversity and inclusion; and, to a lesser extent, ship recycling.

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The issue of trade and economic development also was identified through the materiality assessment.

As open, rules-based international trading systems help to create economic opportunity, raise standards of living and sustainably nourish the world, nearly 1 billion people worldwide depend on international trade to meet their basic food needs. Likewise, nations depend on international trade for energy and other resources to power their economies and enable social development.

Cargill is committed to advancing responsible trade and economic development, both through the company’s global operations that move food, agricultural products and other resources around the world from where they are produced to where they are consumed, and through partnerships with governments, NGOs and other leading organizations.
During the 1980 to 2016 timeframe, the world merchant fleet grew alongside this demand, rising from 672,000 to 1,862,000 deadweight tons, approximately 71 percent of which operates in the dry-bulk and tanker markets.6 Vessel sizes also increased substantially, as owners sought to achieve greater economies of scale to transport raw materials and finished products around the globe.

In an increasingly globalized economy, it has become more effective for countries to specialize in producing certain sets of goods and then trade with other nations. Global trade has helped to raise living standards all over the world and lift people from poverty. As countries have specialized in producing the goods for which their workforces and their resources are well-equipped, they have tended to do so more efficiently and sustainably.

The benefits of globalization also come with tradeoffs. For example, the growth of the merchant seaborne fleet has led to a sizable increase in its emissions. Nevertheless, the global shipping fleet remains the most efficient means of transporting vast quantities of goods. Between 1980 and 2016, world seaborne trade grew from 3.7 billion tons to 10.3 billion tons.

High consumer demand, a booming global economy, relatively inexpensive credit and heightened production capacity in China all led to a substantial increase in demand for ocean transportation. In particular, Cargill accelerated our shipping business significantly from 1998 to 2007 and from 2010 to 2016.

In 2017, there were 93,000 ships on the seas, which collectively emitted approximately 1.1 billion tons of CO2. This equates to 2.5 percent of global carbon emissions. According to a study published in 2014 by the IMO, by 2050 the amount of GHG emissions attributable to the marine industry could increase by anywhere from 50 to 250 percent.

Purely from an environmental perspective, the size of today’s fleet is a cause for concern in two distinct areas of climate change and health. In addition to producing CO2 in the large amounts described above, by burning intermediate fuel oil, vessels emit sulphur oxide (SOX), nitrous oxide (NOX) and microscopic particulate matter (also called black carbon).

It has been demonstrated that SOX and particulate matter contribute to the onset of respiratory disease and heart disease. However, recent research published in the MIT Technology Review indicates that while SOX is harmful to health, it also mitigates some of the effects of climate change.7


**Material Relevance**

We have deemed climate change and health to be the highest material relevance to our business. The size of the material aspect directly correlates to the size of our fleet and scale of our operations, which make us responsible for the efficiency of our fleet and broader procurement.

Our fuel consumption is continuously affected by changes to the size and composition of our fleet. During this past decade, our fleet has expanded significantly as we have expanded our market share. This growth has effectively doubled our gross fuel consumption.

The composition of Cargill’s fleet is of particular importance to any statistical measurements. For example, if we were to increase the number of handy-size vessels and reduce our cape-size fleet, we would reduce our fuel consumption and emissions on a ton-mile basis.

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### Fleet Transport Work CO₂ Intensity

<table>
<thead>
<tr>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td>0.2</td>
<td>0.3</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.7</td>
</tr>
</tbody>
</table>

### Greenhouse Gas Emissions

By 2025, Cargill has committed to reduce total greenhouse gas (GHG) emissions across its enterprise by 15 percent compared to 2010 baselines. These targets are aligned with science-based targets and encompass emissions within the company’s operations, known as Scope 1 and 2 emissions.

Cargill’s charter fleet can be segregated into voyage charters and time charters. Within our fleet – an objective that would realize benefits for the Paris Agreement. In the latter part of 2016, Cargill has agreed that the proposed Global Sulphur Cap would come into effect on Jan. 1, 2020. Cargill is a strong proponent of this new legislation.

### Global Sulphur Cap

In October 2016, at the meeting of the IMO’s Marine Environment Protection Committee, it was agreed that the proposed Global Sulphur Cap would come into effect on Jan. 1, 2020. Cargill is a strong proponent of this new legislation.

Finally, Cargill has identified specific financial and regulatory drivers that ship owners and operators in the dry bulk sector face when transitioning to the new legislation. We conducted a detailed in-house review of this topic and believe that the following are the most effective forms of adaptation during 2017:

1. We investigated the use of asphalt fuel, a relatively new and clean alternative to fossil fuel, which has been experiencing a significant increase in consumption.

2. Cargill is a strong proponent of this new legislation.

3. We worked on a number of initiatives to improve our performance and reduce our impact on the environment. We work with owners to improve and optimize vessel performance as part of taking a longer-term view that values beyond immediate market conditions, leading vessels in the short term, to a much greater extent, based on market forces on any given day.

4. To ensure our environmental performance is measured in the context of our economic productivity, we will primarily report our performance based on the amount of CO₂ produced per cargo-ton-mile.

5. This includes weather routing, additional surveys and the amount of cargo transported. Market conditions may negatively impact our desired environmental performance. We work with owners to improve and optimize vessel performance as part of taking a longer-term view that values beyond immediate market conditions, leading vessels in the short term, to a much greater extent, based on market forces on any given day.

6. Cargill is a strong proponent of this new legislation.

7. Cargill has identified specific financial and regulatory drivers that ship owners and operators face when transitioning to the new legislation. We conducted a detailed in-house review of this topic and believe that the following are the most effective forms of adaptation during 2017:

### GHG Emissions ratings - normal peer distribution

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Highest performing</td>
</tr>
<tr>
<td>B</td>
<td>Above average performing</td>
</tr>
<tr>
<td>C</td>
<td>Average performing</td>
</tr>
<tr>
<td>D</td>
<td>Below average performing</td>
</tr>
<tr>
<td>E</td>
<td>Lowest performing</td>
</tr>
</tbody>
</table>

### Trends in emissions drivers in the bulk shipping fleet (indexed from 2007)

<table>
<thead>
<tr>
<th>Trend</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Ton-Miles</td>
<td></td>
</tr>
<tr>
<td>Fleet Total CO₂</td>
<td></td>
</tr>
<tr>
<td>Fleet Transport Work CO₂ Intensity</td>
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</tbody>
</table>

### Cargill Green Ocean Transportation

Jan Dieleman
President

Cargill has a track record spanning nearly 25 years of shipping fuel use and environmental footprint, as well. Before the financial crisis of 2008, the dry bulk fleet typically operated at higher speeds to meet demand; in response to this crisis, vessels were recycled, laid up or considerably slowed down; reduced operating speeds cut global fuel use and environmental footprint, as well. Cargill has increased its end-to-end performance and taken leadership to improve the environmental sustainability of our operations and progress and take leadership to improve the environmental sustainability of our operations and

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We are committed to improving the sustainability of our operations and leading the maritime industry to a more sustainable future.

We aim to reduce our CO₂ per cargo-ton-mile by 15 percent in our time-chartered fleet by the end of 2020. However, we expect our gross fuel consumption and gross CO₂ output to increase in line with our expanding market share. We will maintain our policy to build the most efficient fleet possible, particularly with our long-term time-chartered vessels.

To that end, we are in the process of launching the following initiatives:

1. As a charterer, we will comply with new low-sulphur regulations and champion compliance through our membership associations, particularly the Trident Alliance.
2. We will work with relevant stakeholders on a fair fuel-transition period ahead of the Global Sulphur Cap.
3. We will optimize our fleet efficiency by investing in and developing new technologies.
4. We will optimize our period fleet by increasing the number of vessels rated A through D by RightShip, always seeking to increase the number of higher-rated vessels where feasible.
5. In partnership with the Global Maritime Forum, we will participate in a decarbonization project.
6. We will investigate carbon pricing in its various forms.
7. We will investigate a carbon offset scheme for our travel and events.
8. We will implement a more robust reporting and measurement program to separately track various types of emissions (CO₂, NOₓ, and SO₂) and categories within our operations and supply chain (Scopes 1, 2 and 3).

Targets

100% compliance with Global Sulphur Cap in 2020

80% of Cargill’s fleet will be rated A through D by RightShip by 2020

15% reduction in CO₂ emissions per cargo-ton-mile in our time-chartered fleet by 2020 against a 2016 baseline

Next Steps

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Ethical Business Conduct and Compliance

Material Relevance
Since Cargill’s founding in 1865, our company has acted on the belief that doing the right thing sets the foundation for long-term success. This strong legacy has sustained Cargill for more than 150 years, and today we remain just as committed to the tenets of this approach. Our customers, shareholders, employees and communities our customers, shareholders, employees and communities alike depend on us to uphold a rigorous commitment to act ethically and responsibly, to honor our obligations, and to treat everyone with dignity and respect.

Cargill’s Code of Conduct outlines the company’s ethical and compliance standards for conducting business throughout the world. The code is grounded in seven Guiding Principles, which are ingrained in our culture and serve as the foundation for the behaviors expected from all of our employees, contractors and suppliers in our Guiding Principles

We obey the law.

We obey the law as the foundation on which our reputation and Guiding Principles are built. As a global organization privileged to do business all over the world, we have the responsibility to conduct with all the laws that apply to our businesses.

We conduct our business with integrity.

We take pride in conducting our business with integrity. We compete vigorously, but do so fairly and ethically. We do not offer or accept bribes or inappropriate gifts, and we comply with the laws and regulations that support fair competition and integrity in the marketplace.

We keep accurate and honest records.

Accurate and honest records are critical to making sound business decisions and maintaining the integrity of our financial reporting. Our business information, in whatever form, must reflect the true nature of our transactions.

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We protect Cargill’s information, assets and interests.

We protect Cargill’s information, assets and interests. We obey the law, and we conduct our business in a manner consistent with our Guiding Principles. We apply our Guiding Principles in all aspects of our business operations, and we ensure that all Cargill employees, contractors and suppliers likewise follow our Guiding Principles.

We are committed to being a responsible global citizen.

We are committed to being a responsible global citizen. We demonstrate our commitment to being a responsible global citizen by working with our customers, suppliers, contractors and other partners to achieve mutual success in the market and by promoting a culture of ethical behavior worldwide.

We treat people with dignity and respect.

We treat people with dignity and respect. We achieve our goals through our people. We provide a safe workplace and value the unique contributions of our global team, enabling those who support Cargill’s goals to achieve their own individual potential.

While consumer groups and NGOs have long advocated for companies to demonstrate their commitment to ethical conduct, investors also are now stepping up calls for increased accountability in this regard. While consumer groups and NGOs have long advocated for companies to demonstrate their commitment to ethical conduct, investors also are now stepping up calls for increased accountability in this regard. While consumer groups and NGOs have long advocated for companies to demonstrate their commitment to ethical conduct, investors also are now stepping up calls for increased accountability in this regard. While consumer groups and NGOs have long advocated for companies to demonstrate their commitment to ethical conduct, investors also are now stepping up calls for increased accountability in this regard. While consumer groups and NGOs have long advocated for companies to demonstrate their commitment to ethical conduct, investors also are now stepping up calls for increased accountability in this regard.
all parts of the world. It also serves as a guide for employees when they face dilemmas where the right choice is not clear. Cargill’s ocean transportation business strictly adheres to this code, and requires our suppliers to comply with our corresponding Supplier Code of Conduct as well.

Reporting a Concern
Cargill has established robust processes to ensure that employees and other stakeholders can raise any concern to the company, and that such concerns will be treated with the utmost professionalism, discretion and care. We handle all matters of this nature confidentially and with no retaliation against anyone who raises a concern or participates in an investigation.

In addition to the normal channels whereby employees can communicate to their managers or through our human resources department, Cargill maintains an “Ethics Open Line” that is independently managed by a third party to ensure confidentiality. Employees can choose to report a concern by phone, email or online.

Training
Employees are trained on the company’s Guiding Principles and are required to complete ethics courses on ethical business conduct, validating their understanding on an annual basis. Annual training is also required for legislators and industry best practice stakeholders on anti-bribery, anti-corruption, and fair competition.

Making Progress
We take any breach of our Code of Conduct seriously and are committed to maintaining our strong culture of doing the right thing. We have zero tolerance for bribery and other corrupt practices from our employees, contractors and suppliers. Our customer meetings begin with a compliance reminder to help ensure fair and ethical practices.

Risk Assessment and Compliance Audit
In addition to mandatory training for employees in 2017, Cargill’s ocean transportation business conducted an audit that included our ocean transportation business. This was the 20th such audit that has taken place across the corporation.

Through this risk assessment and audit, five areas were identified as benefiting from additional risk mitigation: cyber security, data privacy, anti-bribery, fair competition, and commodity and derivatives markets.

In the latter part of 2017, Cargill’s ocean transportation business achieved 100 percent completion with respect to our internal training on cyber security and data privacy.

We have deployed mandatory anti-bribery training across Cargill for employees working in markets or roles where corrupt practices are a risk. Cargill regularly audits high-risk businesses, as well. Additionally, we have implemented our anti-bribery program to ensure their compliance with the law.

To make sure that we promote fair competitive practices, Cargill audits participation in industry and trade associations. We have developed training programs to employees who attend events in connection with these groups regarding what forms of engagement and discussion are permissible. We also are deploying training on fair competition for all of our leaders and managers.

Our company acts on the belief that doing the right thing sets the foundation for long-term success.
Next Steps

At the end of 2017, we joined the Maritime Anti-Corruption Network, a global business network that promotes good corporate practices for eliminating bribery and other forms of corruption in the maritime industry. The lead legal counsel for our ocean transportation business regularly engages with this forum.

Going forward, we will continue to adhere to Cargill’s Code of Conduct and expect our suppliers to do the same. In addition to developing risk mitigation plans in the areas outlined above, we are seeking to incorporate our Supplier Code of Conduct into all new contracts by June 2018. We also will advocate for increased transparency and accountability regarding ethical business conduct within our industries.

Targets

Zero incidents of corrupt practices
For decades, seafaring has been widely recognized as one of the world’s most dangerous jobs. We share the concerns of our stakeholders relating to the safety and well-being of seafarers, and we seek to foster safer working conditions for them.

In today’s challenging shipping markets, where ship owners are making low or negative returns, seafarers have suffered from increased abandonment, non-payment of salaries, lack of safety equipment and living conditions onboard. Faster turnaround times in port and reduced crew numbers contribute to feelings of isolation that can lead to mental illness. The Seafarer’s Trust reported that 77 percent of seafarers also have their internet connectivity strictly limited, which can compound a sense of loneliness and isolation.

Material Relevance
Cargill’s ocean transportation business operates an average of 650 vessels at any given time. As a charterer, we are not responsible for the management, maintenance or crewing of the ship; those decisions are determined by the vessel owners. Despite the fact that we do not own vessels or employ or contract seafarers, we intend to partner with ship owners to improve safety standards and the well-being of those working on ships.

According to a 2015 report, there are approximately 1.6 million active seafarers working on the world’s oceans. The majority come from China, the Philippines, Russia, Ukraine and India.

In 2006, we became a shareholder in RightShip, an organization focused on ship vetting and risk management. Today, we monitor all of our vessels against the RightShip criteria. RightShip uses predictive analytics and real-time risk assessments to analyze the likelihood of a vessel being involved in an incident, and provides a corresponding rating. We strive to fix vessels with a three-star rating and above from RightShip, which helps ensure that the seafarers working on the ships we charter are safer.

Alongside our RightShip vetting checks, we undertake more than 200 independent audits and inspections each year. As part of our core business processes, we check a vessel’s certification, classification and registration before the ship can be fixed. Operators are responsible for ensuring vessels comply with International Labour Organization standards before fixing the vessel.

We are a long-time supporter of the Sailor’s Society and the Seamen’s Church Institute. The principal endeavors of these organizations are supporting the construction of seafarer centers and employing chaplains around the world. Both organizations provide care and support to seafarers of any religion.

At the end of 2017, we also became an official partner of the Global Maritime Forum, to help positively shape the sustainable long-term development of the industry and the well-being of those who work in it.

In addition to providing a safe work environment, we offer health and wellness services to employees to help them live a full and balanced life. Cargill is recognized globally as a leader in corporate diversity and inclusion, and we engage with communities and organizations around the world for our commitment to its meaningful partnerships, support for employees of all backgrounds and abilities, and corporate social responsibility initiatives.
Next Steps

In 2017, Cargill approved a new Supplier Code of Conduct, which was disseminated across all of the company’s global businesses. This code is closely aligned with Cargill’s long-established Employee Code of Conduct and Guiding Principles. In the coming year, we will engage with our suppliers, including bunker providers, ship owners and port agencies. Our aim is to see this code recognized, signed and adopted by our suppliers and eventually incorporated into our contracts.

We also will put in place additional processes to adequately measure our suppliers’ performance in relation to human rights, safety and well-being. These measurements will include the amount of lost working time, as well as the number of detentions, accidents and injuries.

Targets

- **Establish a ship owner benchmarking tool** that will rate suppliers on fleet operations and safety performance.
- **Achieve zero injuries within our offices**
- **By December 2018** 100% of supplier contracts with a duration of one year or more will reference our Supplier Code of Conduct.
- **Maintain current share** of four- and five-star rated vessels according to RightShip.
- **100% of Cargill’s fleet** will be RightShip approved.
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In 2016, ship owners sold 30 million deadweight tons of vessels for recycling – an increase of 76 percent compared with 2014. An estimated 95 percent of the global recycling total was carried out in just four countries: India, Bangladesh, Pakistan and China. The highest recycling rate in 2016 was within the bulk sector, recorded by the U.N. at 15.8 million gross tons – more than double any other maritime category.

Adopted in 2009, the Hong Kong Convention outlines requirements for ship design and construction, the operation of ship-recycling facilities, and overall enforcement. The Hong Kong Convention still has not entered into force, because as of 2017, only six nations have ratified it: Belgium, the Democratic Republic of Congo, Denmark, France, Norway and Panama. A further 18 states are required to ratify the convention in order for it to enter into force.

Material Relevance
The large amount of ship recycling that takes place in the bulk vessel category – where Cargill charters a significant number of ships – makes this issue relevant to our organization. However, as a charterer, we neither recycle vessels nor sell any vessels for recycling. The average age of Cargill’s fleet is 7.5 years old, while the commercial life of most vessels ranges from 20 to 30 years.

As a result, Cargill has limited ability to control where and how the vessels we charter will be recycled anywhere from 10 to 30 years in the future. Nevertheless, we are concerned by the poor safety standards and environmental impact in some recycling yards, and we intend to continue consulting with our stakeholders to explore ways to influence this issue in a positive direction.
Next Steps

We support the Hong Kong Convention and advocate for its adoption. We will encourage our suppliers to use yards that are certified to Hong Kong Convention standards, thereby helping to protect the safety and well-being of yard workers and the health of the environment.

We will monitor developing regulation on ship recycling within the European Union and contribute to discussions that relate to its implementation. We also will raise the issue during our discussions with ship owners and record where suppliers choose to recycle their ships, as part of our effort to establish strategic partnerships with responsible suppliers.

Targets

Participate in industry discussions on ship recycling

Develop an engagement plan with ship owners and regulators
The health of the ecosystems supported by our oceans is a critical issue both for overall planetary well-being and for social and economic resilience. According to a 2017 U.N. paper, 80 percent of marine pollution worldwide comes from land-based sources. Nevertheless, ocean-based activities such as fishing, industrial and mineral exploration, and marine transport also have an impact on pollution levels in oceans.

A primary concern is plastic debris, which accounts for 60 to 80 percent of polluting debris in the world’s oceans. Waste discharge from ships and soil or abandoned fishing gear represent a significant portion of the remaining debris contributions. Regarding spills of oil and other chemicals, the number of incidents and the total volume of oil spilled has significantly decreased in the past five decades, even as the amount of oil spilled and the length of oil spills have dramatically increased.

The ballast water used by nearly all ships presents ecological challenges as well. Ballast water is necessary for ship operations. However, it creates a risk of invasive species being transplanted into new ecosystems. The maritime industry moves about 10 billion tons of ballast water around the globe annually. The IMO’s 2017 convention on ballast water management seeks to mitigate the risks associated with ballast water by specifying where and in what manner shippers can discharge it.

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Material Relevance

Cargill recognizes the importance of ocean health and biodiversity to our stakeholders, as well as the fact that a wide range of forces affect it. We are working with our suppliers and the firms that operate our chartered vessels to ensure we are reducing the impact of our operations.

Regarding ballast water, because it ships must use and discharge it, Cargill is taking action to ensure that our activities in this area comply with regulations and prevent harmful impact on ecosystems. However, regulatory uncertainty or contradiction in different jurisdictions may complicate these efforts.

As the maritime industry undergoes the upcoming fuel transition away from sulphur, air pollution control is a technology called exhaust gas cleaning systems, otherwise known as scrubber systems.

Open-loop scrubbers comprise chambers in which flue gases and pumped seawater are mixed. The acidic sulphur oxides react with alkaline compounds in the seawater to produce dissolved salts that are then discharged with the wash water into the sea. These salts react further to form sulfates that also occur naturally in seawater.

According to three independent studies, including one from the Danish Ministry of the Environment, the use of scrubbers has a minimal impact on the seawater concentration of sulfates.

The first U.N. Ocean Conference was held in 2017, with participants from different sectors of society, urging to call for action on the issues outlined above. A significant number of commitments have been made in support of the goal of preserving ocean health and biodiversity.

Cargill also complies with U.S. speed regulations designed to prevent vessel collisions with endangered right whales off of the Atlantic Coast of North America.
Next Steps

Going forward, we will require more robust incident reporting from the ship managers and owners with whom we partner. A key performance indicator will be the number of spills and collisions.

To comply with global sulphur regulations, Cargill will explore the use of scrubbers on board our chartered fleet. We will continue to work with our partners to ensure the use of scrubbers is safe.

We are working with our ship owner suppliers to implement ballast water treatment systems that comply with the new IMO regulations and relevant country requirements.

Targets

Include Supplier Code of Conduct

guidelines for best practices with respect to waste management on all voyage instructions

Zero oil spills of 10 m³ or more, and zero other incidents causing material negative environmental impact
Diversity and Inclusion in Our Workforce

The business community increasingly recognizes that a diverse workforce and an inclusive work environment spur organizational success. The maritime industry is no different, even if the work environment is somewhat unique.

Much work remains to be done around diversity inclusion in shipping, particularly regarding gender. The maritime industry suffers from very low levels of inclusion of women at all levels of the workforce. A 2017 U.N. report indicated that only about 1 percent of seafarers worldwide are women. One positive sign – albeit a relative one – is that in the area of officer trainees for the merchant fleet, 6.9 percent are women. On shore, women represent 27 percent of professional level positions, 17 percent of manager positions and 9 percent of executive positions. These low levels of representation for women are matched by frequent pay gaps. In a separate pilot survey, 50 percent of women seafarers indicated that sexual harassment was an issue.

Material Relevance

As a truly global company operating in 70 countries with 155,000 employees, Cargill recognizes that diverse teams make a stronger organization, one that can better understand and serve our customers and the communities where we operate. We strive to create a safe and inclusive work environment that incorporates a broad range of backgrounds, experiences and perspectives. Doing so is foundational to our ability to attract and retain the very best people and to our continued success in the markets.

Making Progress

As a charterer, we do not employ or contract any seafarers. Our ocean transportation business employs a workforce of more than 300 people onshore in several countries. We know that fostering a positive work environment for our employees means more than just diverse hiring. Many of our business leaders have completed an intercultural awareness assessment, using the Intercultural Development Inventory (IDI). This tool helps individuals and organizations develop intercultural competence and increase self-awareness. We are currently delivering training to managers about unconscious bias to ensure an inclusive environment. We also have established local policies concerning harassment and other forms of unacceptable behavior.

Across our global operations, Cargill maintains a strict zero-tolerance policy regarding harassment and investigates all concerns raised to us in a serious, thorough and confidential manner. We have a secure ethics hotline managed by a third party for any employee to anonymously report an issue.

Cargill has established a strong network of business resource groups to support employees no matter their gender, sexual orientation, disability status and more. We were one of the founding members of Paradigm for Parity, an organization committed to narrowing gender parity across all levels of corporate leadership by 2030.

In 2017, Cargill also joined CEO Action for Diversity & Inclusion, a collaboration of more than 150 CEOs pledging to make their organizations more inclusive places to work. In 2017, Cargill received a perfect score of 100 percent from the Human Rights Campaign on its 2017 Corporate Equality Index. And the U.S. Department of Defense named Cargill to the President’s Freedom Award, the highest honor given to companies in the U.S. for their support of employees who are veterans.

In December 2017, we joined the Women’s International Shipping & Trading Association (WISTA), in support of our objective to develop and promote female leaders across our business. This networking organization counts more than 3,000 female professionals from across the maritime sector among its members, and we are partnering with them on skill coaching opportunities. Cargill also will work with WISTA in Singapore and Geneva to attract high-caliber female candidates into our organization.

In 2017, female representation in our ocean transportation business declined 4.5 percent against our 2016 baseline. Female representation in leadership roles declined by 5.7 percent in the same time period.

Cargill takes pride in various initiatives that we believe will improve our overall performance in this area and help us to track our objectives for a diverse workforce in an inclusive work environment.
Next Steps

Cargill is committed to recruiting, developing and retaining a diverse team. In our ocean transportation business, we are implementing plans in accordance with this corporate objective, including bringing more women and underrepresented minorities into the business. This includes a mentorship program to identify and support future diverse management candidates. At the corporate level, Cargill will deploy unconscious bias training for leadership teams. Finally, we will explore expanding our membership of WISTA to include the U.S.

Targets

Achieve a 10% increase in female representation globally by 2020 compared to 2015 baseline
Cargill reorganized our global partnership structure in September 2017, signing on as a member of the U.N. Global Compact for the entirety of our worldwide businesses. Additionally, our ocean transportation business embarked on four new partnerships that focus on climate change, marine conservation, diversity and inclusion, and anti-corruption.

The firm belief of our organization is that this partnership structure will enable a two-way transfer of skills and knowledge and will allow Cargill to make tangible improvements that better the lives of our employees, seafarers and the wider community.

Among others, our ocean transportation business is a member of, or partner with, the following associations and organizations:

- Global Maritime Forum
- WISTA (Women in International Shipping and Trade Association)
- NAMEPA (Northwest Atlantic Marine Environmental Protection Association)
- Sailors Society
- WISDOM (Women in Shipping, Oil, Maritime and Defense)
- Global Economic Forum

We also leverage key global relationships maintained at the corporate level:

- Corporate Social Responsibility
- Global Economic Forum

“Cargill joins our members with a shared commitment to stewardship and sea protection through corporate social responsibility, including public education on the marine industry, protecting the marine environment and advocating for stronger industry practices.”

Carleen Lyden Walker
Co-founder and executive director of NAMEPA, and IMO ambassador

“Together with Cargill and other stakeholders in the industry, we are committed to shaping the future of global seaborne trade to increase sustainable long-term economic development and human well-being.”

Johannah Christensen
Managing director, head of projects and programs for the Global Maritime Forum
Feedback
Should you wish for any clarification or information on the contents of this report, please contact us.

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