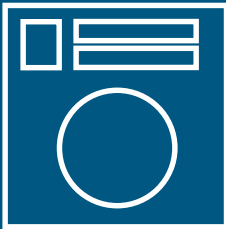


Corporate Responsibility Report

Cargill Ocean Transportation
2017



Icons in each section indicate the relevant
**SUSTAINABLE
DEVELOPMENT GOALS**

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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 a responsible global citizen.

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 the Women’s International Shipping & Trading Association. Alongside these organizations, Cargill will advocate for and do our utmost to lead the maritime industry toward sustained, positive change.

In the meantime, global trends will continue to reshape the industry. As we look at the broader market, we believe China’s continued growth, global geopolitics and changing regulation will have the most significant and

fundamental effects on our business and stakeholders.

Chinese trade represents 55 percent of the total dry-bulk market.¹ Policy changes, consumption trends, weather and industrial production must all be watched carefully to ensure we anticipate the potential impact on seaborne commodity trade flows.

China is a major player in shipbuilding and ship financing. In 2017, Chinese leasing banks supplied \$12 billion or 70 percent of global ship-financing credit.² Diversifying from being a major commodity importer in the early 2000s, China is now deeply involved across the whole shipping supply chain.

Over the next five years, regulation will have a profound impact on the shipping and freight-trading sector. The 2020 Global Sulphur

Cap being implemented by the International Maritime Organization (IMO) – as well as the IMO’s Convention for the Control and Management of Ships’ Ballast Water and Sediments and its strategy to reduce greenhouse gas (GHG) emissions – will fundamentally change the composition and operation of the global shipping fleet.

The sulphur cap will alter the dynamics of fuel sourcing and procurement and will require sizable upfront investment from vessel owners. Regulation also may accelerate the number of older ships being recycled; this issue has its own regulatory hurdle to clear as the world awaits the ratification of the IMO’s Hong Kong Convention.

These changes present Cargill and the wider maritime industry with the opportunity to build a greener global supply chain, which is a necessity in view of the IMO’s prediction that continued growth in the industry, if left unchecked, may increase the global shipping sector’s GHG emissions between 50 and 250 percent by 2050.

Such far-reaching change will always present challenges and risks. At Cargill, we vigilantly seek to ensure robust compliance and enforcement, and advocate for an adequate and common fuel transitioning 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. Yet despite the uncertainty, we look to the future with optimism. In our more than 150 years in business, Cargill has developed deep capabilities in risk management, including the type of uncertainties we face today.

Within this, the first corporate responsibility report for our ocean transportation business, we are outlining our plans and activities to contribute positively to the planet and its people. We are committed to operating our business in a safe, responsible and sustainable way, one that helps the world *thrive*.



Jan Dieleman
President
Cargill Ocean Transportation



“We are taking a holistic approach to sustainable development and our obligations as a responsible global citizen.”

About Cargill

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.

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 protein, 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

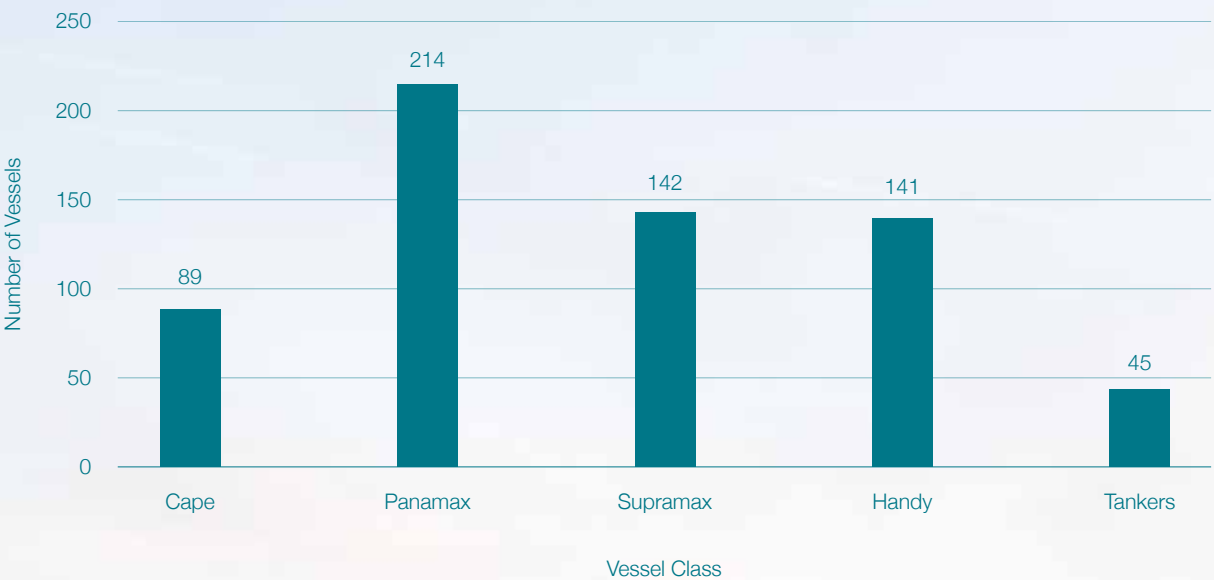
risk management. We continue to invest and trade vessel assets directly and through joint venture initiatives.

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.

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

Cargill's chartered fleet as of Dec. 31, 2017



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 90 percent of Cargill's vessels are dry-bulk ships, while the remainder are clean-product tankers. During the reporting period, we carried 235 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.

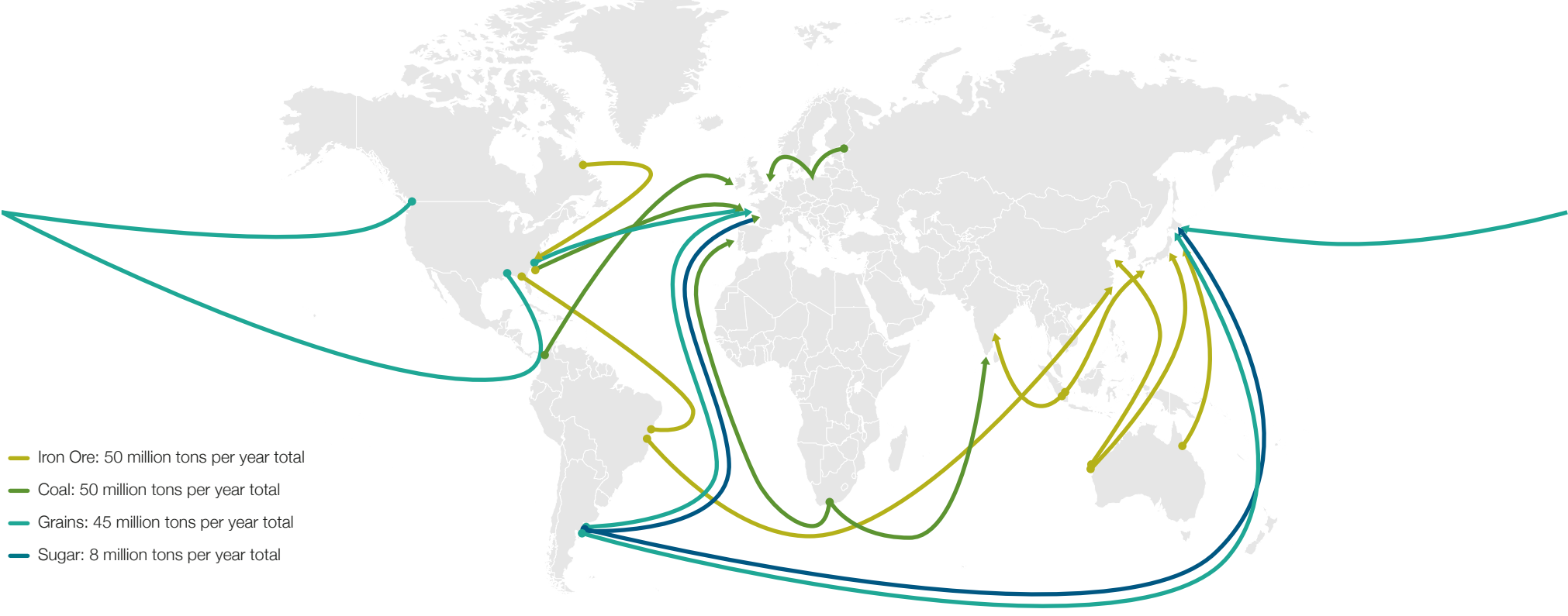
In addition to the origins and destinations of the main trade flows identified below, we do business around the globe in 70 countries. Our customer base includes the world's largest mining and agriculture companies. Our suppliers are predominantly ship owners, fuel oil producers and port agencies.

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 principally 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



155,000

employees

153

years

70

countries



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

Governance

Cargill operates within a three-tiered governance structure: as business groups such as ocean transportation that specialize in certain product lines and geographies; as enterprises that combine similar businesses on a global basis; and at the corporate level. This structure permits individual business groups to provide industry-leading products and services in their respective sectors while drawing on the broad capabilities and functional expertise of the company as a whole.

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. Led by 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 track 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. These functions include human resources, information technology, operations and supply chain management, finance, corporate affairs, and more.

Similarly, Cargill manages risk through an integrated, embedded risk-management function that governs risk limits, trading practices, counterparty risk 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 ensures best practices. This function is led by Sheryl Wallace, a senior risk professional with more than 20 years of experience leading teams in trading, merchandising and regulatory compliance.

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 expertise from key functions such as operations and supply chain management, corporate affairs, and 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 David Dines, who is a member of the Executive Team and has held leadership positions within Cargill for more than 25 years. The enterprise also includes Cargill's global metals trading business. Both the metals and ocean transportation businesses specialize in trading and risk management solutions, and provide services to a wide range of global customers. The ocean transportation business is led by

Jan Dieleman, who has been with Cargill for nearly two decades and has 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.

Jan's leadership team comprises professionals with deep expertise in their respective fields. Anda Cristescu serves as operations director and sustainability leader for the business. She is responsible for managing Cargill's freight portfolio of approximately 650 vessels, and for enacting the sustainability strategy for the business. She and her team coordinate with the corporate sustainability hub to maximize the impact of Cargill's global sustainability expertise in the most relevant ways for the ocean transportation business. In addition, the leadership team includes heads of trading desks, assets and structuring, environmentally responsible technology investments, and communications.



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

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.



Materiality

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 7.5

years, whereas large bulk vessels typically have a lifespan of 20 to 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 toward 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.

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

An open, rules-based international trading system helps 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.³ 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.



Climate Change and Health



Between 1980 and 2016, world seaborne trade grew from 3.7 billion tons to 10.3 billion tons.⁴ 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.

During the 1980 to 2016 timeframe, the world merchant fleet grew alongside this demand, rising from 672,000⁵ 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.

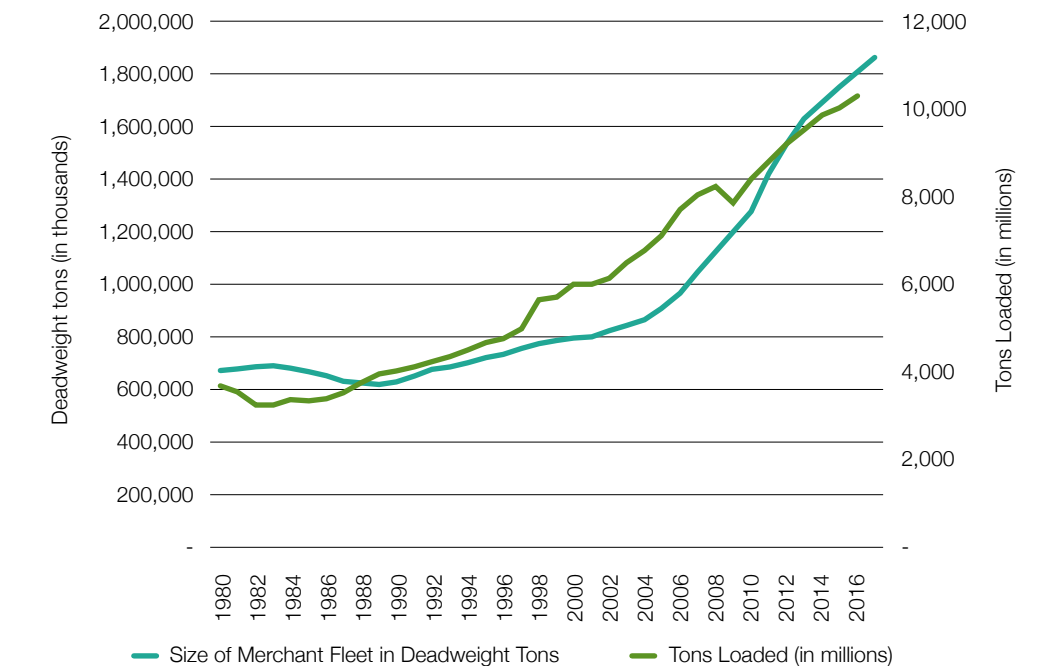
The benefits of globalization also come with tradeoffs. For example, the growth of the merchant seaborne fleet has led to a sizable increase in its emissions. Nevertheless, the global shipping fleet remains the most efficient means of transporting vast quantities of goods.

In 2017, there were 93,000 ships on the seas, which collectively emitted approximately 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 maritime 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 (SO_x), nitrous oxide (NO_x) and microscopic particulate matter (also called black carbon).

It has been demonstrated that SO_x and particulate matter contribute to the onset of respiratory disease and heart disease.⁷ However, recent research published in the MIT Technology Review indicates that while SO_x is harmful to health, it also mitigates some of the effects of climate change.⁸

Growth in world shipping fleet (1980-2016)
Source: UNCTAD



Material Relevance

We have deemed climate change and health to be of the highest material relevance to our business. The size of this material aspect correlates directly to the size of our fleet and scale of our operations. We hold responsibility for the efficiency of our fleet and bunker procurement.

Our fuel consumption is continuously affected by changes to the size and composition of our fleet. During the past 10 years, our fleet has grown from 330 vessels to an average of 650 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, Cargill's gross fuel consumption and emissions on a cargo-ton-mile basis would increase.

This is because larger vessels are more efficient and offer a greater economy of scale.

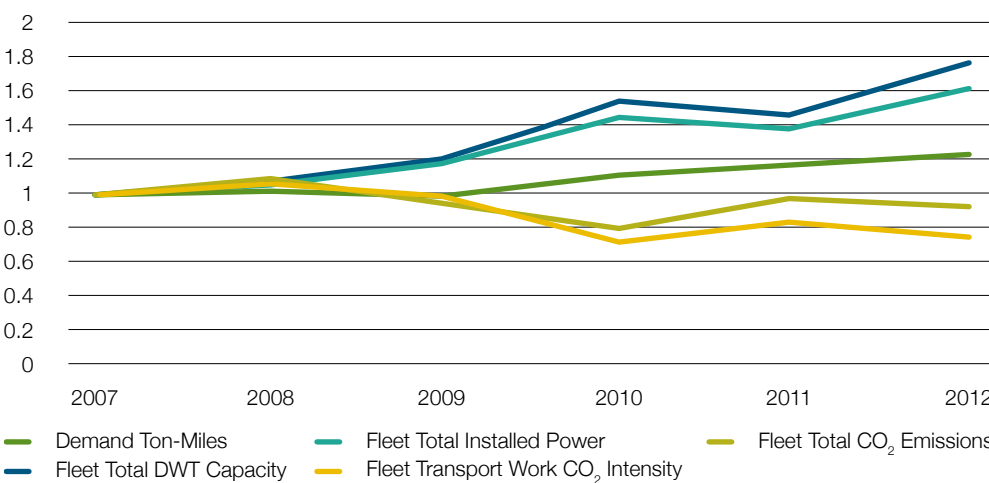
Vessel speed, which is dictated by market conditions, is a significant variable affecting our fuel use and environmental footprint, as well. Before the financial crisis of 2008, the dry-bulk fleet typically operated at higher speeds to meet demand. In response to the crisis, vessels were recycled, laid up or considerably slowed down; reduced operating speeds cut global fuel consumption and emissions as shown below.

Making Progress

Cargill has a track record spanning nearly 20 years of action to reduce our climate impact. Today, we are continuing to drive progress and take leadership to improve the environmental sustainability of our operations and our supply chains. This includes our ocean transportation business.

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

Source: IMO



“In 2017, we reduced our CO₂ output by 5.7 percent per cargo-ton-mile across our time-chartered fleet. By the end of 2020, we intend to reduce our CO₂ emissions by a total of 15 percent.”

Jan Dieleman
President
Cargill Ocean Transportation

Greenhouse Gas Emissions

By 2025, Cargill has committed to reduce total GHG emissions on an absolute basis across all company operations by 10 percent, compared to our 2017 baseline. This is aligned with science-based targets, and encompasses emissions within our operations, known as Scope 1 and 2 emissions.

Cargill's ocean transportation business has worked on a number of initiatives to improve our performance and reduce our impact on the environment. However, we recognize that industry-wide regulation is essential to make significant and lasting progress.

Cargill is a longstanding supporter of aggressive GHG emission targets in the maritime sector, despite the fact that this sector was omitted from the Paris Agreement. In the latter part of 2016, we set out to improve the overall composition of our fleet – an objective that would realize benefits in both the medium and long terms.

To modernize our fleet and improve our efficiency, we rely on RightShip's GHG Emissions Rating – a system that compares a ship's theoretical CO₂ emissions relative to peer vessels of a similar type using an A to G scale. All of the vessels that Cargill charters are reviewed using this system. In 2017, 76 percent of Cargill's fleet was rated between A and D for energy performance, and the average vessel age stood at 7.5 years.

While operating our vessels, we work closely with leading ship owners and ship management companies to optimize vessel performance. This includes weather routing, additional surveys and technical performance assessments.

In 2017, Cargill transported 235 million tons of cargo over 4,446 voyages. Our operations consumed 2.5 million tons of fuel, which produced 7.7 million tons of CO₂.

Within the maritime sector, there are a large number of variables that directly influence the amount of fuel we consume and our GHG emissions. Factors that have the most significant impact on our performance are: the size, age and composition of our fleet; the speed of our vessels; time spent in port; ballasting; and the amount of cargo transported. Market conditions may negatively impact our desired environmental performance.

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 for our time-chartered fleet.

In 2017, we reduced our CO₂ per cargo-ton-mile by 5.7 percent across all vessel sizes compared to 2016. We achieved this reduction by improving the composition of our fleet to make it younger and, therefore, more modern and fuel efficient.

Cargill's chartered fleet can be segregated into voyage charters and time charters. Within our time-chartered fleet, we have much more control over our environmental performance. We work with owners to improve and optimize vessel performance as part of taking a longer-term view that extends beyond immediate market conditions. By contrast, fixing vessels in the spot market is, to a much greater extent, governed by market forces on any given day.

Despite these efforts by our business, we believe the entire industry must act to significantly reduce CO₂ per cargo-ton-mile and gross CO₂ output. Cargill believes this can only be achieved through industry-wide regulation.

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. We were among the first organizations to sign a letter addressed to the IMO that called for the 2020 implementation date and continue to advocate for its implementation.

There remain three significant challenges to ensuring the industry achieves an adequate reduction in SO_x emissions.

First, Cargill is working to define the most effective form of adaptation. During 2017, we investigated the use of exhaust gas cleaning systems, commonly called scrubbers, as well as alternative fuels such as liquefied natural gas and next-generation biofuels.

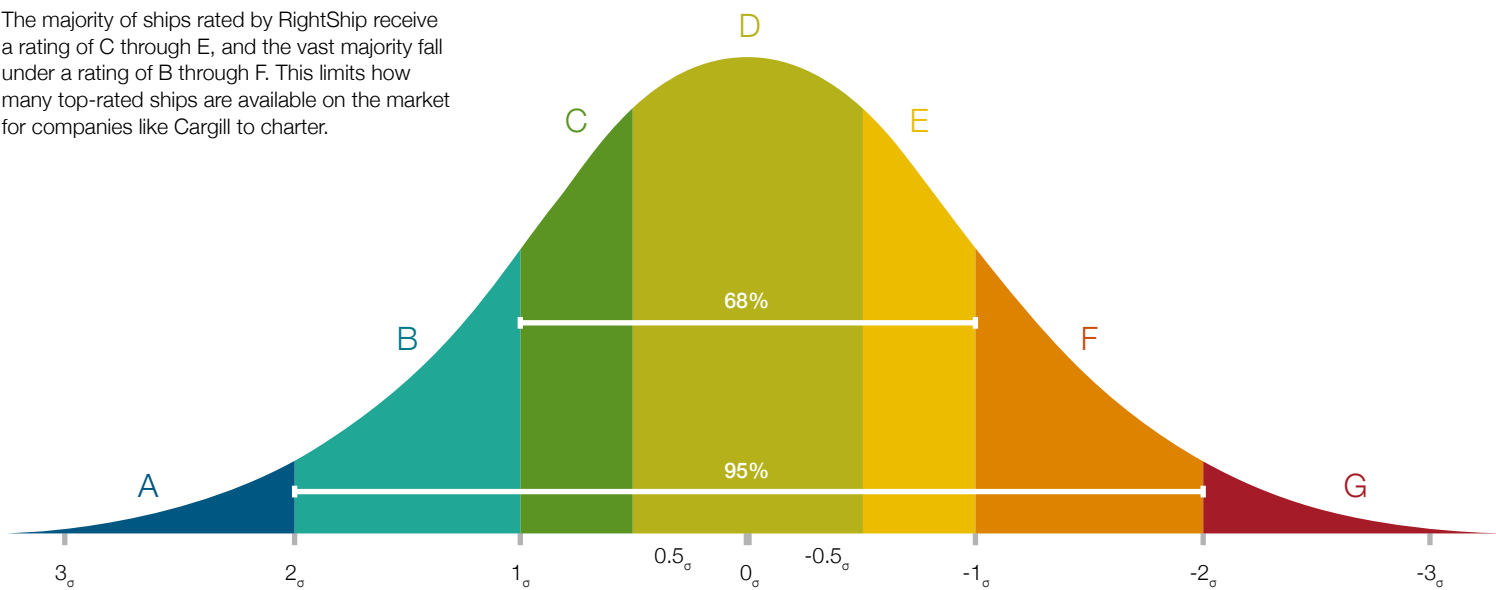
Second, compliance and enforcement continue to be a concern. It remains the responsibility of the flag state and port state control to effectively enforce

the regulation. Cargill supports strong enforcement protocols and heavy penalties for any deliberate compliance failures. To support robust implementation, we became a member of the Trident Alliance, an association of ship operators and owners that seeks to ensure compliance.

Finally, Cargill has identified specific financial and safety risks to ship owners and operators in connection with fuel transition. We conducted a detailed in-house review of this topic and believe the industry needs common rules that govern the transition period in the months leading up to and immediately following Jan. 1, 2020.

GHG emissions ratings - normal peer distribution

The majority of ships rated by RightShip receive a rating of C through E, and the vast majority fall under a rating of B through F. This limits how many top-rated ships are available on the market for companies like Cargill to charter.



Next Steps

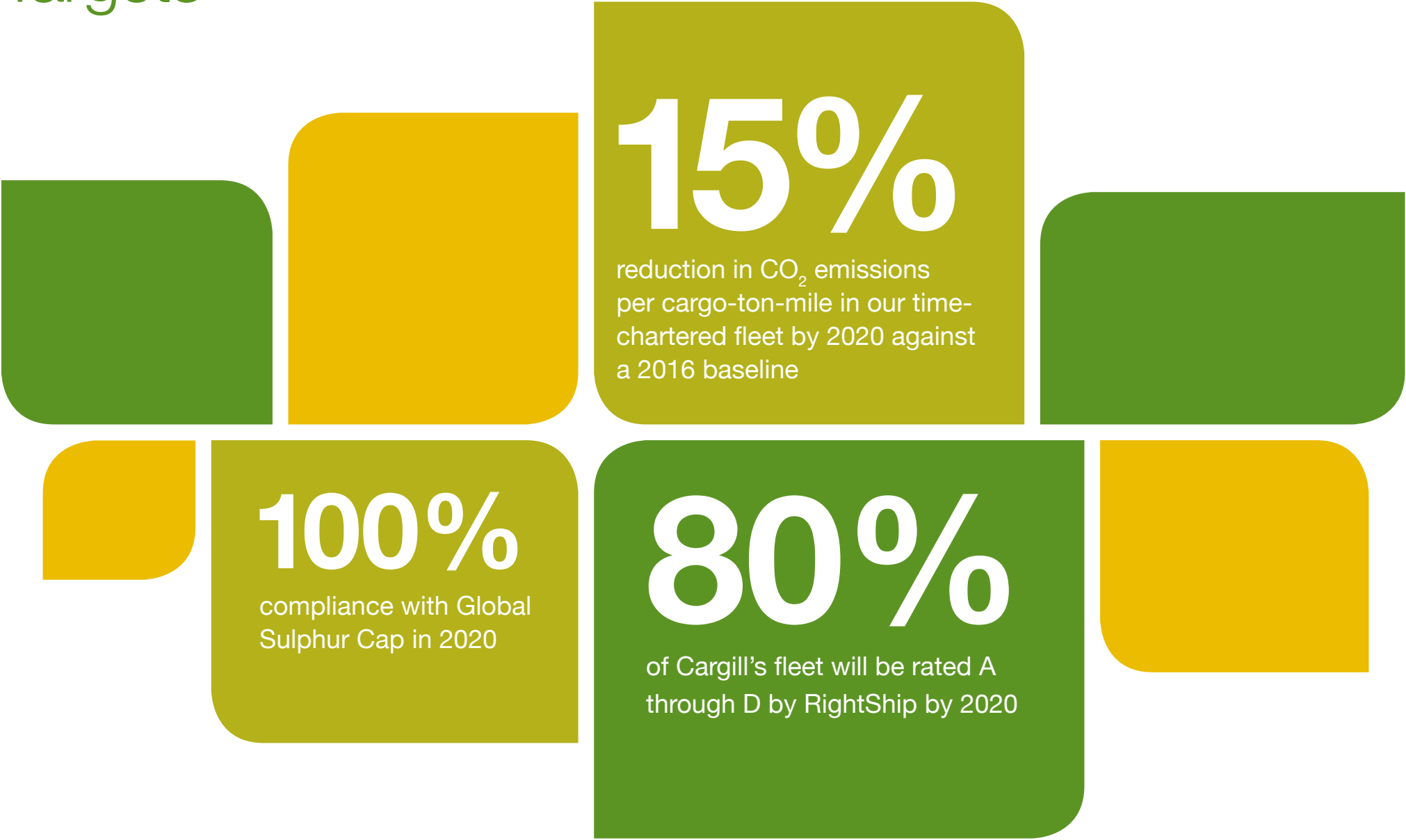
We are committed to improving the sustainability of our operations and leading the maritime industry to a more sustainable future.

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 by separating various types of emissions (CO₂, NO_x and SO_x) and categories within our operations and supply chains (Scopes 1, 2 and 3).

Targets



Ethical Business Conduct and Compliance



Around the globe, expectations continue to rise that companies will conduct business ethically. Increasingly, the long-term viability of an organization is viewed as being dependent upon its ability to comply with regulations, act with integrity and maintain the trust of its stakeholders. 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. Meanwhile, regulatory agencies in many countries are bolstering enforcement as well.

Although companies are paying progressively more attention to this issue, work remains to be done. A recent survey conducted by the Ethics & Compliance Initiative indicated that a median of one out of every three workers across the 13 countries surveyed said they had observed misconduct in their companies.⁹

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 rich 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 count 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.

Obedying the law is 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 comply with all of 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.

We honor our business obligations.

Our business relationships are grounded in mutual trust and have been throughout Cargill's history. We build and maintain the trust and confidence of our customers and other business partners by communicating honestly, respecting information entrusted to us and standing behind our commitments.

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.

We protect Cargill's information, assets and interests.

We count on one another to act as stewards of the organization. To preserve the value of Cargill, we protect the information and assets entrusted to us and avoid situations that may let personal interests influence our business judgment.

We are committed to being a responsible global citizen.

The breadth of our operations means that Cargill touches almost every aspect of society. With our global reach comes the responsibility to understand and manage our impact. We maintain strict environmental and food safety standards within our operations, and share our global knowledge and experience to help meet economic and social challenges.

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 online courses on ethical business conduct, validating their understanding on an annual basis. Annual training also is required for legislation and industry best practices related to anti-bribery, anti-corruption and fair competition.

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

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 compliance statements to help ensure fair and ethical practices.

Risk Assessment and Compliance Audit

In addition to mandatory regular training for employees, in 2017, Cargill's corporate risk and compliance department 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 plans: 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 stepped up our vetting of counterparties to ensure their compliance with the law.

To make sure that we promote fair competitive practices, Cargill audits all participation in industry and trade associations. We have developed training programs for 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.



Jan Dieleman (left), president of Cargill's ocean transportation business, discusses the organization's sustainability progress with Anda Cristescu, sustainability lead and operations director; and Rafael Huber, human resources lead.

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



People, Safety and Well-Being



According to a 2015 report, there are approximately 1.6 million active seafarers working on the world's oceans.¹⁰ The majority come from China, the Philippines, Russia, Ukraine and India.

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 inadequate 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.

Regarding our more than 300 onshore employees, we are committed to ensuring that each of them goes home safe every day and to fostering a physically and psychologically safe work environment for them at all times. This is in line with our Guiding Principle of treating people with dignity and respect, and it is our highest priority.

Making Progress

In 2006, we became a shareholder in RightShip, an organization focused on ship vetting and risk management. Today, we prioritize all of our vessel fixtures based on RightShip's risk rating. 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. In 2018, we expect vessel star ratings to change more frequently as a result of RightShip's predictive Qi (Quality Index) model.

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.

To continue keeping our shore-based employees and contractors safe, we run a training program on Human and Organizational Performance that

educates leaders, managers and teams across the company on how to evolve the organization's understanding of where and why human safety errors occur. This includes work to improve systems and leadership behavior in ways that build a strong and effective safety culture. We seek to engage employees to help identify exposure to risks and reduce injuries in all work environments, including through a corporate program titled "See. Say. Stop." This program empowers and requires all employees to spot risks, speak up and stop unsafe work until conditions are corrected.

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 has been frequently honored by governments, communities and organizations around the world for our commitment to maternity services, support for employees of all backgrounds and abilities, and career and workforce training.

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

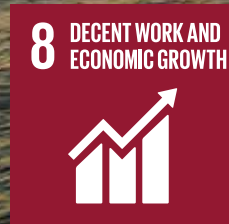
Achieve zero injuries within our offices

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

Ship Recycling



In 2016, ship owners sold 30 million deadweight tons of vessels for recycling – an increase of 76 percent compared with 2014.¹¹ 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.

It is estimated that demand for ship recycling facilities will increase in the coming years as new regulations for vessels enter force. Required investment in ballast water treatment systems and scrubber systems, not to mention further GHG regulation, may lead owners to retire some ships earlier than previously anticipated. As always, market conditions will play a key role in ship owners' decision-making as well.

The ship recycling industry has provided employment and a valuable contribution to local economies since the 1980s. Today, it affords employment to hundreds of thousands of people along the shores of Alang, Chittagong and Gadani, in India, Bangladesh and Pakistan, respectively.

While the economic benefit to local communities is clear, working conditions and living standards in and around recycling yards are often extremely poor. Workers are expected to dismantle vessels with limited or no protective equipment. Hazardous materials may exist on board, for which workers frequently have no handling knowledge or training. These practices have led to fatalities and injuries. However, thanks to new and pending regulation, there are tangible signs that the frequently dire conditions for these workers are set to improve.

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 charts 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.

Making Progress

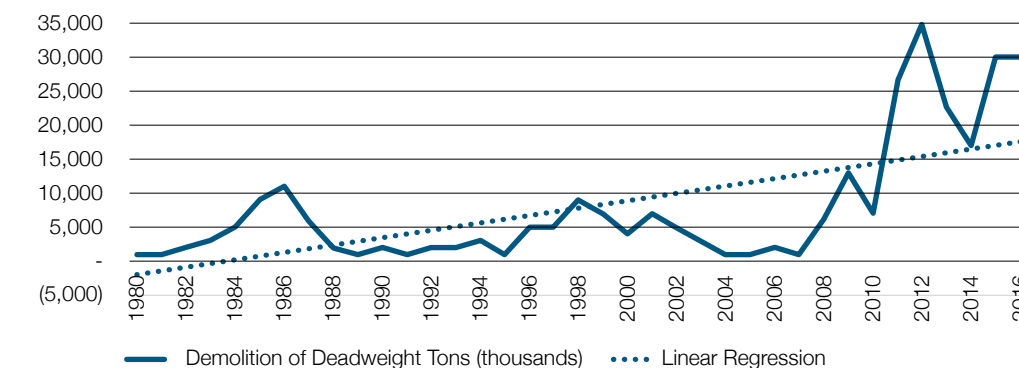
Members of the European Community Shipowners' Associations visited Alang in April 2016, and they reported largely improved standards with respect to ship dismantling

operations, waste management, health and safety, social welfare, and employment conditions.

They also reported a notable difference in the standards of Hong Kong-certified yards versus non-certified yards. In 2017, the number of yards certified to Hong Kong Convention standards reached 30, with a further 60 yards nearing completion of their certification.

Ship recycling (1980-2016)

Source: Lloyds



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

Ocean Health and Biodiversity



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.¹² 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 lost or abandoned fishing gear represent a significant portion of the remaining debris contributions. Regarding spills of oil and other products, the number of incidents and the total volume of oil spilled has declined significantly in the past five decades, even as the amount of oil shipped and the length of voyages 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.

Ocean acidification also is pressuring the health of ocean life. A recent U.N. paper projects that

ocean acidity could increase 150 percent by 2050, a dramatic acceleration of acidification rates compared to natural processes that would leave wildlife little time to adapt.¹³ Although the dominant driver of acidification is believed to be additional CO₂ at the global level that is absorbed into ocean waters from the atmosphere, other causes may contribute as well.

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.

We do not currently ship crude oil products, but instead operate only clean tankers. This limits risk from potential collisions or accidental spills. We do maintain incident plans for collisions and groundings, and all incidents are monitored. We consult with our third-party vessel operators to ensure responsible crew behavior with regard to waste disposal.

Regarding ballast water, because all 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, one potential compliance solution is a technology called exhaust gas cleaning systems, otherwise known as scrubber systems.

Open-loop scrubbers comprise chambers in which flue gasses 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 scrubbers also remove particulates from the flue gasses that are then discharged into the sea. Although this does not remove the particulates from the overall environment, it does remove them from the air, which is where they have the highest potential to negatively impact human health.

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.

Making Progress

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

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 and inclusion in shipping, particularly regarding gender. The maritime industry suffers from very low 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.¹⁴ 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 37 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 market.

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 raises individuals' self-awareness on this topic. 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, ethnicity, disability status and more. We were one of the founding members of Paradigm for Parity®, an organization committed to achieving 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 companies places where diverse experiences and perspectives are welcomed and can be discussed openly.

For the 14th year in a row, 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 awarded Cargill with its 2017 Freedom Award, the highest honor given to companies in the U.S. for their support of employees who are veterans.

In 2017, female representation in our ocean transportation business declined 4.5 percent against our 2015 baseline. Female representation in leadership roles declined by 5.7 percent in the same time period.

Cargill is taking part in various initiatives that we believe will improve our overall performance in this area and help us to reach our objective to foster a diverse workforce in an inclusive work environment.

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. It provides members with networking and skill coaching opportunities. Cargill also will work with WISTA in Singapore and Geneva to attract high-caliber female candidates into our organization.

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



Partnerships

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.



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



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



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.

“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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