Dear reader,

This is the third edition of our annual corporate responsibility report for our ocean transportation business. Each year, we refine and update it to ensure that it reflects the sustainability journey we are on and the learnings we’ve made. We’re sharing these learnings with you to inspire you to act and join us on this journey.

At Cargill, 2019 was a year of incremental progress and efforts to move us forward for the future. We launched a new stakeholder engagement initiative, we formalized strategic partnerships, we led constructive discussions with our industry peers, we advocated for new and improved standards to make global shipping more responsible, sustainable and safer and more appealing place to work.

Decarbonizing shipping

Decarbonizing the maritime industry is a complex challenge with diverse stakeholders and interests. In 2019, we increased our focus on decarbonizing shipping. We signed the Global Maritime Forum’s (GMF) Getting To Zero Coalition, joining leading industry actors to accelerate the transition to zero-emissions shipping.

In the near term, the industry continues to discuss how to reduce CO2 and other air emissions from shipping. In the medium term, and the necessary energy transition that will be required.

In 2019, we continued to modernize our fleet, we leveraged energy efficiency. This has taken us into our first phase and, whilst we did not reduce our CO2 emissions on a year-on-year comparison with the previous reporting period due to a change in our accounting procedures, we launched a number of significant strategic initiatives to help us transition to the next phase. You can read more about these as you navigate through this report.

In our second phase, we will explore new solutions that can be technically and economically viable to bring further reductions; we will continue to work with partners to bring over-the-shelf solutions to market; and we will optimize our end-to-end supply chains.

RightShip. Cargill has been a shareholder of RightShip since 2006 and today we hold two non-executive seats on the Board. We look forward to working with you as we continue on our journey, but time will fly, and we are encouraged by the collaborative spirit that we see across our industry. Last year we formally signed partnerships, we continued to explore and innovate, we brought the outside in and we developed new talent. We now enter a decade that will be filled with uncertainty and change, the year 2020 in particular. We hope that together, we can make this change positive, profitable and sustainable.

Aiming to achieve a low-carbon shipping industry by 2050? In the near term, the industry continues to discuss how to reduce CO2 and other air emissions from shipping. In the medium term, and the necessary energy transition that will be required.

Further, the industry continues to discuss how to reduce CO2 and other air emissions from shipping. In the medium term, and the necessary energy transition that will be required.

We appointed a Safety Officer and have set up new and improved ways of tracking and monitoring vessel incidents. At industry level, we continue to advocate for higher safety standards and improved crew welfare through our work with RightShip. Cargill has been a shareholder of RightShip since 2006 and today we hold two non-executive seats on the Board.

We look forward to working with you as we continue on our sustainability journey.

Jan Dieleman
Business Leader
Cargill Ocean Transportation
Cargill’s ocean transportation business was formed in 1965 in response to growing demand for shipping services from the Cargill corporation. In 1990, we expanded our customer portfolio to serve companies other than Cargill, and today around 75% of our ocean transportation customers are external.

In 2000, Cargill strategically divested from vessel ownership and shifted to a chartering model, enabling us to focus our ocean transportation business on core logistics, freight trading and risk management. Since then, we continue to invest and trade vessel assets, both directly and through joint venture initiatives.

We strive to operate a leading freight-handling and trading business that provides best-in-class bulk shipping services to customers around the globe. In the dry bulk market, we maintain a 5% market share in a highly fragmented industry.

The global headquarters of our ocean transportation business are in Geneva, Switzerland. We employ more than 280 people in eight offices (Bulgaria, China, India, Japan, Singapore, Switzerland, the U.S. and the Netherlands) and our specialist teams combine their maritime and trading expertise with the global reach, diversification and expert capabilities that the Cargill corporation provides. India and Bulgaria function principally as operations centers, while Switzerland, Singapore and the U.S. serve as our main trading hubs.

As a vessel charterer, we neither employ nor contract any seafarers.

Cargill charters more than 600 vessels at any one time, operated by some of the world’s leading ship-management companies. Our internal teams oversee the routing and efficiency of their operations.

More than 90% of our chartered vessels are dry bulk ships, while the remainder are clean product tankers.
A fleet of around 600 chartered vessels

Cargill’s chartered fleet in 2019

Evolution of Cargill’s fleet 2017-2019

During the reporting period, we carried almost 210 million tons of cargo, including iron ore, coal, grain, sugar and fertilizers. Our highly specialized product tankers transport edible oils, “clean” petroleum products, liquefied petroleum gas, caustic soda, fertilizers and biodiesel. Cargill does not transport any “dirty” petroleum products (crude oils or residual fuels).

In addition to the origins and destinations of the main trade flows identified in the chart on the following page, we do business in 70 countries. Our customer base includes the world’s largest mining and agriculture companies; our suppliers are predominantly shipowners, fuel oil producers and port agencies.

Trade and economic development are vital to our business. An open, rules-based international trading system helps to create economic opportunity, raise living standards and sustainably nourish the world. We support the World Trade Organization and its mission to help nations prosper through rules-based trade, and we work every day to ensure that the pathways of trade remain open, because our collective prosperity depends on it.

This report covers 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.

The report covers our operations during calendar year 2019 except where otherwise noted.
Our global commodity flows

2019 figures for time-chartered and voyage-chartered vessels on key flows:
- Iron ore: 60 M tons
- Coal: 40 M tons
- Grains: 54 M tons
- Sugar: 7 M tons

2019 figures for total cargo shipped:
- Dry: 198 M tons
- Wet: 9 M tons
- Total: 207 M tons

About Cargill

Our purpose is to nourish the world in a safe, responsible and sustainable way.

160K employees
Working in 70 countries
With more than 150 years of experience

Delivering for customers in more than 125 countries
Supporting communities with 350 Cargill Cares Councils
We aim to be the most trusted partner for food, agriculture, financial and industrial customers.

Our business
Every day, Cargill connects farmers with markets, customers with ingredients, and people and animals with the food they need to thrive.

How we work
Cargill’s integrated operating approach enables our businesses to provide industry-leading products and services in their specific sectors while also drawing on the full breadth of Cargill’s expertise. We deliver the expertise locally, quickly and reliably through world-class capabilities and operations everywhere we do business. Our global functions equip our businesses to do this effectively and efficiently by providing process governance and deep subject matter expertise on issues that affect us, our customers and other partners.

Our Executive Team is responsible for the company’s strategic direction, talent development and overall financial performance. Led by Chairman and CEO David MacLennan, members of the Executive Team represent all of Cargill’s enterprises, as well as major global functions. They use a diverse set of experiences from both inside and outside of the company to lead and achieve results.

Our Guiding Principles
Doing business ethically is key to our long-term strategy and relationships. Our seven Guiding Principles make up the core of our Code of Conduct. We require all employees and contractors to follow them, and expect our suppliers to do the same.

1. We obey the law.
2. We conduct our business with integrity.
3. We keep accurate and honest records.
4. We honor our business obligations.
5. We treat people with dignity and respect.
6. We protect Cargill’s information, assets and interests.
7. We are committed to being a responsible global citizen.

Our purpose is to nourish the world in a safe, responsible and sustainable way.

We provide insights to our partners
We transform raw materials into finished goods
We move products around the world

For farmers
We supply feeds, offer up-to-date advice and expertise to farmers, and help by sourcing local, emerging markets for them.

For customers
We deliver finished goods to customers in the foodservice, retail, convenience, packaged goods and animal feed sectors.

For employees
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Cargill has a corporate sustainability hub with experts on climate science, water, land use and more. The hub is led by Ruth Kimmelshue, a member of Cargill’s Executive Team, who is responsible for global business operations and supply chain, as well as her role of Global Sustainability Officer.

This hub harnesses the full power of Cargill to aid the company’s businesses as they drive sustainability efforts across their respective industries. It includes leadership and expertise from key functions including operations and supply chain management, corporate affairs and law, among others, to advance sustainability priorities around climate change, water resources, land use, farmer prosperity, and food loss.

Our ocean transportation business is part of Cargill’s agricultural supply chain enterprise which is led by Joe Stone. Joe is a member of Cargill’s Executive Team and was appointed to the Cargill Board of Directors in 2016. He has more than 30 years of experience with the company across numerous businesses and took on his current role on June 1, 2019. Previously, he served as Chief Risk Officer and led Cargill’s animal nutrition businesses. Joe is passionate about sustainability and, outside of Cargill, sits on the Board of the World Food Program USA where he supports the lifesaving work of the United Nations World Food Program.

Our approach to sustainability

As a company, we are uniquely positioned to connect people and to make a positive impact on the planet through the products and services we provide.
We know that the private sector has an important role to play in helping the world achieve the United Nations Sustainable Development Goals (SDGs).

For our ocean transportation business, each of our sustainability priorities aligns with at least one of the SDGs.

Alignment with the SDGs

We know that the private sector has an important role to play in helping the world achieve the United Nations Sustainable Development Goals (SDGs).

For our ocean transportation business, each of our sustainability priorities aligns with at least one of the SDGs.

Cargill’s ocean transportation sustainability hub comprises:

- Jan Dieleman: Business Leader
- Andrew Barker: Head of Operations and Sustainability Lead
- Stanislav Mateev: Operations Manager
- Nikolay Stoiev: Safety Officer
- George Wells: Head of Analytics and Structuring
- James Lewis: Head of Assets and Structuring
- Ann Shazell: Lead Lawyer
- Heidi Farr: Communications Director
- Jan-Willem van den Dijssel: Americas Lead
- Ying Ying Lim: APAC Lead
- Olivier Josse: Head of Tankers

Cargill has made sustainable shipping a priority and we are driving progress across the maritime industry.
Our stakeholders

We consider our stakeholders to comprise the following:

- Customers
- Governments
- Communities
- Employees
- Industry and trade associations
- Financial institutions
- Academic institutions
- Potential candidates
- Suppliers
- Non-governmental organizations (NGOs)
- Consumers and the general public
- Shareholders

Our partners

In 2019, our ocean transportation business was a member of - or partnered with - the following associations and organizations:

We also leverage key global relationships that are maintained at the corporate level.
In 2017, we completed our first materiality assessment specifically for our ocean transportation business. This assessment has served as the basis for our first three corporate responsibility reports and 2020 sustainability targets.

Since conducting the initial assessment, we continue to engage regularly with our stakeholders, both internally and externally. These exchanges have led us to believe that the topics identified in the original assessment remain highly relevant to our business today.

We conducted our assessment in line with recognized practices. This started with a horizon scan of the relevant industry topics and challenges, including 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 with strategic customers, business leadership and employees. Feedback was gathered through online surveys.

The 2017 materiality assessment identified that the aspects most material to our business are:

- Emissions
- Safety and well-being
- Anti-corruption
- Inclusion and diversity
- Ship recycling

As a vessel charterer, however, we have limited ability to control or influence certain material aspects. Seafarer well-being and ship recycling are notable examples, and stand out in the chart on the following page. But as a leading global organization with a strong sense of responsibility, we make it our business to continue to advocate for and influence — where possible — all of the aspects identified in our materiality assessment.

In 2020, we will conduct a new materiality assessment and use the guidance when setting our next set of sustainability targets and actions. We will also look to expand the scope of stakeholder engagement and invite more feedback from suppliers and NGO partners.
Our sustainability priorities

1. Send our employees home safely and improve safety standards across the maritime industry.
2. Reduce GHG emissions across our fleet and lead the maritime industry to a more sustainable future.
3. Recruit, develop, and retain a diverse workforce and build a more balanced and inclusive culture.
4. Protect ocean health and biodiversity and minimize our impact on the marine ecosystem.
5. Conduct our business ethically and responsibly, honor our obligations and treat everyone with dignity and respect.
6. Support the maritime industry’s efforts to make ship recycling more transparent and responsible.
People, safety and well-being

Cargill is committed to sending our employees home safely at the end of each day. We are also striving to improve safety standards across the maritime industry.

Why is it important to our stakeholders?

In 2019, there were around 1.65 million seafarers serving on merchant vessels. Living and working conditions onboard are typically basic, particularly on older or poorly maintained vessels, and payment of crew salaries remains an issue - in some cases, salaries are still not paid on time. Crew safety is often endangered by simple human error. Fatigue, stress and access to training are frequently considered below acceptable – all are issues that, if attributed sufficient time and resources, could be significantly improved.

Onboard security was a particular concern in 2019, a year which saw a series of attacks on tankers in the Strait of Hormuz. Crew safety was put at high risk, with vessels requiring military escorts for an extended period and a British-flagged vessel seized for more than two months.

Why is it important to Cargill?

As a charterer, Cargill is not responsible for the management, maintenance or crewing of the fleet we operate - this is managed instead by our shipowner partners. Nonetheless, we try to influence our partners and encourage safe practices and ethical treatment of their crews in three ways: by selecting owners of modern and well-maintained vessels; by partnering with owners to encourage best practices; and by setting clear expectations through our Supplier Code of Conduct.

For our 280 employees, whose safety at the workplace is our priority, we emphasize the importance of safety every single day and strive to foster a work environment that is both physically and psychologically safe.

Seafaring is widely recognized as one of the most dangerous jobs that exist. Crews spend months away from their families, suffering from isolation, anxiety and other mental health issues, including suicide. They endure violent storms, accidents, flooding, explosions, even pirate attacks, and the risk of abandonment is still a reality.

Crews spend months away from home and their mental well-being is a constant concern.

We emphasize the importance of safety every single day.

We know from experience that better quality ships improve crew safety. Last year, all of our vessels received RightShip approval (or the necessary waiver). The RightShip Qi index (quality index) is a vetting tool that uses big data and predictive analytics to determine the likelihood of a vessel having an incident within the next 12 months. Vessels are rated from 1-star (high probability) to 5-star (low probability) and Cargill prioritizes vessels rated 3-star and above. In 2019, the majority of the vessels in our long term time-chartered fleet were rated 4- and 5-stars and we increased the average individual vessel rating.

In addition to RightShip, we conducted more than 130 inspections to continually check the safety standards, certification, classification and registration of the vessels we charter. We also continue to verify that our fleet complies with International Labor Organization standards.
Installing Cargill safety standards across our partners

Safety is Cargill’s number one priority and we endeavor to install the same rigor amongst our long-term partners. Last year, we incorporated the Cargill Supplier Code of Conduct into all contracts with a duration of one year or more and we expect our partners to adhere to high standards of safety and crew welfare at all times. We monitor and track this through our internal incident tracker and in 2019, we created a specialized tool that captures, reports and grades incidents on a severity scale to benchmark shipowner performance. As the tool evolves, we will start to share it with shipowners.

We are also trialing different tools that drive transparency and collaboration with our long term partners, with the aim of selecting one of these tools to be rolled-out to our long term fleet in 2020.

Newly appointed Safety Officer

In 2019, we appointed a Safety Officer dedicated to our ocean transportation business. In addition to working closely with our shipowner partners to drive higher industry standards, he is working with Cargill’s corporate health and safety team to evaluate and identify best practices inside and outside the company that can be applied to our business. By doing so, we are improving awareness of safety and well-being amongst our ocean transportation personnel and last year participated in Cargill’s first internal Global Safety Week. The intention is to repeat this week-long campaign, which is rich in activities and learning opportunities for employees across the company, in 2020.

Driving improved safety standards across the maritime industry

At industry level, as a shareholder of RightShip since 2006 (where we hold two non-executive seats on the RightShip Board) we continue to push for higher safety standards and better crew welfare across the industry. Through our membership of the Global Maritime Forum, we are participating in the “Together in Safety” workstream, and this was one of the four lead themes at the GMF Annual Summit in October 2019.

We also continue to work with organizations dedicated to improving seafarer well-being, such as the Seamen’s Church Institute (SCI) in North America and Cargill was proud to be the lead sponsor once again of the SCI Mountain Challenge in 2019. Over the years, this partnership has helped to raise significant funds for the SCI to drive awareness and initiatives that improve the lives of seafarers.

In 2019, Cargill organized its first internal Global Safety Week.

Next steps

- Improve safety by increasing the percentage of RightShip 4- and 5-star rated vessels in our fleet.
- Ensure that 100% of our fleet is RightShip approved and compliant with ILO standards.
- Trial tools that drive transparency and collaboration with our long term partners, with the long term goal of implementing some of them to our long term fleet.
- Monitor and track incidents using our internal incident tracker and further develop our shipowner performance benchmarking tool and introduce it to shipowner partners.
- Improve awareness of office safety and well-being amongst our employees, including the importance of psychological health.
- Work closely with RightShip and support the GMF to keep pushing for higher safety standards and improved crew well-being across the industry.

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Newly appointed Safety Officer

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Climate change and health

Cargill is committed to reducing GHG emissions across our fleet and to leading the maritime industry to a more sustainable future.

The IMO set a target in 2018 to reduce total GHG emissions from shipping by at least 50% by 2050 against a 2008 baseline. To achieve this, radical changes are required and the maritime industry must prioritize working towards a carbon-neutral future.

Why is it important to our stakeholders?

Global economic growth dipped during 2018-19, global industrial production is leading indicator of demand for maritime transport decelerated and global maritime trade growth fell. Nonetheless, maritime transport remains the backbone of globalized trade, with more than four fifths of the world’s merchandise trade (by volume) carried by sea. While data on the previous year’s figures, UNCTAD projected that international maritime trade growth would still increase by 2.6% and will continue to rise at a compound annual growth rate of 3.4% over 2019-24. The total world fleet of 95,402 ships (of which 71% were bulk carriers and tankers) remains high; but so too do their emissions. In 2019, shipping’s contribution (of which 71% were bulk carriers and tankers) remains high; but so too do their emissions. In 2019, shipping’s contribution to global GHG emissions remained at around 2.5%.

To combat this, the IMO set a target in 2018 to reduce total GHG emissions from shipping by at least 50% by 2050 (compared to a 2008 baseline). This includes reducing the carbon intensity of ships by at least 40% by 2030. To achieve this, industry leaders believe that zero-emission vessels need to be operational and on the water by 2030.

Why is it important to Cargill?

Climate change and health are the areas identified as highest material relevance to Cargill’s ocean transportation business. At a global level, the corporation has aligned with the Paris Agreement and we have set science based targets to guide our progress. Since last year’s report was published, Cargill has adopted a Scope 3 target of reducing greenhouse gas emissions across the company’s global supply chains by 2030 against a 2017 baseline. Last year, we changed our fleet portfolio and increased the number of smaller sized vessels to align with our business strategy (as illustrated by the charts on page 3). At the same time, we lowered the overall volume of cargo, which meant more voyages on smaller size ships than in 2018. In 2019, our CO2 emissions per cargo-ton-mile increased by 2.3% against the reporting period. When analyzed per vessel size, however, comparing emissions against both the previous year and the year before that, we have made encouraging progress. We have reduced the carbon intensity across all vessel segments (with the exception of cape size) and have made notable reductions on the smaller size vessels, handy size in particular.

In 2019, our gross CO2 emissions and fuel consumption were reduced by 11%, and we have a commitment to reduce our CO2 emissions across our supply chains by at least 50% before 2050.
In 2017, 2018 and 2019, the volume of cargo we transported has remained steady at 170 million metric tons (time chartered voyages only). Yet each year we have decreased our fuel consumption against our fuel consumption in 2017, and our respective gross CO2 emissions as a result. This means that our aggregated gross CO2 savings over the last 2 years amounts to around 800,000 metric tons.

Retrofitting energy-saving devices that reduce CO2 emissions by 5 to 10%.

Reducing fuel consumption and emissions by minimizing time spent in port.

Improving our vessel efficiency through performance management and voyage optimization tools.

Over the last 2 years we have saved around 800,000 metric tons of gross CO2 emissions.

Gross CO2 emissions and time chartered voyages 2017 - 2019

Throughout the year we continued to build a more energy-efficient fleet, especially with our long term time chartered fleet, and we worked with shipowners to improve the efficiency of their vessels, either through retrofitting energy-saving devices or by improving voyage operations. We are also implementing a data-sharing clause to enhance the level and availability of vessel information, allowing us to make better decisions.

Retrofitting energy-saving devices, such as the use of specialized hull paints, LED lights or installation of stern appendages in front of a ship’s propeller, can reduce CO2 emissions by 5 to 10%. Last year, we worked with our shipowner partners to retrofit such devices on our long term time chartered fleet and have already completed six vessels.

To date, we have invested – or committed to invest – more than 2.5 million USD on energy-saving equipment and are looking to do more of this. Through our partnership with Maersk Tankers and Mitsui & Co. (“Project Njord” – launched in October 2019) we are testing the business case for retrofitting these devices, with a long term aim to offer turn-key CO2-reducing solutions to the wider maritime market.

Through our digital vessel performance project, we improved the way we operate vessels and tested a range of performance management and voyage optimization tools. Optimization includes reducing the time spent in port and in 2019 we ran a trial with selected vessels to monitor and reduce their fuel consumption and emissions while in port. We also reviewed our overall time spent in key ports, with a view to further optimizing vessel turnaround where possible.

In addition to optimizing existing vessels and improving operations, we are working on cross-industry projects to explore new vessel designs that use technologies that aim to fulfill the IMO’s targets.

Gross CO2 emissions (thousand metric tons) Time chartered voyages (thousand metric tons) Volume of cargo transported (thousand metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
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<tr>
<td>Gross CO2 emissions</td>
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<tr>
<td>TC voyages</td>
<td>2,756</td>
<td>2,735</td>
<td>2,845</td>
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<tr>
<td>Volume of transport</td>
<td>174.6</td>
<td>172.5</td>
<td>171</td>
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<tr>
<td>Fuel consumption</td>
<td>2,481</td>
<td>2,342</td>
<td>2,361</td>
</tr>
</tbody>
</table>

Optimizing vessel efficiency and voyage operations

Cargill | Ocean Transportation | 2019 Sustainability Report
Last year, our parceling business continued to grow and we shipped around 1.25 million metric tons of dry bulk. Parceling allows customers shipping small volumes to favor larger sized vessels, significantly reducing emissions as a result. Customers can save 20 to 40% in CO₂ emissions per voyage and we have seen an increasing demand for this service.

Parceling allows customers shipping smaller volumes to save 20 to 40% in CO₂ emissions per voyage.

We are working closely with our customers across the globe to better understand their sustainability objectives and propose greener shipping solutions that reduce their carbon footprint. In 2019, we saw particular interest from aluminum producers and, through our membership of the Aluminum Stewardship Initiative, we are exploring new opportunities to further develop this.

We continue to modernize and improve the efficiency of our fleet by prioritizing the highest rated vessels according to the RightShip GHG Emissions Rating system. We also minimize the use of ships that are more than 15 years old.

Last year, 81% of our vessels were rated A through D by RightShip and all of our vessels were rated by RightShip before finalizing contracts. As new, more modern vessels enter the market, however, existing ships may be downgraded in the RightShip ratings and this can impact reporting.

We also maintained the average age of our fleet below 7 years as we know that younger, more modern vessels offer improved technologies that optimize efficiency and reduce fuel consumption and emissions.

Modern vessels that have been verified by RightShip

81% of our vessels were rated A through D by RightShip, surpassing our 2020 target.
Collaboration to drive initiatives across the maritime industry

In 2018, Cargill became a founding member of the Global Maritime Forum (an international not-for-profit organization that convenes leaders from across the maritime sector) and our Business Leader sits on the GMF Advisory Board. Last year, we actively participated in the GMF’s Decarbonization Taskforce and took a lead role in drafting the Poseidon Principles (launched in June 2019) and co-chaired the Fuels, Technologies and Transitions Pathways workstream.

We participated in the GMF Annual Summit in Singapore, signed the GMF’s ‘Getting To Zero’ Coalition, and have committed to leading the Charterers’ ‘Response to the Poseidon Principles’ – an initiative that will look to establish a common reporting framework or methodology for emissions. We have committed to leading the Charterers’ ‘Response to the Poseidon Principles’ – an initiative that will look to establish a common reporting framework or methodology for emissions. The GMF continues to explore carbon pricing for the maritime industry and, through our membership, we are following and supporting progress.

Cargill believes that the scale and complexity required to fulfill the IMO’s 2050 target will require a series of incremental changes as shipping – and the energy sector – transitions to carbon-neutral. We see this as a journey comprising three phases.

Up until now (and during phase one), we have been reducing our GHG emissions by optimizing vessel efficiency and operations using existing energy-saving technologies and industry collaboration. In phase two, we will explore new technologies: if zero-emission vessels are to be on the water by 2050, significant change and innovation will be necessary. Simultaneously, we will continue to reduce our emissions by further exploiting existing technologies, increasing partnerships and optimizing end-to-end supply chains.

Beyond that, we will be looking to support market-based measures that define solutions that are commercially viable for the long term, and we will align with the maritime industry’s energy transformation and improve our fleet to meet new industry standards.

Fulfilling the IMO’s 2050 target will require a series of incremental changes.

We see this as a three-phase journey towards zero emissions.
Our 2050 pathway to ZERO

Our pathway is aligned with our commitment to the Global Maritime Forum’s Getting to Zero Coalition. The coalition aims to have commercially viable zero emissions vessels (ZEVs) operating along deep sea trade routes by 2030, supported by the necessary infrastructure for scalable zero-carbon energy sources including production, distribution, storage and bunkering.

- Retrofit energy-saving devices on vessels to build a more energy-efficient fleet
- Continue to optimize vessel efficiency and exploit existing technologies
- Align with the maritime (and energy) industry’s fuel transformation
- Support market-based measures to define solutions that are commercially viable for the long-term
- Improve our fleet to meet new industry standards
- Explore new energy-saving solutions that could be technically and commercially viable
- Partnership with Maersk Tankers and Mitsui & Co. to bring “off-the-shelf” solutions to market
- Work with shipowners to improve the efficiency of their vessels.

We continue to track voyages and emissions using the IMO’s standard energy and efficiency operational indicator methodology (EEOI). In our 2018 report, we stated that by improving the composition of our fleet and optimizing vessel efficiency, we were able to reduce CO₂ emissions per-cargo-ton-mile across all vessel sizes by 12.1% against our 2016 baseline. Since publishing that report, we have audited our carbon accounting procedures and found some data source issues. This explains in part why our aggregated reduction in CO₂ emissions since 2016 has decreased to 4.8%, with the rest explained mainly by a change in our fleet portfolio (less cape size vessels), as explained earlier.

The more we work on this, the more we learn, and the more we realize that emissions reporting is a complex process. It is also essential that data is collected and analyzed consistently from one report to another.

We use a series of indicators that track vessel selection and design, operations, logistics and technical details and continue to challenge our system to ensure the most accurate, transparent and stable methodology possible.

We conclude by advocating for the need for a standard GHG emissions reporting process that will become the industry norm. We are therefore pleased to be contributing to the GMF’s Charterers’ Response to the Poseidon Principles workstream that has been tasked with designing and developing such a process. We will work with our industry peers throughout 2020 to bring this to life and, as of next year, will look to align our reporting with the new GMF standard.

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Last year, DNV GL once again independently reviewed and approved our methodology.
Throughout 2019 we continued to prepare rigorously for the IMO’s Global Sulphur Cap which came into force on January 1, 2020. To do so, we took a collaborative approach with our shipowner partners and suppliers, including individual implementation plans for each of our vessels, to make sure that our fleet was ready and 100% compliant.

For the last two years, Cargill has advocated for strict enforcement of the regulation. We have manifested our support at leading industry events and publicly shared our support in both the maritime and broader business media. Throughout all of our external – and internal – communications, we have continually reiterated our commitment to full compliance.

Our in-house bunker procurement desk ran a fuel testing program with key bunker suppliers to keep informed about the latest progress and learn about the new compliant fuels. We also secured contracts in major bunkering ports to minimize delays and disruptions during the transition period.

Full compliance with the IMO’s 2020 Global Sulphur Cap

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Through our membership of the Trident Alliance, where we became part of the Steering Committee in 2019, we’ve called for strict enforcement. It is our belief that enforcement is critical to ensuring a level playing field across the industry, and we continue to advocate for this.

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Inclusion and diversity in our workforce

Cargill is committed to recruiting, developing and retaining a diverse workforce across the company. We are building a more balanced and inclusive culture, whilst also driving progress across the maritime industry.

Why is it important to our stakeholders?

Two in five — or 40% — of the world’s 3.5 billion workforce are women, yet women represent just 2% of the maritime industry. Despite progress in recent years, with an increased number of females obtaining access to education and training for maritime studies, fundamental imbalances remain. These include lack of inclusion, substandard feelings of personal safety, gender stereotyping, low numbers of women occupying senior or management roles, and distinct differences in pay — a survey conducted by the Maritime HR Association in 2018 revealed that women working in shipping are still earning an average of 45% less than men occupying similar positions.

In parallel, the world is moving towards increased automation. Initial industry reports indicate that automation in the transportation sector is likely to lead to a significant shift (as opposed to a reduction) in the global workforce. Specifically for shipping, this is expected to create demand for new types of jobs, such as remote operators, worldwide operating maintenance crews and mobility-as-a-service providers.

Why is it important to Cargill?

Cargill believes that diverse and agile teams make a stronger organization, one that better understands and serves our customers and the communities where we operate. We strive to create a safe and inclusive environment for our employees, one that incorporates a broad range of backgrounds, experiences and perspectives. This is crucial to our ability to attract and retain the very best people, and to our continued success in the market.

The maritime industry is undergoing several changes and such disruption will certainly affect its workforce. From automation to employee diversity to skilled workers, shipping is shaping its workforce of the future, and increasing the number of females needs to be a part of that.

Just 2% of the maritime industry is currently represented by females.
Industry benchmarking

In 2019, we decided to compare ourselves to our industry peers for the first time on this and partnered with the Diversity Study Group (DSG). DSG is the first organization dedicated to championing diversity and inclusion across the shipping industry, and we commissioned them to provide detailed analysis of diversity and inclusion statistics and opinion data to help us gain a better understanding of where we are today with our efforts to progress.

As part of this, we participated in a customized version of the DSG Diversity in Shipping Survey. The study looks at employee engagement and how to foster an inclusive and diverse environment. We were pleased to see more than 60% of our employees take part on a voluntary basis and are now reviewing and evaluating the results, with a view to establishing an action plan based on these.

We undertook a comprehensive survey to understand what we need to do to progress.

Mentoring

Meanwhile, we continue to mentor our existing talent and consider this an important development opportunity for our staff. We regularly review talent and use gender as a filter to see how diverse our talent pipeline is and what we are doing to develop and accelerate this.

Through our internal mentoring program, we identify and support high-performing candidates and prepare and promote talented individuals to grow towards becoming future leaders of Cargill.

We mentor and review talent regularly to ensure that high-performing employees develop into Cargill leaders.

Next steps

Foster a positive work environment to attract and retain an increasingly diverse workforce.

Focus on providing career development opportunities.

Actively participate in and promote Cargill’s Global Day of Inclusion.

Actively recruit a more diverse slate of candidates when interviewing for open positions.

Mentor and promote qualified internal talent.
Why is it important to our stakeholders?

The majority of ocean pollution (around 80%) still comes from land-based sources. That said, shipping still contributes to the level of pollution, water quality and marine life through standard industry practices. These include ballast water discharge; waste discharge from ships, with growing concern about pollution caused by plastics and microplastics, as well as the disposal of hazardous and noxious substances; oil spills and spills of other matters; and acidification.

The IMO and other industry regulations address many of these issues. The Ballast Water Management Convention (enforced since 2017), for example, specifies where and in what manner ships can discharge ballast water, reducing the risk of invasive species being transported into new ecosystems.

In 2019, leading environment studies, including those published by Japan’s Ministry of Land, Infrastructure, Transport and Tourism (MLIT), CE Delft and Detmoran, and a 3-year study by the Clean Shipping Alliance (CSA 2020), alongside the IMO’s and EU’s own guidance, concluded that scrubbers are safe and compliant and have a minimal impact on the seawater concentration of sulphates.

Why is it important to Cargill?

As a charterer and vessel operator, Cargill does not own or crew its vessels. We therefore work with our shipowner partners and other suppliers to reduce the environmental impact of our operations within the scope of our ability. We focus on influencing control over accidents and spills, waste management, and the use of scrubbers.

Ocean health and biodiversity

Cargill is committed to protecting ocean health and biodiversity by working closely with our suppliers to minimize the impact of our operations on the marine ecosystem.
Progress

Full compliance with industry regulations

We continue to distribute our Cargill Supplier Code of Conduct to all of our suppliers on contract for more than one year. This includes our shipowner partners and, through this document, we emphasize the need to respect the law and comply with maritime industry regulations at all times. This includes committing to reducing environmental impact, avoiding contamination and protecting water resources.

Improved incident tracking and reporting

In 2019, we were pleased to record zero oil spills of 10m³ or more, and zero other incidents causing material negative environmental impact. We have improved incident tracking and reporting across all vessel sizes and shipowners and oil spills of any size must now be escalated and reported to a centralized response team, who is responsible for collating and monitoring information as part of our new incident tracker.

Our newly appointed Safety Officer captures and follows up with each type of incident, categorizing information according to its severity and conducting a root cause analysis to better understand the origin and avoid recurrences.

The Northern shipping route across Arctic Seas

The Northern Sea Route (NSR) is a shipping lane between the Atlantic Ocean and the Pacific Ocean along the Russian coast of Siberia and the Far East, crossing five Arctic Seas. Over the past decade, global warming has caused ice-sheets to melt, opening up previously inaccessible Arctic shipping lanes, and the NSR is now accessible for an increasing 3 to 4 months per year.

During the favorable ice season, the NSR provides an alternative shipping “short-cut” between Europe and Asia, removing the need to pass through the Suez Canal or via the Cape of Good Hope. In addition to reducing transportation time, ships may reduce fuel consumption and CO₂ emissions. The route is attracting increasing industry discussion and a number of trial voyages have been conducted by leading maritime players.

Cargill recognizes that the Arctic route presents an alternative shipping route with certain efficiency gains. However, there are currently too many unknown factors and potential dangers to the natural ecosystem to make this a viable option for our dry and bulk cargo shipping business. The Arctic plays an essential role in regulating ocean currents and global climate patterns and we are mindful of exposing this unique natural ecosystem to potential accidents, oil pollution or collisions with marine wildlife that frequent global shipping could bring.

We also believe that a navigation season of just 3 to 4 months each year, unpredictable ice conditions, high insurance fees, the need for expensive specialized vessels, and a lack of search-and-rescue teams and support infrastructure are some of the other factors that require deeper investigation to see whether this could become a safe, sustainable and economically feasible alternative in the future.

For now, we are following investigations to see whether the NSR develops into a safe alternative future route that presents minimal risk to the environment and makes economic sense for our ocean transportation business.

2020 targets

Include

Supplier Code of Conduct guidelines for best practices with respect to waste management on all voyage instructions.

Explore

the use of exhaust gas cleaning systems (scrubbers).

Zero

oil spills of 10m³ or more, and zero other incidents causing material negative environmental impact.

Cargill Code of Conduct distributed to all of our suppliers on contract for more than one year.

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For now, we are following investigations to see whether the NSR develops into a safe alternative future route that presents minimal risk to the environment and makes economic sense for our ocean transportation business.
Cargill is committed to conducting business ethically and responsibly, to honoring our obligations and to treating everyone with dignity and respect.

**Ethical business conduct and compliance**

We are confident in the latest reports that confirm that scrubbers have minimal impact on ocean health.

**Scrubbers that are safe, efficient and compliant**

Last year, we worked hard to support our shipowner partners with their preparation for the IMO’s Global Sulphur Cap. To comply with the new regulations, the majority of our fleet – approximately 90% – is operating using the low sulphur compliant fuels, with the remaining 10% using scrubbers. We will take scrubber-fitted vessels on spot voyages or time charters, but for longer term time charters we have contracted the retrofitting of 45 vessels from dry bulk and tankers with open-loop scrubbers.

We are closely following industry updates about the efficiency and safety of scrubbers and are confident in the latest reports that confirm that scrubbers have minimal impact on ocean health. As part of our commitment to fully comply with industry regulations, we will be providing the necessary wash water samples from all of our scrubber-fitted vessels, and will be sharing results with partners and industry organizations as for long as we have scrubber-fitted vessels in our fleet.

Cargill is eager to further contribute to industry research around this subject and created a 2023 Task Force, of which one of the workstreams is dedicated to monitoring effluent and wash water samples from our long term scrubber-fitted fleet.

**Why is it important to Cargill?**

Cargill is known throughout the shipping industry – and in all industries where we operate across the world – as a company that conducts its business in a legal and ethical manner. Our Cargill Code of Conduct outlines the company’s ethical and compliance standards, based on seven Guiding Principles (listed on page 8) that are ingrained in our culture and serve as the foundation for the behaviors expected from all of our employees, contractors and suppliers.

For more than 150 years, Cargill has acted on the belief that doing the right thing sets the foundation for sustainable success. **Why is it important to our stakeholders?**

Consumer groups and NGOs have repeatedly advocated for companies to demonstrate their commitment to ethical conduct. Investors are now increasing their expectations, alongside more robust enforcement by regulatory authorities.

The maritime industry is a traditional industry and there remains room for improvement to modernize procedures that will promote higher levels of transparency and professionalism. Issues such as the illegal or unethical treatment of seafarers, fraudulent registration of ships, inaccurate reporting on vessel performance or failure to respect contractual obligations are just some of the areas where progress is still required.

Cargill is committed to conducting business ethically and responsibly, to honoring our obligations and to treating everyone with dignity and respect.

**Using our improved tracking and reporting system to escalate incidents and conduct root cause analyses to better understand the origin and avoid reoccurrence.**

**Follow industry discussion about the NSR and its impact on the environment and continue to evaluate its economic viability for our business.**

**Provide effluent and wash water samples from all of our scrubber-fitted fleet in line with IMO guidelines.**

**Continue to monitor research associated with the safety and environmental impact of scrubbers.**

By providing the necessary wash water samples from all of our scrubber-fitted vessels, we will be sharing results with partners and industry organizations as for long as we have scrubber-fitted vessels in our fleet.
Cargill has processes in place to ensure our employees and other stakeholders understand and adhere to the company’s Guiding Principles. We take any breach of these principles or our Cargill Code of Conduct very seriously and uphold our strong culture of doing the right thing at all times, and have zero tolerance for bribery and other corrupt practices.

Progress

Zero tolerance for bribery and other corrupt practices

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Increased transparency and accountability across the maritime industry

We continue to advocate for increased transparency and accountability and reduced corruption across the maritime industry, notably through our active membership of the Maritime Anti-Corruption Network (MACN) where, since last year, our Lead Lawyer for ocean transportation serves as Vice-Chair. Through this, we participate in regular MACN meetings to set the agenda for the organization’s work to combat corruption across the industry.

We are also active members of BIMCO (the international shipping association) where we are involved in drafting standard contracts and clauses used in standard-form charterparties across the industry, designed to create balanced and fair risk allocation between shipowners and charterers.

2020 targets

Zero incidents of corrupt practices
We continue to work with our partners and suppliers to incorporate the Cargill Supplier Code of Conduct into our contracts – last year, the focus was on contracts for one year or more; moving forward, we are looking to also include this in our spot charter contracts. Simultaneously, we are increasing our expectation for the code to be not only acknowledged, but also adhered to, with written confirmation of supplier commitment.

Stricter collaboration with suppliers
Cargill’s corporate risk and compliance department conducted an audit in 2017 that included our ocean transportation business. The following areas were identified as benefiting from additional risk mitigation plans: cyber security, data privacy, anti-bribery, fair competition, and commodity and derivatives markets. In 2018, we added another category: operational risks associated with time-chartered vessels. Each has been tackled with the necessary increased measures to reduce risk.

Last year, as we prepared for IMO’s 2020 Global Sulphur Cap, an internal audit was conducted on the risks associated with the transition and our preparation for this. We incorporated the findings into our IMO 2020 preparation plan and continue to monitor these risks and identify ways to mitigate if necessary.

Mitigating risk
Cargill’s corporate risk and compliance department conducted an audit in 2017 that included our ocean transportation business. The following areas were identified as benefiting from additional risk mitigation plans: cyber security, data privacy, anti-bribery, fair competition, and commodity and derivatives markets. In 2018, we added another category: operational risks associated with time-chartered vessels. Each has been tackled with the necessary increased measures to reduce risk.

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Next steps
Continue to advocate for increased transparency and accountability and reduced corruption across the maritime industry.

Increase our expectation for suppliers to strictly adhere to our Supplier Code of Conduct by requesting written confirmation of supplier commitment.

6 Ship recycling
Cargill is committed to supporting the maritime industry’s efforts to become more transparent and responsible in the way that vessels are recycled.

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Why is it important to our stakeholders?
Ship recycling continues to decline, but remains just as dangerous. Around 16 million tons of ship material was sold for recycling in 2018, once again down on the previous year. The decline is mainly due to market conditions, as well as uncertainty over what type of vessel will be built in the future, largely driven by the IMO’s 2050 decarbonization target.

In 2019, oil tankers took the lead for the first time overtaking dry bulk carriers, whilst Bangladesh, India, Pakistan and Turkey remained the leading recycling countries. The number of signatories of the IMO Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships of 2009 is growing and several countries have tightened regulations for ship demolitions in anticipation of the convention’s enforcement. This includes China, who has banned the entry of all foreign ships to China for recycling, India, meanwhile, is already applying the requirements of the Hong Kong Convention on a voluntary basis and investing in upgrading recycling facilities.

Why is it important to Cargill?
As a charterer and vessel operator, Cargill does not own, recycle or sell any vessels for recycling. We are also actively working to reduce the average age of our fleet and in 2019 the average age of our long term fleet was just 6.9 years (significantly less than the global average in 2019 of 20.98 years). Operating a young and modern fleet further reduces our ability to control where, how and when the vessels we charter will be recycled or demolished.

Ship recycling can be a safe and environmentally sound process. But it can also be a major occupational and environmental health hazard, with high levels of fatalities, injuries and work-related diseases caused by breaking up structurally complex ships and insufficient safety controls and inspections.

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Ship recycling can be a major occupational and environmental health hazard.
The majority of our shipowner partners have young fleets and are therefore not involved in recycling. For those that are, however, we engage directly to reinforce our expectation that they use yards certified to the Hong Kong Convention standards.

Direct engagement with our shipowner partners

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Industry collaboration

Last year, we continued to work with industry partners to promote participation in the Ship Recycling Initiative and other collaborative efforts to move the industry towards more sustainable ship recycling practices. We also continued to monitor legislation related to ship recycling and its impact on our partners.

Progress

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Next steps

Participate in industry discussions about raising standards for safer and more responsible ship recycling.

Investigate our long-term shipowner partners and ensure they are recycling vessels at yards that comply with the Hong Kong Convention.

We continued to deepen our knowledge by consulting with industry specialists.

Increasing our knowledge

Towards the end of 2019, we consulted a specialist provider of environmentally friendly and sustainable ship recycling services to increase our knowledge and see how we can further support our partners and the maritime industry as a whole.

2020 targets

Participate

in industry discussions on ship recycling

Develop

an engagement plan with shipowners and regulators
THIS IS TO STATE THAT

DNV GL Maritime Advisory has reviewed and assessed the chartering policy (Vetting Criteria & Operating Standards v3.2) and the methodology applied by Cargill Ocean Transportation to collect and process data to derive key performance indicators related to energy efficiency and emissions to air of the vessels operated by Cargill Ocean Transportation.

Based on our professional in-depth review and assessment we conclude that:

1) The chartering policy applied meets industry best practice to safeguard that the vessels chartered are as energy efficient and thereby emission friendly as reasonably practical.

2) The methodology applied to collect and process data to derive key performance indicators related to energy efficiency and emissions to air is in line with IMO MEPC.1/Circ.684 “Guidelines for the voluntary use of the ship energy efficiency operational indicator (EEOI)” and results in a correct picture of actual emissions and meets industry best practice to display the Energy Efficiency Operational Index (EEOI) and subordinate indicators to internal and external stakeholders.

3) The emission-related numbers in the 2019 Corporate Sustainability Report of Cargill Ocean Transportation reflect the actual emissions.

Issued in Hamburg, 17 April, 2020,

Dr. Jan-Henrik Hübner          Guido Carstensen

Sources
