Nourishing the world in a safe, responsible and sustainable way
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Message from the president (G4-1, G4-13)

Nourishing the world in a safe, responsible and sustainable way. That’s Cargill’s purpose. It expresses our strategic direction and also the way we seek to create value for the business, our clients, and society – committed to people, the planet, and a dignified and healthy future for everyone. As we look back at 2016, once again we are immensely proud to see the principles of responsibility, safety, and sustainability present in our decisions and relationships with clients, employees, shareholders, and the entire community.

With determination and confidence, we saw the Brazilian political-economic crisis of 2016 as a challenge, an opportunity, and we did not let ourselves falter. Today, it is impossible to think about feeding the world without including Brazil. The country is strategic to feeding the world without including it is impossible to think about

We believe in dialogue as a tool for change.”

Liza Algodão (Cotton) in special packages for foodservice. In the area of animal nutrition, we put Vita Pet on the market, a premium food line for dogs and cats, the result of the joint work of different areas of Cargill.

Regarding our commitment to the environment, we highlight the new Liza Algodão (Cotton) in special packages for foodservice. In the area of animal nutrition, we put Vita Pet on the market, a premium food line for dogs and cats, the result of the joint work of different areas of Cargill.

Regarding our commitment to the environment, we highlight the new Vita Pet on the market, a premium food line for dogs and cats, the result of the joint work of different areas of Cargill.

We also believe in dialogue as a tool for change. It was also through this transparent approach that we created and acquired significant collective construction space with other companies, civil society organizations, academia, and government representatives. Among the projects carried out in this context, I highlight the work with the Moratória da Soja (Soy Moratorium) and the Grupo de Trabalho da Soja (Soybean Working Group); participation

of the Coalizão Brasil: Clima, Florestas e Agricultura (Brazilian Coalition on Climate, Forests, and Agriculture), focused on reducing greenhouse gases and the low carbon economy, and collaborating with the Tropical Forest Alliance 2020 to combat deforestation.

I share with you the immense pleasure of seeing that our responsible attitude has been recognized beyond our walls. Some examples that filled us with pride were the presence of Cargill in the Guia Exame de Sustentabilidade 2016 (2016 Exame Sustainability Guide); recognition as the largest company among the 500 in the sector in the 12th edition of Best of Agribusiness; two of our retail brands winning Top of Mind, remaining undefeated in the Agroleite Trophy, and many other awards.

It really was a year of many accomplishments, and I end by thanking our staff for their engagement and commitment, and our clients and partners for choosing Cargill. I invite everyone to learn a little more about our initiatives and performance in 2016 on the following pages. Enjoy your Reading!

Luiz Pretti
President of Cargill in Brazil
The Cargill 2016 Report brings together the outstanding initiatives, challenges, and performance of Cargill Alimentos Ltda. and its main subsidiaries, including Cargill Agrícola S.A. and Banco Cargill, in the period. This year, we also included information regarding Cargill Animal Nutrition, responsible for the company’s animal nutrition business. The Report was prepared according to the methodology of the Global Reporting Initiative (GRI) – Essential level, benchmark in global and multisector practices for reporting economic, social, and environmental information. (G4-7, G4-17, G4-28, G4-32)

This document, published annually in Portuguese and English in print, PDF for download, and hotsite, seeks to reflect the transformation and evolution process that Cargill is going through. In addition to reporting concisely and objectively, we seek to balance the positive aspects and the points for improvement of the economic, social, and environmental aspects addressed. (G4-29, G4-30)

Materiality

When developing this document, we welcomed the opinion of our stakeholders, such as NGOs, associations, competitors, clients, suppliers, employees, the government, and specialists. These stakeholders were selected according to three criteria: broad knowledge of Cargill’s business, extensive industry knowledge, and relationship with the organization. In a consultation carried out in 2015, through telephone interviews, they pointed out the aspects that they consider most important for the company’s sustainability. This process gave rise to a materiality matrix, which consolidated the different points of view, and from which the material aspects for our business were extracted. (G4-18, G4-19, G4-24, G4-25, G4-26)
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Questions, suggestions, or more information (G4-31, G4-33)
Contact us by email assuntos_corporativos@cargill.com.
Cargill at a glance

The main figures and facts from 2016, a year of changes, advances, and new partnerships for Cargill.

**Reaffirmation of purpose and relevance on the global stage as a leading company nourishing the world in a safe, responsible and sustainable way**

**Operation in the agriculture, animal nutrition, food, financial, and industry areas**

**Operations in 176 Brazilian municipalities**

**BRL 33 billion**

was the net revenue of Cargill Alimentos in 2016

*Data referring to Cargill Alimentos, integrating the results of Cargill Agrícola S.A. and Animal Nutrition.

**New level**

With the launch of an ultra-refined vegetable oil and acquisition of a micro-ingredient company in Ponta Grossa (PR), we now operate in 100% of the industrial oil production chain and strengthened our competitiveness.

**Integrated operation**

Our corn biorefinery in Castro (PR) began serving the client Evonik on the same site, in a business relationship with innovative social and environmental practices for the sector in Latin America.

**Investments of BRL 775 million** in logistics and port infrastructure, which enabled, among other actions, the completion of the works at the Santarém (PA) and Maritituba (PA) terminals.

10 years of the Moratória da Soja (Soy Moratorium)

As members of this new initiative, together with companies, NGOs, associations, and the Brazilian government, we celebrated ten years of this commitment. In May 2016, we committed to support its renewal for an indefinite period of time – until it is no longer needed.

Active work with the

Coalizão Brasil: Clima, Florestas e Agricultura (Brazilian Coalition on Climate, Forests, and Agriculture)

Cargill Foundation

Developed 24 initiatives in 35 cities in Brazil, which benefitted over 34,000 people.

Recognition

Cargill entered the list of the Exame Sustainability Guide 2016, which includes the most sustainable companies in the country.

3S Certification

The environmental seal developed by Cargill gains a partnership with Instituto BioSistêmico, which provides rural soy producers with technical assistance during certification process.

Creating jobs

In 2016, we created about 200 direct jobs, as well as indirect jobs and business opportunities in the region of Uberlândia (MG) during the second wave of the Cargill Business Service (CBS) consolidation project.

21,828 farmers engaged in programs toward best agricultural practices.

**9,875 employees in Brazil**

**467,331 m³ of water**

were recycled and reused from June to December 2016, a much larger volume than that recorded in 2015/2016, which was 199,723 m³.

Health and Diversity Committees were created to give these aspects more emphasis and attention.
Our management

How we operate and lead ethically and sustainably

Cargill in the world

When young William Wallace Cargill decided to buy a small grain storage space in the city of Conover (Iowa, United States) in 1865, he did not imagine that 150 years later, the Cargill-MacMillan family company would become the largest private capital company in the world. With global headquarters in Minneapolis, Minnesota (USA), Cargill now operates in 70 countries, has 150,000 employees worldwide, earned USD 107 billion in sales and other revenues in 2016, and is recognized for the quality of its products and business ethics. (G4-3, G4-5, G4-6)

Today, we are 150,000 employees committed to the company’s purpose of being a leader in feeding the world safely, responsibly, and sustainably. By generating and internationally marketing food and agricultural, financial, and industrial products and services fairly and ethically, we contribute to the development and prosperity of our society. (G4-9)

Agriculture

- Cargill purchases, processes, and distributes grains and other commodities to manufacturers of food products for human and animal consumption. The company also provides products and services to rural producers and cattle ranchers.

Food

- Cargill provides food and beverage manufacturers, foodservice companies, and retailers with high quality products and ingredients.

Industrial

- Cargill serves users of energy, saline, starch, and steel industrial products. The company also develops and markets sustainable products using agricultural raw materials.

Financial

- Cargill provides financial and risk management solutions to clients in the agricultural, food, financial, and energy sectors worldwide. (G4-4, G4-8)

Our value chain

The following infographic shows our contribution to global supply chains.

Our strategic direction

PURPOSE
Cargill will be the leader in nourishing the world in a safe, responsible and sustainable way.

VISION
We will be the most trusted partner in agriculture, food and nutrition.

DIRECTION
We will win through a combination of distinct capabilities, high-performing businesses and bold leadership on issues that shape the future world.

Cargill in Brazil

- In the country since 1965
- Is one of the largest food industries in Brazil
- 9,875 employees
- Headquarters in São Paulo
- 22 factories
- 6 port terminals
- 192 warehouses and transshipments
- 1 Cargill Business Services
- 2 Innovation Centers
- Joint ventures and subsidiaries in 17 Brazilian states and the Federal District
Main Brazilian Units

**FACTORIES, PORTS, AND OFFICES IN SOUTHEAST BRAZIL**

- Uberlândia (MG) – Processing of soybeans and corn (for the production of starches and by-product ingredients) and the production of acidulants
- Cargill Business Services – Uberlândia (MG)
- CEVAS* – Patrocínio Paulista (SP) – Sugar, ethanol, and energy plant
- Porto Ferreira (SP) – Production of maltodextrins and glucose; manufacture of chocolates and toppings for the industrial and foodservice market
- Mairinque (SP) – Production and sale of vegetable tars, mayonnaise, oils, composite oils, and industrial specialties
- Ilhéus (BA) – Processing cocoa by-products for the food industry
- Porto Velho (RO) – Grain transshipment

**FACTORIES AND PORT IN THE SOUTHERN REGION**

- Toledo (PR) – Animal Nutrition
- Castro (PR) – Processing and production of commodity ingredients
- Ponta Grossa (PR) – Soybean milling and degumming; production of crude oil and bran for animal nutrition; industrial specialties
- Três Lagoas (MS) – Soybean processing; production of degummed vegetable oil and biodiesel; manufacture of soybean meal
- Piratininga District, Itaituba (PA) – Road and river grain transshipment terminal

**FACTORIES IN THE NORTHEASTERN REGION**

- Barreiras (BA) – Soybean milling for meal production; soybean oil refining and supply for biodiesel production
- Itapiranga (SP) – Granary for soybean export

**GOLIÂNIA (GO)**

- Production of tomato products

**RIO VERDE (GO)**

- Soybean milling; meal production; crude oil production; refining, packaging, marketing, and distribution of oil

**SJC – Cachoeira Dourada (GO)**

- Sugar plant

**SJC – Quinindépolis (GO)**

- Sugar, ethanol, and bioenergy plant

*In these companies, Cargill has a stake through joint ventures (JVs).*
How we operate

Ethical Principles
(04-58)

“... our word is our bond.”
– Mr. John MacMillan, 1923

Ethics has conducted Cargill’s success over its 150-year history. Its solid leadership position in the global market is built daily on the pillars of transparency and respect for our stakeholders: clients, shareholders, employees, and communities. All business carried out in the countries we operate begin with the principle of fair competition and is promoted fairly and honestly.

To ensure these principles, Cargill created the Code of Conduct, which describes the company’s ethical and compliance standards for conducting business around the world and guides all 150,000 employees. Cargill also developed the Supplier Code of Conduct, which determines the ethical standards required throughout its value chain.

Ethics is the guiding thread of our success. We build our global leadership based on transparency and respect.

Learn about the seven ethical principles that govern our performance worldwide:

1. WE OBEY THE LAW
   • Complying with the law is the basis of our reputation and our ethical principles. As a global organization privileged for doing business around the world, we are responsible for complying with all laws applicable to our business.

2. WE CONDUCT OUR BUSINESS WITH INTEGRITY
   • We are proud to conduct our business with integrity. We face competition vigorously, but ethically and fairly. We do not offer or accept bribes or inappropriate gifts, and we comply with laws and regulations that support fair and integral market competition.

3. WE KEEP ACCURATE AND HONEST RECORDS
   • Accurate and honest records are critical to proper business decision-making and to maintaining the integrity of our financial reports. Business information, in any form, should reflect the actual nature of our transactions.

4. WE HONOR OUR BUSINESS OBLIGATIONS
   • Throughout the entire history of Cargill, our business relationships have been based on mutual trust. We gain and maintain the trust of our clients and other business partners by communicating with transparency, respecting the information entrusted to us as part of our commitment to the relationship.

5. WE TREAT PEOPLE WITH DIGNITY AND RESPECT
   • We reach our goals through 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.

6. WE PROTECT CARGILL’S INFORMATION, ASSETS, AND INTERESTS
   • We count on everyone to manage the organization. To preserve the value of Cargill, we protect the information and assets entrusted to us and avoid situations that may allow personal interests to influence our judgment when conducting business.

7. WE ARE COMMITTED TO BEING A RESPONSIBLE GLOBAL CITIZEN
   • The wide range of our operations gives Cargill a share in almost all sectors of society. With our global reach comes the responsibility of understanding and managing our impact. We maintain strict food and environmental safety standards in our operations, and share our global experience and knowledge to help meet economic and social challenges.

How we lead
(04-34)

Today, Cargill’s global leadership is the responsibility of the Executive Board, formed by the president and nine directors, and leads the execution of the global strategies defined by the parent company.

Cargill’s senior leadership relies on the support of five standing committees, and in some cases, committees that are created specifically to address certain issues. Executives from Cargill do Brasil, as well as from other parts of the world, make up the corporate committees, ensuring that the specifics of the business at each location are taken into account when creating initiatives and projects.

Currently, the committees are structured as follows:

Business Ethics Committee
Works toward compliance with the Code of Conduct and manages risks related to Cargill’s brand and reputation. It also defines the company’s position regarding public policies and stakeholder relationships, to ensure integrity and transparency when conducting business.
Sustainability Committee
Operates with the objective of disseminating the sustainability strategy in all areas of the company and in the communities where Cargill is present. Currently, it is formed by the president and ten other company leaders. In 2016, the group gained important support by including the Director of Animal Nutrition – now the Committee has representatives from all Cargill business units.

Health Committee
Its main objective is to connect and strengthen Cargill’s health initiatives, such as the benefits area, outpatient clinics, and prevention campaigns. With a series of actions planned in partnership with the Human Resources department, the Health Committee seeks to help employees take responsibility for their own health care.

Diversity Committee
A multidisciplinary group with representatives from all areas of Cargill, which aims to build an inclusive work environment that respects human differences. The first actions of the Diversity Committee in 2017 are focused on the gender issue, a global focus of Cargill. However, other aspects of diversity will also have specific actions throughout the year.

In line with Cargill’s changes in Brazil and the world, and the company’s overall purpose, in 2016 the Sustainability Committee defined the strategic vision for its actions up to 2020: to contribute for the company to be recognized as the most reliable source of products and sustainable services. To this end, the Committee’s management will be based on four pillars: governance, strategic partnerships, Cargill’s sustainability positioning, and communication and education.

Relevant aspects
Since 2015, the Committee’s working groups have been developing initiatives based on nine aspects of greatest relevance to the sustainability of the company and the regions impacted by our business. They are: land use, water, energy, climate change, best agricultural practices, occupational health and safety, work health and safety compliance, communities, and suppliers.

In 2016, the Committee chose three aspects from this group to focus more intensely and thus concentrate more strongly on its management: occupational health and safety, occupational health and safety compliance, and land use.

Risk management
The risk management system is one of the components of Cargill’s business management success. By anticipating risks that may impact operations, we are able to make more assertive decisions, quickly and responsibly.

The main risks monitored are:
- Credit risk
- Exchange rate and interest rate risk
- Liquidity risk
- Risk of commodity prices
- Risks arising from climate change

The company also has in place Cargill Risk Management (CRM), a business unit responsible for offering solutions in the area of risk management to rural producers and companies in the agricultural sector and the food industry. CRM helps clients protect themselves from market risks when pricing their products, offering differentiated solutions for various agricultural commodities.
Trust and innovative solutions

News about products and client relations

Material aspects

Food safety, genetically modified organisms (GMOs), recalls, certifications

Efficient and sustainable practices in agriculture

Product: consumer health, quality, labeling, greenwashing

Integrated operation

Integrated strategy

Countdown at Três Lagoas

What's new

Entering in new markets

The challenge of cocoa

Solutions for animals

Long-term relationship

Read in this section

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In order to feed the world safely, responsibly, and sustainably, Cargill has a growing need to strengthen bonds of trust with its clients, who take our products to end consumers. The success of the company depends on the ability to offer them efficiency and solutions aligned with the best economic, social, and environmental practices. We want to be our clients’ first choice.

**Integrated strategy**

The management style of grouping similar businesses in the same business platform reached South America. In 2016, we began to operate in an integrated fashion throughout the grain production chain and processing of soy, cotton, sugar cane, corn, palm, sorghum, and wheat from Argentina, Bolivia, Brazil, Colombia, Ecuador, the United States, Paraguay, Peru, the Dominican Republic, Uruguay, and Venezuela.

The main objective of the new business management model is to leverage synergies and gains in efficiency, which the company intends to translate into performance benefits for shareholders, clients, suppliers, employees, and the communities where we operate.

**Benefits:**
- Agility
- Quality of products and services
- Competitiveness
- More operational safety
- Career opportunities for employees

**See these and other aspects below.**

**Countdown at Três Lagoas**

We began the first operational tests and are almost ready to reopen our soybean milling plant in Três Lagoas (MS), whose expansion work began in 2014. With an investment of BRL 240 million, the soybean processing capacity jumped from 2,100 tons/day to 3,200 tons/day beginning in 2017, when we resumed 100% of the operation, which will allow us to increase the production of meal and oil for producing biodiesel.

In biodiesel production, glycerin is also obtained, used in several industrial applications. With the refinery, a 99% pure glycerin will be produced, whose applications are directed to the cosmetics, food, and beverage industries.

The expansion project also includes the expansion of rail and waterway modes, through which we will transport our production.

The extension of the rail terminal includes the expansion of rail and waterway modes, through which we will transport our production.

**What’s new**

**Promising partnership**

The agreement to market products from Borges Branded Foods was one of Cargill’s main initiatives in the food category in 2016. Since September, we added extra virgin olive oil, the premium olive oil line, and Borges balsamic vinegar to our portfolio, as well as the new Maria extra virgin olive oil, directly from Spain.

In the last months of the year, we were dedicated to importing and analyzing the product line and distribution strategies. We combine Borges’ knowledge and tradition with Cargill’s excellence in execution. We want to cover national territory – remembering that Borges is already very strong where it is present, mainly in the Southeast Brazil. Communications actions are planned for the second half of 2017.

**Successful series**

In Pomarola, leader in its category, we continued the Pomarola Chef line with the launch of September 2016, of Provençal sauce signed by French chef Erick Jacquin. The series began during the previous year with a recipe of tomato sauce with lemon, olive oil, and basil developed by Carla Pernambuco. The brand, characterized by innovation and pioneering, has the right conditions for our company to establish partnerships with renowned chefs.

In the Elefante Saborizado line, we put two more flavors on the shelves, stroganoff and marinade, which now make up the series alongside bay leaf, fine herbs, and onion and garlic. The new products are the result of extensive research, in which we identified that the consumers of the brand expect quality associated with practicality in their daily lives, with flavors already known by their palate.

Cargill and its clients

In this section, we present the main challenges, lessons learned, and developments in initiatives such as:

- Integration of our grain-related business and soybean processing in South America
- Expansion of Três Lagoas (MS)
- Partnership with the Spanish brand Borges
- Consolidation in the cosmetics sector – with the development of new technology
- Beginning of the operations of one of our clients on the site of our corn biorefinery, in Castro (PR)
- Impact on cocoa production, caused by the drought in Brazil and other factors
- Continuous efforts to improve our production process, using the Elefante brand as an example
- Cargill Business Service (CBS) progress

See these and other aspects below.
**Contribution to the market**

In order to demonstrate our commitment to Brazil’s current standards, we comply with the National Health Surveillance Agency (ANVISA), and in August 2016, we started a public campaign to collect products from the consumer market. We point out that Cargill adopts strict controls of food safety, hygiene, and quality, as well as best manufacturing practices, as established in the applicable standards, in order to guarantee a product that does not pose any health risk. We evaluate applicable standards, in order to practices, as established in the food industry, to ANVISA’s new regulation requiring information on allergenic foods on the labels.

Regardless of the collection issue, it should be noted that in the last five years we have made solid investments in processes and equipment throughout our production chain, which involves activities in the field, harvesting, separating fruit, transport, and cleaning, reinforcing Cargill’s conviction to continuously improve itself through technologies and innovating processes and products.

**Adequate labels**

Strong culture and consistent policies reflect Cargill’s commitment to food safety. Therefore, we contribute, alongside representative associations of the food industry, to ANVISA’s new regulation requiring information on allergenic foods on the labels.

Within the company, we trained our employees involved in this issue to ensure that information was available and clear on our labels and the specifications for the production market, as soon as the resolution was published on July 3, 2016.

**Integrated operation**

Our corn biorefinery, in Castro (PR), already operates with the first client based at our site. With this model, unprecedented for this segment in Latin America, we expect to have social and environmental gains, and boost business in the region and long-term business relationships.

In a market with a growing demand for a higher value-added product that overcomes the commodity concept, Cargill has been investing in its portfolio in the area of starches and sweeteners, constant labor training, and structuring differentiated services. In March 2016, we consolidated an important part of this strategy: serving clients with factories on the same site.

The project began three years ago, with the inauguration of the Castro plant, located 200 kilometers from Curitiba (PR), where we process corn for the production of its by-product ingredients, such as starches, glucose syrup, and dextrose. With this initiative, we created about 800 indirect jobs in the region. The total area is 352 hectares, of which 2.5 are occupied by Cargill. The rest is occupied by other partner company facilities. Our first neighbor is Evonik, a world leader in specialty chemicals.

**Homemade flavor**

In the Liza line, the main advance in 2016 was in mayonnaise – we bet on a differentiated product: Liza Caseira with extra virgin olive oil. The purpose is to make the traditional recipes for mayonnaise tastier and more full-bodied, with touch of olive oil to provide more flavor.

**Oil that yields more**

Cargill has been increasingly active in the foodservice market, with new solutions and by expanding its portfolio. In oils and fats, we already had an extensive range of products, more focused on the big operators. In 2016, we launched Liza Algodão, a special oil for frying, focusing on small and medium operators.

**More sustainable packaging**

In order to complete the Elefante brand packaging portfolio, we have the tetrapack concept available throughout Brazil. It is also worth noting that in 2016 we began implementing a series of initiatives to make our packaging more sustainable, with the maximum possible reduction in the use of raw materials in its production, such as layers of aluminum, paints, and paper.

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**The challenge of cocoa**

To mitigate impacts caused by Brazil’s drought and economic downturn, and fulfill our 2016 commitments, we seek even more efficiency by importing part of the raw material needed in our cocoa and chocolate operations.

The year 2016 can be summarized as a challenging year for the cocoa business, for Cargill and the whole country. Three main factors made the scenario more difficult in the period:

- The severe drought in Bahia was detrimental to the crop, and also demanded efforts in water management
- The low availability of raw materials affected our price competitiveness
- There was a drop in Brazilian purchasing power, who in the last three years began replacing products with higher value added with cheaper options

It is important to point out that Brazil has a more complex reality regarding cocoa than the rest of the world. We are the only country with great consumption potential that produces cocoa itself.
In this context, two areas support our work regarding the development of this market. We are dedicated to both productivity, with significant investments in partnership programs, and adequate environmental and social conditions for cocoa production. For these reasons, in addition to launching a certified product, today Cargill is one of the leaders in this discussion and in the quest to improve sustainability in the Brazilian cocoa crop (see page 52).

**Certified Chocolate**

The Genuine line, produced by the company for the foodservice segment, already has Genuine UTZ Milk Chocolate, made from certified cacao beans. The UTZ seal guarantees that the best practices of management, cultivation, and safety have been adopted throughout the cocoa production chain, from the farms in Bahia to the factory where chocolate is produced, in Porto Ferreira (SP). The product is offered in 1.05 kg bars and can be used for making Easter eggs, truffles, toppings, fillings, and desserts, among other culinary recipes. Cargill’s desire is for other companies to embrace this trend by increasing the volume of certified chocolates and by-products, thus benefiting the entire chain and Brazil (see page 52).

**New factory**

**WHAT WE DO**

- The new factory, based in Ponta Grossa (PR), processes and produces oleo chemicals and emulsifiers for the food, animal nutrition, and industrial segments in the domestic market and for export.

**NEW STRATEGY**

- The acquisition of the plant is an essential part of Cargill’s long-term vision.
- We are widely recognized as a food industry in the country and we want to become stronger in the industrial area as well.

**WHAT WE WANT**

- Increase the production capacity of CIS, since the Mairinque (São Paulo) plant is at its production limit.
- Increase the product portfolio.
- Act throughout the production chain of industrial oils.

**Ultraóleo, pioneering solution**

Increasing the validity of the final product and reducing the level of oxidation were some of the technical issues that Cargill scientists overcame in order to achieve an ultra-refined vegetable oil much desired by cosmetic manufacturers. Lyveum oil expands our portfolio of biodegradable products and gives the final product the same properties and stability of a mineral oil (petroleum by-products). Pioneering the application in cosmetics, the technology is being patented and is already being marketed by Cargill.

**Solutions for animals**

The drop in Brazilian purchasing power and the historic rise in the price of corn in 2016, due to water instability that resulted in a 20% reduction of the country’s corn crop, also required extra efforts from the animal nutrition segment, which includes our Animal Nutrition business. With the economic recession, people began consuming less animal protein, since it is more expensive than vegetable protein, affecting the financial structure of the whole chain.

The challenges, however, did not stop us from moving forward in our purpose of becoming a key partner. To address these challenges, we rely on our business model and intensify our efforts to bring new products, new technologies, and qualified service to producers and ranchers, to help them through this most critical period, contribute to their growth, and strengthen our business ties.

With three factories, located in Itapira (SP), Toledo (PR), and Chapecó (SC), the Animal Nutrition business in Brazil has an annual revenue of BRL 700 million – and the advantage of having the experience and cutting-edge solutions developed by our global matrix. We stand out on four major fronts of animal nutrition in the country – pig farming, dairy cattle, beef cattle, and poultry – and we provide, on a much smaller scale, nutrition for domestic animals such as dogs and cats.

Learn about some of our differentiators, and what we offered to the market in 2016: **Differentiators**

**GLOBAL KNOW-HOW, LOCAL PRESENCE**

We have solutions from two global Cargill Animal Nutrition research centers. A third team in Brazil develops specific applications, products, and technology for our production, climate, and soil characteristics.

**EXCELLENCE IN SERVICE**

We provide technical support to our clients through the specialized work of 150 employees, trained in veterinary, animal science, and agronomy.

**SUSTAINABILITY**

We work with national suppliers selected and registered in our system, which periodically evaluates the conduct of companies on issues such as bonded labor and illegal deforestation.
PIG FARMING
Launch of the Rapid TPS feed (technology, convenience, and safety), directed to piglets in the post-weaning phase. It is designed to be a highly nutritional, practical, and sustainable food, which allows for reduced manufacturing costs, energy savings, and lower storage of ingredients. We want to improve the zootechnical and financial results of this phase of breeding, positively impacting the other stages of animal husbandry. To develop it, we invested USD 1.5 million in the implementation of a production line at our factory in Toledo (PR).

DAIRY CATTLE
An odorless powder added to the cow’s feed helps to balance the animal’s temperature so that it continues to have an adequate appetite, and as a result, it continues to produce good amounts of milk. The solution helps maintain proper body temperature and was developed by global Cargill especially for tropical countries, in other words, in very hot regions.

BEEF CATTLE
In 2016, we launched our line of minerals and entered this market in Brazil. With this, we want to strengthen our position in production for pasture, a business in which the country, due to its territorial characteristics, is well developed. At Cargill’s entrance into this segment, we are investing USD 7 million in the production of minerals in Itapira (SP).

POULTRY
In poultry, we highlight our food additives, which act on the digestive system, benefitting the intestinal microflora and, with this, the growth of the birds. The solution replaces antibiotics in the production of this type of meat, increasingly consumed by the population.

PETS
A new line of premium foods for dogs and cats brings the advantage of containing meat in its formula, increasing the absorption of nutrients and making it better accepted by the animals. The product contains no dyes and helps to control urinary pH, among other benefits. It is the result of the partnership between different areas within Cargill, from research to marketing, in an increasingly frequent practice in our operations in Brazil and worldwide.

Highlights of the year

Long-term relationship

Banco Cargill is the financial arm of Cargill in Brasil. This way, we are always close to producers. We closely understand their reality and their needs, and work to achieve a virtuous cycle, in a safe, healthy financial scenario guided by ethics and best market practices.

The institution provides services and loans to agricultural, industrial, and cooperative clients through an agile credit approval process, won by Cargill’s credibility and knowledge of agribusiness. In 2016, we went through a phase of severe instabilities in patterns of rainfall, aggravated by the loss of the country’s investment grade at the end of 2015. The States of Maranhão, Tocantins, Piauí, and Bahia had a 50% crop failure in cotton and 40% in soybeans. In Goiás, there was a 75% crop failure in corn. In Bahia, which experienced its fourth year of drought, we also faced the problem of helicoverpa, one of the most aggressive pests in agriculture.

Given this scenario, our strategy was to stay with rural producers, providing financial alternatives in a time of severe shortage of financing in the market. We plant long-lasting relationships and are confident about the 2017 crop, which looks as if it will yield good results.

Bank figures in 2016

- The loan portfolio showed a small drop of 3%, reaching BRL 2,798,051.
- Loss of BRL 3,097, caused mainly by the provision for doubtful accounts due to the adverse economic scenario. These credits were successfully renegotiated, and clients are constantly monitored by the Bank’s Credit and Risk and Commercial areas.

- Clients BRL 4,295,862 in assets, 4% higher than the previous fiscal year.
Engaged in diversity

Valuing our professionals and their development
Cargill and its professionals

The human development area of Cargill is under construction. That is how we may characterize the profound transformation we have been going through mainly since the middle of 2016. The goal is to value our people, serve our business more efficiently, and as a consequence, achieve our goal of feeding the world responsibly, safely, and sustainably.

Our people

Cargill Brasil in 2016

9,875* employees

* This number does not include joint ventures.

176 cities in the country

27.5% of leadership positions are held by women

11.9% of leadership positions are held by blacks

Highlights in people in 2016

- The Talent Attraction and Acquisition area became more advisory, providing important gains to the business.
- Flows and contracting processes are standardized and organized to provide gains in efficiency.
- The Safe Driving Policy was revised, including guidelines on the use of the cell phone in company or private vehicles.
- The Ally Program, focused on discussing issues related to LGBTs – lesbian, gay, bisexual, and transgender individuals. It is a voluntary educational program with the aim of providing information and tools so that we may build a more diverse and fairer work environment.

TOTAL NUMBER OF EMPLOYEES BY REGION (G4-10)

<table>
<thead>
<tr>
<th>Region</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEN</td>
<td>544</td>
<td>416</td>
</tr>
<tr>
<td>WOMEN</td>
<td>125</td>
<td>99</td>
</tr>
<tr>
<td>TOTAL</td>
<td>679</td>
<td>515</td>
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<tr>
<td>NORTHEAST</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEN</td>
<td>769</td>
<td>696</td>
</tr>
<tr>
<td>WOMEN</td>
<td>151</td>
<td>139</td>
</tr>
<tr>
<td>TOTAL</td>
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<td>835</td>
</tr>
<tr>
<td>MIDWEST</td>
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<td></td>
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<tr>
<td>MEN</td>
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<td>2,286</td>
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<tr>
<td>WOMEN</td>
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<td>778</td>
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<tr>
<td>TOTAL</td>
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<td>3,064</td>
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<tr>
<td>SOUTH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEN</td>
<td>843</td>
<td>761</td>
</tr>
<tr>
<td>WOMEN</td>
<td>278</td>
<td>273</td>
</tr>
<tr>
<td>TOTAL</td>
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<td>1,034</td>
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<tr>
<td>SOUTHEAST</td>
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<td></td>
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<tr>
<td>MEN</td>
<td>2,647</td>
<td>2,184</td>
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<tr>
<td>WOMEN</td>
<td>1,104</td>
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<tr>
<td>TOTAL</td>
<td>3,751</td>
<td>3,064</td>
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<tr>
<td>TOTAL</td>
<td>9,875</td>
<td>6,343</td>
</tr>
</tbody>
</table>

Our people

The significant increase in the number of professionals from one year to the next is due to including employees from one of the business units that was not included in the previous report (Cargill Premix and Nutrition – CPN).

In some regions, a substantial part of the organization’s work is performed by professionals legally recognized as freelancers, for cargo transport services.
**Integrated vision**

The change involving human resources activities seeks integrated vision and models of structures, processes, and systems. The result of this work begins to be perceived with the formation of the Health Committee and the Diversity Committee, with the consolidation of the Cargill Business Service (CBS), in Uberlândia (MG), and strategies for attracting and retaining talent. It also manifests itself in our work as signatories of the National Pact for the Eradication of Bonded Labor and in our interest in improving the model of our relationship with Brazilian unions.

**Health and safety**

Integrated management is also the word of order in health and safety at Cargill. That is why, in 2016, we created the Health Committee, whose main objective is to connect and boost all initiatives related to this aspect in the company, such as the benefits area, outpatient clinics, and prevention campaigns. With a series of actions that are being planned by the Committee in partnership with the Human Resources area, the idea is to create a health promotion and prevention environment, relying on our employees to take responsibility, on the one hand, so they may feel responsible for their own health; on the other, so they may clearly see that the benefit and quality of life programs offered by the company belong to everyone and are a collective good, so that they always make conscious use of them. In 2017, initiatives will be implemented after the creation of the Health Committee. Safety has always been a priority for Cargill, in Brazil and worldwide.

The good news is that in 2016 there were no fatal accidents in the country. The company, however, is not satisfied, and works to achieve zero fatality globally.

**Safety, a non-negotiable value.**

Safety, a non-negotiable value. Safety has always been a priority for Cargill, in Brazil and worldwide.

**SIF, an essential indicator**

Having consistent metrics is another key safety issue. Therefore, we reviewed existing indicators and adopted one more, the Serious Injury and Fatality Incident (SIF), which helps us identify risks. This is a post-fact indicator, that is, it allows analysis after an incident or evidence of risk. Our goal, and major challenge, is precisely to work preventively and, in this sense, SIF is an extremely important indicator for our business.

In Brazil, new strategies are being developed and represent advances in company culture. These initiatives are based on three pillars:

- Each employee’s sense of responsibility for safety
- More attention to risks, i.e., situations that may be fatal or severe, which may change people’s lives indefinitely
- Training focused on operational discipline and communication

We mapped 12 high-risk activities that received special safety attention.
Sustainability Report 2016

Savings lives

The Program LIFEsavers – Salvando Vidas, implemented in Brazil since 2015, seeks to engage our employees and align concepts and expectations at a global level, to ensure the integrity of those who work with us. The program encourages the adoption of practices that identify risks and help eliminate hazardous situations in 12 high-risk activities. Emphasis is given to the expected behaviors and minimum requirements required to perform tasks safely.

The 12 activities, with their respective risks and hazards, were mapped from an analysis that showed which behaviors most involved fatalities at Cargill worldwide.

Safe Driving Policy

Among the 12 activities highlighted globally by Cargill is traffic safety. This item gained focus in 2016, following Cargill’s global plans to achieve zero fatality in its operations. In this context, safe driving is a very important aspect, since the collision of motor vehicles was the main cause of fatalities in our company in the last 13 years. Based on scientific research that points out the main causes of traffic accidents, we also changed our Safe Driving Policy in 2016, including:

- Prohibiting the use of electronic mobile devices, including those using hands-free technology, while our employee is driving on behalf of the company, operating a vehicle owned or leased by the company, except when the vehicle is parked in a safe place
- People driving must not use mobile devices to conduct Cargill-related business while commuting to work, including driving a personal vehicle

Culture of diversity

In 2016, we focused on the subject of diversity and created mechanisms that allowed us to build a vision and integrated conduct on this aspect. Based on information already available and the experiences of the internal networks, such as Women in Operation in Brazil (MOB), Pride (LGBT) and Cargill’s own strategic intention, the Brazilian Diversity Committee was structured.

It is a multidisciplinary group with representatives from all areas of the company interested in developing the subject. At the end of 2016, the Committee organized an action plan to coordinate the various initiatives. The first project will be gender-focused, a global focus of Cargill, but all other aspects of diversity will have specific actions. Even more subjective issues, such as the importance of diversity of thought and the unconscious bias of managers in decision-making, are also on the agenda for 2017.

We created the Diversity Committee to prioritize the actions and discussions related to this aspect.

Attracting and retaining talent

Among the main changes experienced by Cargill’s Human Resources area, the initiatives that are being designed and implemented regarding the attraction and acquisition of talent deserve special mention.

From June to December 2016, a total of 90% of the positions (500 jobs) made available in Brazil were conducted by our internal recruitment teams. In cases of expansion projects or reorganizing areas or very specific positions, we continue to use the support of external consultants.

We are building a new recruiting model in Brazil, with several benefits:

- Contribute knowledge to the human development area of the company
- Have an integrated view of the needs of each business and its specifics
- Boost internal movements
- Reduce the cost involved in processes
- Optimize time
Gender issue

The agribusiness market is mostly formed by male professionals. From June to December 2016, Cargill employed 58.6% men, of the total number of employees. For the next year, as one of the Human Resources goals and with the support of the Diversity Committee, the challenge is enormous.

OUR GOALS

30% of available positions with women finalists in the selection processes conducted by CBS.

50% of available positions with women finalists in the selection processes for management positions.

Hand in hand with universities

As part of our purpose to have a company that values differences of thought and knowledge, fundamentally guided by ethics, we commissioned a survey in 2016 to understand how well Cargill is known among students from 200 Brazilian universities.

Based on this analysis, we concluded that future agronomy practitioners, for example, would prefer to work for 14 other companies before choosing Cargill. We also identified that the main reason for our low placement in the three categories evaluated (humanities, engineering, and agronomy) is the little knowledge that this group has of our performance. Our next step will be to propose a relationship program with important universities throughout the country, which will include lectures and working day activities at Cargill, among other initiatives.

We are also revisiting our internship program, for which we created recruitment trails, designed for the specifics of the profiles and the needs of the areas of the company.

Ethics as part of everyday life

All our employees, upon joining the company, go through an integration program. In this first contact with Cargill, they learn about the company’s Code of Conduct. Outsourced security professionals also receive information about our ethical principles. Cargill has a set of ethical principles, described in the Code of Conduct, which places human rights at the center of the company’s and its employees’ performance.

In addition, training and qualification sessions are organized at all Cargill units to ensure compliance with internal policies and commitments assumed by the company. In 2016, for example, 7 Ally Program training sessions on diversity were carried out, resulting in 182 trained employees, and 3 training sessions on the Program to Combat Sexual Exploitation of Children and Adolescents, organized by the NGO Childhood Brasil, resulting in 3 trained people (G4-HR2, HR7).

Shared services

In 2016, we concluded the second wave of the Cargill Business Service (CBS) consolidation project, located in Uberlândia (MG). This is a global trend for Cargill, to focus on financial, accounting, tax, administrative, human resources, information technology, and purchasing activities in a single place.

CBS was inaugurated in 2015 with the objective of bringing gains in operational efficiency, which are already being perceived by our suppliers and clients. To structure CBS, we carried out hundreds of internal professional movements and created about 200 direct jobs in the region, as well as indirect jobs and business opportunities. Today, CBS has 500 employees and makes an important contribution to Cargill’s growth strategy based on the world’s best practices for continuous improvement and shared services.

CBS is an important contribution to our growth strategy.
Change and well-being for everyone

Our relationship with society and the communities close to our operations
Cargill and society

The future of our business depends on the capacity for change throughout our production chain. Taking a leading role in safe, responsible, and sustainable food is necessarily driven by how we manage our value chain and by our commitments to environmental conservation and restoration. It also depends on relationships with rural producers, communities, clients, NGOs, governments, and national and international institutions. To this end, Cargill invests in a mature and lasting relationship with these stakeholders in order to contribute to the continuous evolution of the company, the industry, and Brazil.

Quality relationship

In this section, we highlight the main initiatives toward our relationship with society and the communities close to our operations, and we update their progress in 2016. They are presented on the following fronts:

- **Business responsibility**
- **Our commitments**
  - Cargill Forest Policy
  - Sustainability in the soybean supply chain
  - Sustainability in the cocoa supply chain
- **Our environmental indicators**
- **Social and environmental programs**
- **Cargill Foundation**

Business responsibility

Our guidelines

The quality and safety of food offered by Cargill also depend on the trusting relationships we have established with our suppliers. The company’s commitment to ethics and best social and environmental practices extends throughout our value chain. For this purpose, two key documents guide our business relationship. One of them, the Supplier’s Code of Conduct, sets the operation guidelines for this stakeholder, according to the values and ethical principles of the company. The other, the Buyer’s Code of Ethics, brings together a set of rules for our professionals.

Direct purchases of materials and inputs are governed by the Supplier’s Code of Conduct, which establishes the rules for supply and whose formal acceptance is a condition to participate in any procurement process with the company. All Cargill investment agreements and contracts include clauses that address human rights issues such as the eradication of bonded labor and child labor. (G4-HR1, HR-10)

Georeferenced monitoring

In accordance with Brazilian law, Cargill does not purchase agricultural products or grains from illegally deforested areas. In order to assure ourselves of the origin of our raw material, today we have in place advanced mechanisms of information analysis. Through geographic information systems, we can monitor and analyze our grain supply chain.

Cargill also has a partnership with the NGO World Resources Institute (WRI) for the development of global geo-referenced public information bases to monitor supply chains linked to the agricultural sector. Another key reference in this process is the list of embargoes – from producers who are not in compliance with the legislation – made available by the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA).

We make sure our raw materials do not come from illegally deforested areas.

Cargill consults the document for each new contract, and we commit to not market products from such areas, as well as not to negotiate the sale of inputs or financing for them. To this end, we have in place strict internal procedures ensuring that we do not conduct business with any embargoed area.

Global partnership (G4-15)

In 2016, Global Cargill created a partnership with WRI for our businesses worldwide, to strengthen sustainability in our supply chain and ensure our partners the safety and transparency of our environmental practices. WRI developed a platform to consolidate forest loss data, to which Cargill Brasil also contributes in order to make the available information more robust and accurate for the company, the industry, and other stakeholders.
Our commitments (G4-DMA)

Not one hectare less (G4-15)

Forests are fundamental to the present and future of Cargill and the planet. That is why we are committed to reducing deforestation in all our agricultural supply chains. Among several actions in this regard, the company supports the New York Declaration on Forests since 2014. We use our knowledge as one of the world’s largest buyers of soybeans, palm oil, and other crops to promote sustainable agriculture. We work with farmers, governments, environmental organizations, and members of the communities in which we operate to find practical and scalable solutions.

In Brazil, recent reports point to progress and challenges on this journey, with emphasis on ten years of the Moratória da Soja (Soy Moratorium) (see page 48). Cargill currently works with over 15,000 soybean farmers and collaborates with governments, NGOs, and partners to implement the Brazilian Forest Code and promote forest protection.

Nourishing the world and protect the planet

Learn about our main initiatives in recent years focused on feeding the world and protecting the planet.

2009

Creation of the Cargill Sustainability Committee (see page 18).

2011

Launch of the Soja Plus Program (see page 49).

Expansion of the Soja Mais Sustentável project to Mato Grosso (see page 50).

Launch of the Cacau Mais Sustentável (More Sustainable Cocoa) project in Para (see page 53).

2014

At the United National Climate Change Conference, Cargill joined dozens of other companies, governments, and civil society groups from around the world to support the New York Declaration on Forests. The signatories pledged to do their part to reduce, stop, and reverse the global loss of forests, and increase food safety for all.

2015

We launched the Cargill Policy on Forests, a document with company commitments and goals that includes the approach to evaluating our suppliers and our investments based on forest protection principles (see details on page 45).

International recognition through 3S Certification (see page 51).

2016

We supported the extension of the Moratório da Soja for an indefinite period.

We developed our first Forest Report, which describes the progress made in our action plans to protect them and promote sustainable land use in our supply chains for cocoa, soybean, palm oil, cotton, corn, and packaging based on fiber. It was released in January 2017 and is available at www.cargill.com.br/wcm/groups/public/@ccom/documents/document/na32006855.pdf.

2018

We issued a palm oil policy aimed toward eliminating any source of this substance from our supply chain that is linked to the deforestation of environmentally sensitive areas, including peat bogs and the exploitation of Indigenous communities.

Global forest protection policy (G4-EN27)

Cargill’s Forest Policy, launched in 2015, expresses our commitment to protecting the planet’s most biodiverse areas by reducing deforestation by 50% across our agricultural production chain by 2020 and by 100% by 2030. Another commitment to mitigating our environmental impacts is the Forest Protection Action Plan.

The Forest Policy establishes:

- Compliance with the law in all regions where our production chain is present.
- Fostering family farming.
- That environmental principles will always be adopted in the company’s future investments.
- That suppliers that do not comply with the principles of the Policy will be suspended.
- The adoption of seven practical steps to protect forests, overseen by corporate areas and the Cargill Sustainability Committee.

Principles

- Rural producers and consumers are important partners in this debate.
- Market forces can help.
- Product and process innovation may help to find ways to produce more with less, reducing our impact on the environment.
- The world needs solutions at scale.

Seven steps to forest protection

- Assess current deforestation risks in value chains and prioritize actions.
- Assess current procurement practices across the value chain and determine where they contribute to forest loss.
- Assess the current state of forest loss in the regions home to Cargill’s production chain.
- Engage producers and suppliers in the principles of the Forest Policy.
- Establish processes for monitoring and identifying local partners to help build competencies.
- Contribute to sector leadership and seek collaboration with business, government, and civil society partners to develop institutional responses.
- Disclose results annually.

We are committed to eliminating deforestation linked to our value chains.
The main results of our initiatives in Brazil were disclosed in the 2017 Forest Report:

**Forest Report**

The main results of our initiatives in Brazil were disclosed in the 2017 Forest Report:

**Direct activities**
- Evaluation of over 12,000 farmers in our soybean supply chain regarding the progress of implementing the Cadastro Ambiental Rural (CAR – Rural Environmental Registry).
- Currently, 60% of producers are registered with the CAR.
- Participation in the Grupo de Trabalho da Moratória da Soja (Soy Moratorium Working Group) and in the development of the strategy that led to its extension without an expiration date. In addition, we worked on building a Working Group to defend the transparency of Forest Code information, with the participation of the Brazilian Association of Vegetable Oils Industries (ABIOVE), Greenpeace, the Amazonian Environmental Research Institute (IPAM), and the World Wide Fund for Nature (WWF).
- Support and expansion of the Soja Plus Program for the MAPITOBA States (Maranhão, Piauí, Tocantins, and Bahia), with the CAR incorporated as a key indicator in the process.
- Implementation of a cooperation agreement with the Ministry of the Environment to support the implementation of the CAR.
- Focus on education, involvement, and awareness, in order to improve and support implementation of the Forest Code, including:
  - Distribution of 10,000 folders to producers and producer associations on the procedure for implementing the CAR.
  - Distribution of 2,000 banners to encourage the implementation of the CAR in all producer associations and branches of Banco do Brasil in the State of Mato Grosso.
  - Distribution of 5,000 manuals on the implementation of the Forest Code.

**Sectorial actions and multistakeholders**
- Participation in the Grupo de Trabalho da Moratória da Soja (Soy Moratorium Working Group) and in the development of the strategy that led to its extension without an expiration date. In addition, we worked on building a Working Group to defend the transparency of Forest Code information, with the participation of the Brazilian Association of Vegetable Oils Industries (ABIOVE), Greenpeace, the Amazonian Environmental Research Institute (IPAM), and the World Wide Fund for Nature (WWF).
- Participation in the Protocolo Verde de Grãos (Green Grain Protocol) of the State of Pará, which incorporates the CAR as a requirement for grain purchasing and origination.
- Support and expansion of the Soja Plus Program for the MAPITOBA States (Maranhão, Piauí, Tocantins, and Bahia), with the CAR incorporated as a key indicator in the process.
- Execution of a cooperation agreement with the Ministry of the Environment to support the implementation of the CAR.
- Focus on education, involvement, and awareness, in order to improve and support implementation of the Forest Code, including:
  - Distribution of 10,000 folders to producers and producer associations on the procedure for implementing the CAR.
  - Distribution of 2,000 banners to encourage the implementation of the CAR in all producer associations and branches of Banco do Brasil in the State of Mato Grosso.
  - Distribution of 5,000 manuals on the implementation of the Forest Code.


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**United to combat climate change**

Cargill is a member of the Coalizão Brasil: Clima, Florestas e Agricultura (Brazilian Coalition on Climate, Forests, and Agriculture), and assumed the co-leadership of two working groups to implement the Brazilian Forest Code and Sustainable Logistics. The Coalizão Brasil is a multisector movement, composed of entities that lead agribusiness in Brazil, which discusses issues arising from climate change from the perspective of a new economy, based on the low emission of greenhouse gases (GHGs). The movement is based on a document including 17 concrete proposals, aimed toward reducing GHG emissions and a low-carbon economy. Learn more at [http://coalizao.br.com.br/2016/](http://coalizao.br.com.br/2016/).

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**Sustainability in the soybean supply chain**

In this aspect, you will learn more about our transformative initiatives and examples of our relationship with rural producers that contribute to significant progress incorporating best agricultural practices and forest protection.

**Soybean Action Plan**

To comply with our Global Policy for Forest Protection and eliminate deforestation in our production chain, we have established five priority areas and respective action plans for forest protection. One of them was specially developed for the production of soybeans in Brazil.

**ACTION**

<table>
<thead>
<tr>
<th>Extension of the Moratória da Soja beyond May 2016</th>
<th>Agreement signed for an indefinite period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Request the CAR as a requirement for purchase</td>
<td>Diagnosis of the supply chain, communication campaign on the Forest Code (video), communication campaign on the Forest Code (Imaflora guide), producers without the CAR sign a declaration making the commitment to register</td>
</tr>
<tr>
<td>Ensure that all suppliers comply with the Brazilian Forest Code</td>
<td>Procedure for list consultation established for soybean purchase</td>
</tr>
<tr>
<td>Lists of embargoed and bonded labor areas as a purchasing criteria</td>
<td>Participation in the Coalizão Brasil and the Grupo de Trabalho da Soja (GTS – Soybean Working Group)</td>
</tr>
</tbody>
</table>

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In 2016, we celebrated ten years of the Moratória da Soja – an unprecedented initiative that brought together companies, associations, NGOs, and the Brazilian government in a sole commitment to not cultivate, market, or finance soybeans produced in deforested areas of the Amazon biome. The agreement has contributed to reducing deforestation in the region over the past decade.

Some analyzes pointed to soybeans as one of the vectors responsible for deforestation in the Amazon region. There was, however, a lack of precise information and data to estimate the involvement of the soybean crop in this problem, a fact that did not diminish the greater concern, which was to address the deforestation problem. Cargill had already begun a partnership with The Nature Conservancy (TNC) in 2004 to foster best practices for rural producers in the region. But, more was needed, the joint commitment of all parties involved.

Thus, the private sector, civil society, and the federal government, represented by the Ministry of the Environment and Banco do Brasil, began working together through the Grupo de Trabalho da Soja (GTS – Soybean Working Group). In this group, monitoring soybean planting in the Amazon biome was improved through satellite imagery. Based on this assessment, companies were given guarantees regarding suppliers who could offer soybeans in areas free of deforestation.

Gradually, the Brazilian government has also been implementing measures that help reduce deforestation, such as the beginning of integrated surveillance operations. In 2009 – IBAMA, Federal Police, Highway Police, the Army, and state environmental departments. In 2012, the new Brazilian Forest Code came into effect, introducing two important instruments: the CAR and the Programa de Regularização Ambiental (Environmental Regularization Program). In May 2016, we supported the renewal of the commitment for an indefinite period – until it is no longer needed. Cargill follows this evolutionary movement and has actively participated in important initiatives related to sustainability. The Moratória da Soja shows that it is possible to produce grains, serve our clients, and feed our populations while respecting natural resources.
Soja Mais Sustentável (More Sustainable Soy) (04-15)
The Soja Mais Sustentável (More Sustainable Soy) project has been carried out through the joint efforts of Cargill and the NGS The Nature Conservancy (TNC) since 2004. The initial objective was to ensure that all company suppliers in the Amazon region were in compliance with their environmental obligations, for through inclusion in the Cadastro Ambiental Rural (CAR), the first step towards definitive environmental regulation. To this end, the program carried out, together with producers, the environmental diagnosis of properties and the identification of Permanent Preservation Areas (PPAs), Legal Reserves (LRs), environmental liabilities, and remnants of vegetation on the properties. With this data and the CAR, rural producers have a strong environmental management tool at their disposal. Since then, the project has evolved in important ways.

**PHASE 1**
Inclusion of 383 soybean-producing properties, from Santarém (PA) to Belterra (PA), in the CAR.
- The project expanded and covered the cocoa production chain in São Félix do Xingu (PA).
- It also inspired the creation of an environmentally adapted model, which was followed by other companies, organizations, and governments with which the TNC later worked.

**RESULTS**
- 847 properties in Mato Grosso underwent detailed environmental analysis; individual reports generated from these analyses were delivered to trade unions and property owners. These producers are being prepared for the new environmental challenges, especially for the implementation of the Forest Code.
- The program served about 1,000 individual family farmers and 1,200 through cooperatives. It accounts for the production of 200,000 tons of soybeans in 120 cities in the states of Goiás, Mato Grosso do Sul, Minas Gerais, Pará, Paraná, Rio Grande do Sul, Santa Catarina, and São Paulo. The Programa Cargill de Agricultura Familiar enabled our biodiesel plant in Três Lagoas (MS) to obtain the Social Fuel Seal, granted by the Ministry of Agrarian Development (MDA) to biodiesel producers that promote social inclusion and regional development by generating jobs and income for family farmers who have the Statement of Eligibility to PRONAF (DAP).

**PHASE 2**
- Investments of USD 3 million to support actions protecting the Amazon and the Cerrado, advancing the issue of environmental adequacy of soybean supplying properties and expanding best agricultural practices and responsible grain production to municipalities in the north of Mato Grosso, and neighbors to highway BR-163 (Cuiabá-Santarém).

**Programa Cargill de Agricultura Familiar (Cargill Family Agriculture Program)**
Currently, the program serves about 1,000 individual family farmers and 1,200 through cooperatives. It accounts for the production of 200,000 tons of soybeans in 120 cities in the states of Goiás, Mato Grosso do Sul, Minas Gerais, Pará, Paraná, Rio Grande do Sul, Santa Catarina, and São Paulo. The Programa Cargill de Agricultura Familiar enabled our biodiesel plant in Três Lagoas (MS) to obtain the Social Fuel Seal, granted by the Ministry of Agrarian Development (MDA) to biodiesel producers that promote social inclusion and regional development by generating jobs and income for family farmers who have the Statement of Eligibility to PRONAF (DAP).

**Phase 3**
With the end of the CAR registration period, Soja Mais Sustentável enters a new phase until 2018, which is the post-CAR agenda of compliance with the Forest Code. The project will support the governments of Mato Grosso and Pará in complying with the Programa de Regularização Ambiental (PRA – Environmental Regularization Program) and in developing technologies for the recovery of degraded areas through pilot properties in both states.

**3S Certification**
Six years ago, demanded by the needs of agribusiness, Cargill decided to implement its own environmental certification, with indicators defined based on rigorous benchmarking and a focus on soybean producers. In 2016, our 3S Certification (Solutions for Sustainable Procurement) gained special support: the technical assistance of the BioSystemic Institute (IBS) in our processes. Developed in 2010, the 3S Program is a voluntary environmental certification that contributes to zero deforestation and encourages best production practices by providing rural producers with the necessary guidance for the production of more sustainable soy in social and environmental aspects. Currently, it is present in three states: Parana, Mato Grosso, and Pará, in which 170 soybean producers are now certified. Certification processes and procedures are verified annually in Brazil by independent auditing.

**Querência+ Project: Sustainable Landscapes**
The project aims to establish local pacts to improve the social and environmental performance of production chains in the city of Querência (MT). It is coordinated by the Amazon Environmental Research Institute (IAMEPA) and relies on the technical cooperation of several organizations to carry out actions in three main areas: strengthening environmental governance, strengthening family agriculture, and supporting the creation of the Multisector Forum. Cargill contributes to the project by engaging local producers through the 3S and 2BS certifications, thus encouraging best social and environmental practices and controlling deforestation on Querência properties.

**Communication channels**
Producers have several communication channels with the IBS to answer questions and assist them when implementing the action plan. Among them, WhatsApp groups, 0800, SMS, newsletters, booklets, and a 3S portal which centralizes the information from the diagnosis and, thus, facilitates the producers’ monitoring of the indicators.

**Benefits**
The initiative combats the degradation of land with high environmental value, guarantees worker well-being, and manages greenhouse gas emissions (GHG), while increasing the engagement of producers in the search for sustainable practices with continuous improvement – a differentiator of the program. Producers are encouraged to systematically evolve regarding aspects such as land use, best agricultural practices, compliance with labor legislation, and worker’s OH&S. The 3S also considers product traceability in its mass balance control system. As a result of all these benefits, rural producers expand their perspectives in the market and improve their management.

**Partnership with the BioSystemic Institute (IBS)**
Provides technical assistance to rural producers who are part of the certification program. In partnership with Cargill, 3S Certification is implemented in four stages: educating producers, diagnosis of the property, preparation of an individual action plan, and continuous improvement. The 3S Certification process foresees in its scope two years of monitoring the producers.

**Supporting Information**
- For more information, please see the Communication Plan or visit the Sustainability Report 2016.
Sustainability in the cocoa supply chain (GA-DMA)

Increase efficiency and expand agricultural production in Brazil in a sustainable way. This is one of the major challenges for the cocoa industry in Brazil, an aspect that has been guiding Cargill’s initiatives, strengthening dialogue with rural producers and boosting partnerships between Cargill with companies and entities linked to the sector.

National strategy

Brazil is the only major country in this segment that produces and consumes 100% of its cocoa, which generates stress in the market in periods of instability, such as the drought that affected the crop in 2016. Therefore, increasing productivity by ensuring sustainable practices in the field and industry will represent a major breakthrough for the industry in the coming years.

To this end, in 2016 Cargill decided to go further and impact the chain as a whole. As a member and one of the leaders of the Association of Cocoa Processing Industries (APCI), and with the participation of other industries in the sector, we have defined a national strategy to increase cocoa production: in five years, the plan is to jump from 200,000 to 300,000 tons of production of the raw material in the country.

The program called Nível Brasil (Brazil Level) is a result of the lessons learned and experience that this group of companies already has about the sustainable production of cocoa. We at Cargill are contributing, for example, to projects that started in the last five years within the company, and may now gain scale through industry collaboration. Among them, the Cacau Mais Sustentável and the Tuerê Project can be highlighted (see below). Achieving a sustainable vision for increased cocoa production favors industry, strengthens rural producers, and makes our product more competitive overseas.

UTZ Certification

We started a pioneering sustainability project when we brought UTZ certification to Brazil in 2010, which follows a strict code of conduct regarding best agricultural practices and compliance with environmental and labor legislation. Until then, 100% of our cocoa was purchased via third parties. By encouraging certification, we began buying about 5% of our cocoa directly from the producers who wanted to certify. We ended 2016 with 90 certified farms, equivalent to approximately 10,000 hectares, in the states of Bahia and Espirito Santo. Our goal is to certify 200 farms by 2019.

90 farms with UTZ certification of best agricultural practices.

Cacau Mais Sustentável (More Sustainable Cocoa)

Cargill also operates in the areas of cocoa production in Pará. One of the projects is Cacau Mais Sustentável, created with the support of The Nature Conservancy (TNC) of the Ministry of Agriculture, through the Executive Commission of the Cocoa Plantation Plan (CEPLAC), and the Alternative Cooperative of Small Rural and Urban Producers of São Félix do Xingu (CAPPRU). The main objective is the environmental regularization of rural properties through the Cadastro Ambiental Rural (CAR) and income generation in the São Félix do Xingu micro region. One of the assumptions of this action is to recover the deforestation area of the Amazon. Today, there are 83 producers that have incorporated sustainable practices and represent an approximate area of 400 hectares of planted cocoa, with estimated production in five years of approximately 400 tons.

Tuerê Project

Another initiative related to cocoa is the Tuerê Project, in the city of Novo Departamento (PA). We work in partnership with the Solidaridad Network, CEPLAC, and the Municipal Department of Agriculture. The initial objective was to work within the largest rural settlement in Latin America, with about 3,000 families, initially selecting 17 producers who participated in the application of the tool called Horizonte Rural (Horizon Rural), which diagnoses the main production bottlenecks and presents alternatives. This project revealed the need for technical assistance, environmental regularization, and better access to the market. By the end of 2016, a total of 50 producers benefited from this initiative.

Southern Bahia

We also note that 75 producers in southern Bahia have benefited from training and qualification. Farmers improve their knowledge of technology and technical support to help them achieve better productivity, while the community benefits from projects that improve their environment, health, and nutrition. For this action, Cargill has had a partnership with the National Rural Apprenticeship Service (SEMAR) since 2014.
**Environmental indicators**

### Water

#### Total volume of water withdrawn, by source (G4-EN8) (m³)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface waters (wetlands, rivers, lakes, oceans)</td>
<td>2,056,013</td>
<td>3,067,797</td>
</tr>
<tr>
<td>Groundwater</td>
<td>1,217,236</td>
<td>2,676,493</td>
</tr>
<tr>
<td>Rainwater directly harvested and stored by the organization</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Effluents from another organization</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Municipal water supply or other water supply companies (municipal utility companies)</td>
<td>1,298,255</td>
<td>2,177,330</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,571,504</td>
<td>7,921,620</td>
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</table>

### Emissions

#### Gross direct emissions of greenhouse gases (GHGs) - Scope 1 (G4-EN19) (tCO₂eq*)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tr>
<td>Soybean Grains and Processing</td>
<td>15,531</td>
<td>36,710</td>
<td>24,345</td>
</tr>
<tr>
<td>Foods</td>
<td>407</td>
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<td>8,856</td>
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<td>Cocoa and Chocolate</td>
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</tr>
<tr>
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<td>1,183</td>
</tr>
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<td><strong>TOTAL</strong></td>
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<td>99,772</td>
<td>84,751</td>
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*The methodology adopted was the GHG protocol, and the gases included in the calculation are: CO₂, CH₄, and N₂O. Biogenic emissions of CO₂ were not managed. The consolidation approach chosen for the emissions was operational control.

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**Environmental indicators**

#### Water

- **Total volume of water withdrawn, by source (G4-EN8) (m³)**

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**Emissions**

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*The methodology adopted was the GHG protocol, and the gases included in the calculation are: CO₂, CH₄, and N₂O. Biogenic emissions of CO₂ were not managed. The consolidation approach chosen for the emissions was operational control.*
The metric used to calculate this rate is a ratio between the GHG emission intensity per ton produced by each enterprise. Scopes 1 and 2 emissions are added and then divided by the amount produced. The gases included in the calculation are: CO₂, CH₄, and N₂O. The types of GHG emissions included in the intensity rate are direct (Scope 1) and indirect (Scope 2).

<table>
<thead>
<tr>
<th>Category</th>
<th>June 2016 to Nov. 2016</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybean Grains and Processing</td>
<td>4,905</td>
<td>12,334</td>
</tr>
<tr>
<td>Foods</td>
<td>2,594</td>
<td>4,408</td>
</tr>
<tr>
<td>Cocoa and Chocolate</td>
<td>1,258</td>
<td>2,416</td>
</tr>
<tr>
<td>Starches and Sweeteners</td>
<td>7,214</td>
<td>14,046</td>
</tr>
<tr>
<td>Sugar and Ethanol</td>
<td>48</td>
<td>109</td>
</tr>
<tr>
<td>Cargill Animal Nutrition</td>
<td>241</td>
<td>467</td>
</tr>
<tr>
<td>Cargill Industrial Specialties</td>
<td>138</td>
<td>262</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16,499</strong></td>
<td><strong>34,041</strong></td>
</tr>
</tbody>
</table>

*The methodology adopted was the GHG protocol, and the gases included in the calculation were: CO₂, CH₄, and N₂O. The consolidation approach chosen for the emissions was operational control.
### Effluents and waste

**Total volume of planned and unplanned water discharge, by destination (G4-EN22) – (m³)**

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>DIRECT</th>
<th>INDIRECT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybean Grains and Processing</td>
<td>134,681</td>
<td>417,307</td>
<td>558,764</td>
</tr>
<tr>
<td>Foods</td>
<td>220,428</td>
<td>1,280,431</td>
<td>1,471,959</td>
</tr>
<tr>
<td>Cocoa and Chocolate</td>
<td>13,313</td>
<td>39,944</td>
<td>53,257</td>
</tr>
<tr>
<td>Starches and Sweeteners</td>
<td>290,226</td>
<td>1,665,744</td>
<td>1,975,830</td>
</tr>
<tr>
<td>Sugar and Ethanol</td>
<td>35,690</td>
<td>945,446</td>
<td>981,136</td>
</tr>
<tr>
<td>Cargill Industrial Specialties</td>
<td>8,760</td>
<td>29,750</td>
<td>38,510</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,560,674</td>
<td>2,483,715</td>
<td>4,044,389</td>
</tr>
</tbody>
</table>

**Volume of significant air emissions for each of the following categories* (G4-EN23) – (t)**

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>2016/16</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybean Grains and Processing</td>
<td>214</td>
<td>432</td>
<td>17,859</td>
</tr>
<tr>
<td>Foods</td>
<td>9</td>
<td>28</td>
<td>25,303</td>
</tr>
<tr>
<td>Cocoa and Chocolate</td>
<td>3</td>
<td>2</td>
<td>357</td>
</tr>
<tr>
<td>Starches and Sweeteners</td>
<td>42</td>
<td>32</td>
<td>19,349</td>
</tr>
<tr>
<td>Sugar and Ethanol</td>
<td>17</td>
<td>42</td>
<td>107,984</td>
</tr>
<tr>
<td>Cargill Animal Nutrition</td>
<td>240</td>
<td>275</td>
<td>4,315</td>
</tr>
<tr>
<td>Cargill Industrial Specialties</td>
<td>4</td>
<td>5</td>
<td>163</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>529</td>
<td>816</td>
<td>14,432</td>
</tr>
</tbody>
</table>

*The waste disposal method was determined by the contracted company responsible for the work.

The figures for each type of waste generated indicate a constant decrease in the volume generated. Considering an estimate for the end of fiscal year 2016/2017, we project a reduction of 7% compared to fiscal year 2015/2016 and 25% compared to fiscal year 2014/2015.
Our environmental education projects
Learn about Cargill’s initiatives focused on the environmental awareness of children, youth, and adults.

Ação Renove o Meio Ambiente (Action to Renew the Environment)

WHAT IT IS
Carried out since 2010, this is an initiative of the brand Liza with the goal of offering consumers a practical and sustainable alternative for the environmentally correct disposal of spent cooking oil. Currently, it has over 660 collection points in 8 Brazilian states: São Paulo, Rio de Janeiro, Minas Gerais, Goiás, Santa Catarina, Paraná, Rio Grande do Sul, and Mato Grosso do Sul.

HOW IT WORKS
Cargill coordinates partnerships with supermarket chains, companies, and NGOs to implement a kitchen oil recycling and waste shipment system for biodiesel production. Lectures on recycling, environmental preservation, and environmental education and awareness actions are also part of the program.

2016 HIGHLIGHTS

Cooking oil, if dumped in sinks and drains, causes damage to the sewage system, and in some cases, may even impact the quality of water from rivers, dams, lakes, and groundwater. Thus, through the program, the population may correctly dispose of their waste and contribute to producing a more sustainable fuel. Since its launch in 2010, the program has already collected over 1.7 million liters of post-consumer cooking oil, sufficient to pollute up to 42.5 billion liters of drinking water, which is the volume of water necessary to supply the basic needs of the population of the city of São Paulo, with 11,967,825 people, for 32 days. According to the United Nations, each person needs 3,300 liters of water per month (about 110 liters of water per day) to meet their consumption and hygiene needs.

For more information on the locations of the stations, visit: http://www.liza.com.br/Sustentabilidade/Acao-Renove.

Eccarte

WHAT IT IS
A major initiative toward environmental education and awareness about recycling. The Eccarte project went to nine cities in the state of São Paulo, impacting 10,000 people.

How it works
Through the brands Liza, Elefante, and Pomarola, we carry out cultural activities centered around recycling. Over 10,000 PET bottles, 600 cans of Pomarola tomato sauce, and tens of kilos of cardboard that would have been discarded and considered unusable gained new meaning in the hands of students aged 6 to 16 from public schools in nine cities in the state of São Paulo. These municipalities were visited by a traveling truck that explained to the visitors how to recycle the various types of packaging.

BENEFITS
Children, youth, and adults gain awareness of their responsibilities concerning the generation and correct disposal of waste and recyclable packaging.

WHAT IT IS

HOW IT WORKS
Environmental educators in the school’s learning process throughout the school year, accompanied by the Environmental Department and the Board of Education, carry out awareness activities on environmental preservation and waste management issues, and the strengthening of the reverse logistics network of edible oil implemented by Preserva.

2016 HIGHLIGHTS
In 2016, a total of 49,848 students from 128 schools benefited from the program. The consolidated oil collection shows that 17,943 liters were collected, representing over 8,970 packages sent for recycling and BRL 7,177.20 reverted to the schools’ Parent-Teacher Associations (PTAs).
Life cycle analysis
A fundamental methodology for sustainability management, still seldom used in the Brazilian market, began to be applied by Cargill in 2016. Through this tool, focused on life cycle analysis, we were able to define the actual environmental impact of each phase involved in the development of a product. For this diagnosis, we chose the production chain of the Elefante brand tomato paste.

Thinking about the Future
Implemented in the municipality of Castro (PR) in 2014, along with the inauguration of our factory, the Geração Futuro (Future Generation) program has already benefited 591 young adults with 26 courses. Structured on three action fronts (citizenship, professional qualification, and entrepreneurship), in 2016 we began the line called entrepreneurial generation, through which we promote the development of a business ecosystem between young people and adults in the Castro region. Participants are encouraged to identify new business opportunities in the food value chain. As a learning strategy, at the end of the cycle, those responsible for the businesses with the greatest potential visited similar companies already consolidated.

Cargill Foundation
Created in 1973, the Cargill Foundation supports, develops, and implements social projects in the communities where the company is present. Our mission is to promote healthy, safe, sustainable, and accessible food from the field to the consumer’s table, disseminating knowledge and enabling initiatives that promote social change based on innovative actions that generate sustainability in the food production chain.

To this end, we rely on the partnership of volunteer employees, civil society organizations, institutions, and several associations that raise awareness toward the importance of healthy and balanced eating. In 2016, over 34,000 people benefited directly from the Foundation’s actions.

The 2016 portfolio

40 projects
38 volunteer committees
625 volunteers
52 municipalities
34,058 beneficiaries

Alimentação em Foco Award
The Cargill Foundation, in partnership with Enactus Brasil, annually holds the Alimentação em Foco (Food in Focus) Award, which focuses on innovative university projects in the area of healthy eating. Enactus is an international non-profit organization that fosters social entrepreneurship in universities. It operates in 36 countries and in over 1,700 educational institutions. The award is an innovative and transformative project.

The Cargill Foundation was established in 1973.

De Grão em Grão
Developed by the Cargill Foundation since 2004, the project De Grão em Grão (From Grain to Grain) qualifies the small producer of family agriculture to improve quality, diversification, and distribution of vegetables. In addition to improving the production routine, farmers are encouraged to form cooperative groups to expand marketing through federal incentive programs such as the Food Acquisition Program (PAA) and the National Food Program at Schools (PNAE).
Field research
In 2016, two diagnoses were performed:
- Diagnosis of 23 priority locations, based on secondary data
- More in-depth diagnosis of 4 locations: Goiânia (GO), Santarém (PA), Uberlândia (MG), and Três Lagoas (MS)

The plan is that, beginning 2018, our operations will be more coordinated with the results of these diagnoses.

Fountain of Youth
We promote the formation of healthy eating habits through the national campaign called Fonte da Juventude (Fountain of Youth). Created by the Novos Urbanos, a social behavior and consumption innovation group, the campaign promotes increased consumption of fruits and vegetables, and influences the agenda and public policies regarding eating and nutrition.

Food innovation (G4-SO1)
We believe in social change through innovative projects that promote sustainable food solutions. Therefore, we seek to develop and collaborate with actions that have the power to generate impact and change.

In 2016, we supported Refettorio Gastromotiva, a project designed by chef David Hertz, founder of Gastromotiva, and by chef Massima Bottura of the NGO Food for Soul. The initiative transformed the surplus of food served at the Olympic Village during the Rio 2016 Olympic and Paralympic Games into dishes prepared by renowned national and international chefs, all volunteers, to feed people in socially vulnerable situations. About 120 meals a day (lunch and dinner) were served free of charge, showing the power of food processing. From the initiative, approximately 6 tons of food was prevented from going into the trash. After the Olympics, Refettorio expanded its activities, and became a restaurant school and a hub for projects focused on food and social inclusion.

Education and food
To commemorate World Food Day (October 16), we launched the NutriQuiz app, which may be accessed on smartphones. Developed initially for a young audience, it is a question and answer game about food education. The user can, for example, understand the nutritional table and relate it to the ingredients that make up their food choices. For the Cargill Foundation, the app is an opportunity to interact with the audience and identify important issues to be worked on with society. The app is within everyone’s reach. Just download it from the Play Store or the App Store.

Partnerships for social change (G4-SO1)
The Cargill Foundation supports projects carried out by third parties, selected through public notice, with two central objectives: to engage our company in innovative proposals and to strengthen and recognize organizations that carry out important work in the country toward social change through healthy food.

<table>
<thead>
<tr>
<th>NAME OF THE PROJECT</th>
<th>SUPPORTED INSTITUTION</th>
<th>O QUE É?</th>
<th>BENEFICIARIES</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do Campo à Cidade (From the Field to the City)</td>
<td>Associação de Family-Farmers of Vinte de Março Settlement</td>
<td>We support initiatives to guarantee the permanent production and marketing of the inputs produced by the producers on the settlement, whose main source of income is the sale of fruits and vegetables.</td>
<td>20 family farmers</td>
<td>Três Lagoas (MS)</td>
</tr>
<tr>
<td>Bioma Verde Vida (Green Life Biome)</td>
<td>Instituição Verde Vida</td>
<td>Nearly 10,000 people in socially and nutritionally vulnerable situations are benefited through a community garden. Healthy food production is sold at affordable prices. The amount raised is used in social projects in the community itself.</td>
<td>10,000 people</td>
<td>Chapecó (SC)</td>
</tr>
<tr>
<td>Alto Arapiuns</td>
<td>Instituto Aeroclube</td>
<td>We support small farmers, through sustainable agriculture techniques, in the recovery of degraded areas.</td>
<td>100 members of riverine communities</td>
<td>Santarém (PA)</td>
</tr>
<tr>
<td>Geração (Generation)</td>
<td>Instituição Ação Moradia</td>
<td>We promote community entrepreneurship from the production of healthy foods. The project trained women in the areas of healthy food handling and entrepreneurship education.</td>
<td>40 women</td>
<td>Uberlândia (MG)</td>
</tr>
<tr>
<td>Cartas na Mesa (Cards on the Table)</td>
<td>Narrativa da Imaginação</td>
<td>Card game about healthy eating, malnutrition, and obesity, used as an educational tool, playful and interactive for children, youth, adults, teachers, and health professionals.</td>
<td>4,000 people</td>
<td>Uberlândia (MG)</td>
</tr>
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Year of good results

Our financial performance and recognition of our work

Read in this section
68 A year of overcoming
69 Awards and recognitions
A year of overcoming

In 2016, the Brazilian Gross Domestic Product (GDP) declined for the second consecutive year, with a decrease of 3.6% compared to 2015, when the economy had already retracted 3.8%. The data, published by the Brazilian Institute of Geography and Statistics (IBGE), confirmed the worst recession in Brazilian history. Despite negative GDP figures, Cargill ended 2016 with a net operating revenue of BRL 33 billion – a result that was quite expressive and higher than the previous year.

In 2016, investments totaled BRL 775 million, approximately BRL 140 million more than in 2015, confirming our commitment to the company’s growth plans in Brazil, even in an unfavorable scenario. We continue to believe in the recovery of the country’s economy and are committed to using our global knowledge and experience to overcome economic, environmental, and social challenges wherever we do business.


2016 Financial results*

Consolidated Cargill Alimentos (Cargill Agrícola S.A. + Animal Nutrition)

Net operating revenue: BRL 33,053 million

Result for the year: BRL 708 million

Shareholders’ equity: BRL 3,593 million

Investments: BRL 775 million

Total assets: BRL 13,177 million

* This year, we announced for the first time the consolidated result of Cargill Alimentos, which includes the results of Cargill Agrícola S.A. and Animal Nutrition.

Awards and recognitions

In 2016, we received several awards and recognitions for our joint work as a company and the individual performance of our professionals. Achievements such as these strengthen us and encourage us to further develop our business ethically and fairly.

Top of Mind

For the first time, in 2016, the Top of Mind – Datafolha survey conducted with over 7,000 people in all regions of Brazil – questioned consumers about 35 products used in the kitchen. When asked “What brand comes to mind?” in the cooking oil category, 46% of respondents answered: Liza. On the market since 1975, Liza oil is a trusted quality brand for Brazilians. In the new category of tomato sauces and paste, the Elefante brand has the largest recall, with 23% of mentions – and Pomarola, also our brand, ranked second, with 15%.

Exame Sustainability Guide

Our company was chosen one of the three most sustainable in the agribusiness sector, according to the Exame Sustainability Guide. The guide is the most respected survey on corporate sustainability strategy and in 2015 included the participation of 210 companies operating in Brazil.

2016 Financial results*

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Retorno para o acionista sector.

Our company won the 12th edition of the Best of Agribusiness award, as the largest company among the 500 in the sector. The award, an initiative of Globo Rural magazine and Editora Globo, in partnership with Serasa Experian, is the result of a ranking of companies based on performance and management, divided into 20 segments.

Launch of the Year

In the Salty Grocery category, our company received the Launch of the Year 2016 award, for the Elefante Sabores line. The award is promoted by SuperHiper Magazine, an official publication of the supermarket sector, in partnership with GIK Brasil.

Superior Taste

We won the ITQI Superior Taste Award for the Genuine White and Milk chocolates, in Brussels, Belgium. The two products were presented to a jury composed of renowned chefs and sommeliers from prestigious European institutions and evaluated based on the following criteria: first impression, aspect, aroma, texture, and flavor.

Sul for Export Award

Based on data released by the Ministry of Development, Industry, and Commerce, Amanhã Magazine promotes the Sul for Export Award, a ranking highlighting the ten largest exporting companies at the ports of Santa Catarina, Paraná, and Rio Grande do Sul. Cargill was recognized as the second largest exporter in the southern region of the country.

ABERJE Award

For the various actions carried out commemorating Cargill’s 150/50 years, which was attended by 190 subsidiaries, the company was the regional champion of the Brazilian Association of Business Communication (ABERJE) Award, one of the most important awards in the country in best practices.

Food Industry Lide Award

Cargill was the winner of the Export Industry category at the 2016 Food Industry Lide Award, presented at the 4th Brazilian Food Industry Forum, held by Lide – Group of Business Leaders and Lide Agribusiness, in Goiânia (GO).

Agroleite Award

Nutron, a brand of Cargill Animal Nutrition in Brazil, was voted, for the 15th time, the best company in the Nutrition category, according to the 2016 Troféu Agroleite award. The award is considered one of the most important and coveted in the sector.

Trusted Brands

For the 15th consecutive time, the Liza brand received the Trusted Brands Award from Seleções (Reader’s Digest) magazine in the category Edible Oil. Liza received a special mention at the event, for its invincibility and presence since the creation of the award.

Launch of the Year

The Best of Agroleite Award

Cargill was the winner in the Production Chain Management category of the Best of Dinheiro Rural award. The award elects the company that best communicates with its partners at all levels of its production process.

Launch of the Year

The Best of Dinheiro Rural

Cargill was the winner in the Production Chain Management category of the Best of Dinheiro Rural award. The award elects the company that best communicates with its partners at all levels of its production process.

Best Agribusiness Professional

The Confederação Fiscal Empresarial (CONFEB), one of the business schools of Federcorp University, held the first edition of the CONFEB Award, which includes the best professionals, projects, and suppliers in the tax area in Brazil. Cargill’s Tax Director, Andrea Anjos, was recognized as the Best Professional of the Year in the Agribusiness category.

Fi Innovation Awards

Cargill ranked among the top three finalists in the Most Innovative Food Ingredient category of the Food Ingredients South America Innovation Awards 2016, the region’s top award for the food and beverage ingredients industry. The company competed for the award with the Lévia +e solution – created by the Research and Development area, in partnership with the State University of Campinas (UNICAMP), and produced at our Mairinque (SP) and Ibirubara (GO) plants.

Abad Fornecedor Nota 10 (A+ Supplier)

Cargill received the 2016 Fornecedor Nota 10 Award in the “Salty Grocery” Product Basket category. The award is carried out by the Brazilian Association of Wholesalers and Distributors (ABAD) and by the Nielsen research company.
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### SPECIFIC DISCLOSURE INDICATORS

**CATEGORY: ENVIRONMENTAL**

**Water**

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<td>54</td>
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<td>55</td>
</tr>
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**Biodiversity**

<table>
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<th>DESCRIPTION</th>
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**Emissions**

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<td>56</td>
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<td>56</td>
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<td>57</td>
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<td>58, 59</td>
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<td>58, 59</td>
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<td>DMA-EN27 Extent of impact mitigation of environmental impacts of products</td>
<td>45</td>
<td></td>
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<td>DMA Compliance</td>
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### SIGNIFICANT FINES AND NON-MONETARY SANCTIONS

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<tr>
<th></th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Total monetary value of significant fines (BRL)</td>
<td>373,017</td>
<td>350,000</td>
</tr>
<tr>
<td>Total number of non-monetary sanctions</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Proceeding instituted through mechanisms of arbitration</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

In 2015, Cargill received 10 notices of instruction; in 2016, six. The notices of instruction in 2016 generated a total liability of BRL 373,017. The cases involving the company were:

- Três Lagoas (MS) – BRL 100,000
  - Reason: Emission of particulate matter not in compliance with the license.
  - Measures adopted: correction and monitoring.
- Três Lagoas (MS) – BRL 150,000
  - Reason: Emission of effluents not in compliance with legislation.
  - Measures adopted: Development of action plan to achieve the parameters.
- Goiânia (GO) – BRL 100,000
  - Reason: Disposal of a hazardous waste in a permanent preservation area.
  - Appropriate measures: Removal of waste from the site and training of employees so that the irregularity does not recur.
- Patrocínio (MG) – BRL 16,617
  - Reason: Operation without a license.
  - Measures adopted: The unit had applied for a license, but was already operating. The license has already been issued.
- Dourados (MS) – BRL 6,400
  - Reason: Absence of environmental license and disposal of waste not in compliance with legislation.
  - Measures adopted: no applicable, since we demonstrated that operations were conforming.

### Non-discrimination

- G4-HR4 Total number of incidents of discrimination and corrective actions taken | 75 |
- G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective eradication of child labor | 75 |

### Freedom of Association and Collective Bargaining

- DMA Freedom of Association and Collective Bargaining | 75 |

### Child Labor

- DMA-EN28 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective eradication of child labor | 75 |

### CATEGORY: HUMAN RIGHTS

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<td>39, 42</td>
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<td>DMA-EN18 Total number of hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations of the organization, including the percentage of employees trained</td>
<td>42</td>
<td></td>
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## Investments

- G4-HR2 Total number of hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations of the organization, including the percentage of employees trained | 39 |
Forced or Compulsory Labor

G4-HR6: Operations and suppliers identified as having significant risk for incidents of bonded or compulsory labor, and measures to contribute to the elimination of all forms of bonded or compulsory labor.

Most of Cargill’s operations are directly related to the agricultural sector, mainly for the origin of grains and raw materials. Since this sector concentrates the largest number of cases of bonded labor identified in Brazil, the company takes a series of measures to mitigate this risk and manage its supply chains in order to avoid such occurrences:

- The company is a signatory of the National Pact for the Eradication of Bonded Labor in Brazil, an initiative created by the Ministry of Labor and Employment (MTE), the International Labor Organization, the Ethos Institute, Observatório Social, and Repórter Brasil to involve companies and organizations with this aspect. Cargill participates in the group’s annual meetings and submits to this group annual progress reports as a way of providing visibility to the actions that have been developed to ensure compliance with the Pact.

- The company is associated with InPacto – Institute of the National Pact for the Eradication of Bonded Labor and a financial supporter of the institution.

- Regarding management processes, today Cargill has an automated central system to block, in our procurement, billing, and receiving control systems, those employers listed in the bonded labor black list. In practical terms, all CNPJ’s (Corporate Taxpayer Numbers) included in the official list of the Ministry of Labor and Employment (MTE) are blocked in Cargill’s computer systems, so that it is not possible to make purchases, sign contracts or receive goods from companies or individuals in this list. This blocking model ensures that negotiations with long-term delivery of goods are also covered by the blocking mechanism. For example, a purchase made months before the harvest (delivery of goods) is subject to assessments upon delivery of the product to Cargill and until settlement of the related debts.

In short, if a company has sold goods to Cargill and has been included in the bonded labor black list at any time between the signing of the contract, delivery of goods and/or payment of debts, Cargill can identify this situation and cancel all negotiations with that supplier. To this end, all Cargill contracts have a clause that provide on the obligations of company suppliers and contractors and ensures the right to impose sanctions, such as suspension and cancellation of contracts that are not in compliance with these terms.

- The standard draft of raw materials, products and services contracts today has a specific clause that establishes as a basic condition for commercial relations the respect for public policies related to bonded labor, in addition to restrictions and sanctions if the supplier uses or is accused of making use of bonded or compulsory labor.

Security Practices

G4-HR7: Percentage of security personnel who have implemented the organization’s human rights policies or procedures that are relevant to operations.

39

Indigenous Rights

G4-HR8: Total number of incidents of violations involving rights of Indigenous peoples and actions taken in this regard.

76

Assessment

G4-HR9: Total number and percentage of operations that have been subject to human rights reviews or impact assessments.

76

Human Rights Grievance Mechanisms

G4-HR10: Percentage of new suppliers that were screened using human rights criteria.

42

CATEGOR Y: SOCIAL

IMA Local Community

G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs.

2016 2015 2014

20.00% 13.61% 13.46%

There were no operations to implement community impact assessment programs or local community development programs.

Percentage of operations implementing community engagement programs

2016 2015 2014

0.00% 13.61% 13.46%
### Customer Health and Safety

**G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement**

Cargill Brasil has more than 15,000 suppliers. The total spent by the company on suppliers is USD 569,284,347. It is assumed that Cargill Brasil’s suppliers compatible with the procurement policies are those managed by the Strategic Sourcing & Procurement (CSSP) area. The total spend managed by CSSP is USD 477,375,371. Thus, the percentage of volume purchased from suppliers compliant with company’s procurement policy is 84%.

**G4-FP8 Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.**

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Cargill has the Food Legislation Guide available to its employees, with a focus on food labeling. In this document, the applicable regulations are organized and can be accessed in the Federal Official Gazette.

For products sold in retail, Cargill has the Customer Service Department (SAC) and websites with information for consumers. In all websites of our brands, we have the session “Contact Us,” through which it is possible to send emails that will also arrive at the Customer Service.

All food additives, including coloring and flavor enhancers, when used in the composition of products, must meet the use limits established by product category and in accordance with Brazilian legislation. Similarly, consumer information should be properly provided when food additives are present in our products and when food and food ingredients intended for human or animal consumption contain or are produced from genetically modified organisms in accordance with requirements and limits laid down in national legislation, and pursuant to Cargill’s Food Safety Policy.

The ingredients and nutrients used to produce the products must comply with legislation, considering the final product to be consumed and the requirements of Cargill’s Food Safety Policy, so that they are safe to health.

Training conducted in 2016 with the teams, including the Marketing area, to adopt Cargill’s procedures to review labeling for new products and items already available on the market provided greater clarity of responsibilities and areas that should be involved in order to ensure that labeling is appropriate to consumers and complies with legislation and Cargill’s policies.

In 2017, an assessment of results and a monitoring process will be carried out to define additional actions required, by business.

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### Food Sector Supplement

<table>
<thead>
<tr>
<th>ASPECT</th>
<th>DESCRIPTION</th>
<th>PAGE/DISCLOSURE</th>
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<tbody>
<tr>
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