National Foundation for Women Legislators

September 12, 2015

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Cargill At a Glance

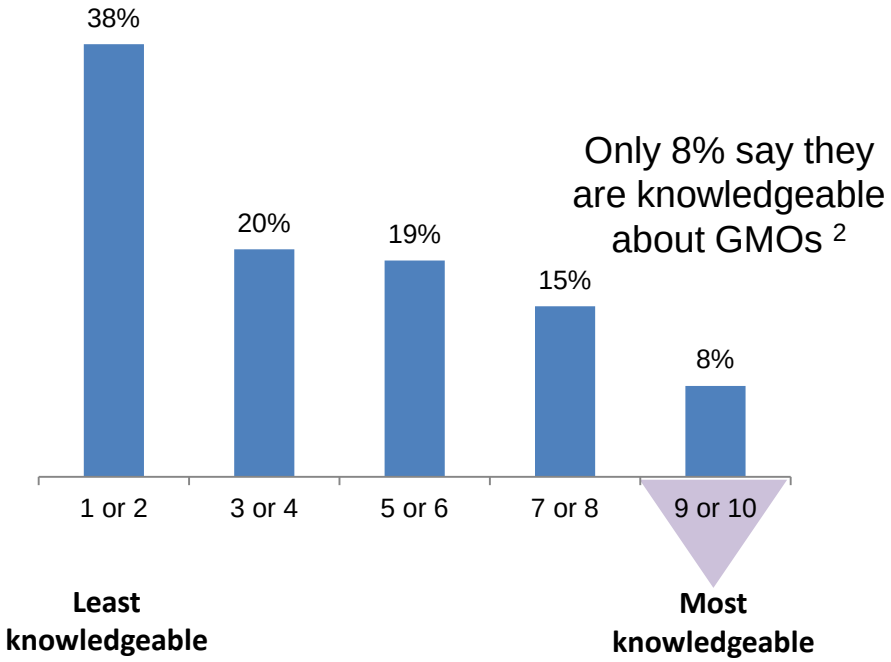
- Founded in 1865
- 143,000 employees
- 67 countries in more than 1,000 locations
- Key businesses: Ag, Food, Finance, Industrial
- $134.9 billion in revenue (Fiscal 2014)
- *If public, Cargill would rank 29th in the Global Fortune 500*

This landscape is complex and uncertain

- 70-80% of processed foods sold in the U.S. contain at least one GM ingredient
- 60+ countries now have GM labeling laws
- FDA does not require the labeling of GM food -- unless there is a “material difference”
- No government standard for voluntary GM or non-GM label claims
- Mounting pressure to label in the U.S.

While most consumers are aware of GMOs, understanding is low

55% of U.S. consumers are aware of genetically modified foods, up from 43% 10 years ago [1]



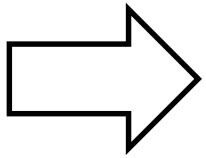
% general population level of knowledge regarding GMOs

- Just 25% of U.S. consumers believe they have ever eaten a GMO food [3]
- Only 43% of consumers are aware that GM foods are currently sold in supermarkets [3]
- Only 7% mention GMOs when asked: What information would you like to see on food labels that is not already there? [3]

Sources: 1. The NPD Group 2013, 2. Natural Marketing Institute U.S.Database 2013, 3. Rutgers University poll cited in Washington post article Jan 14, 2014
http://www.washingtonpost.com/lifestyle/food/gmo-labeling-is-the-fight-worth-it/2014/01/13/f7fa1352-7728-11e3-b1c5-739e63e9c9a7_story.html

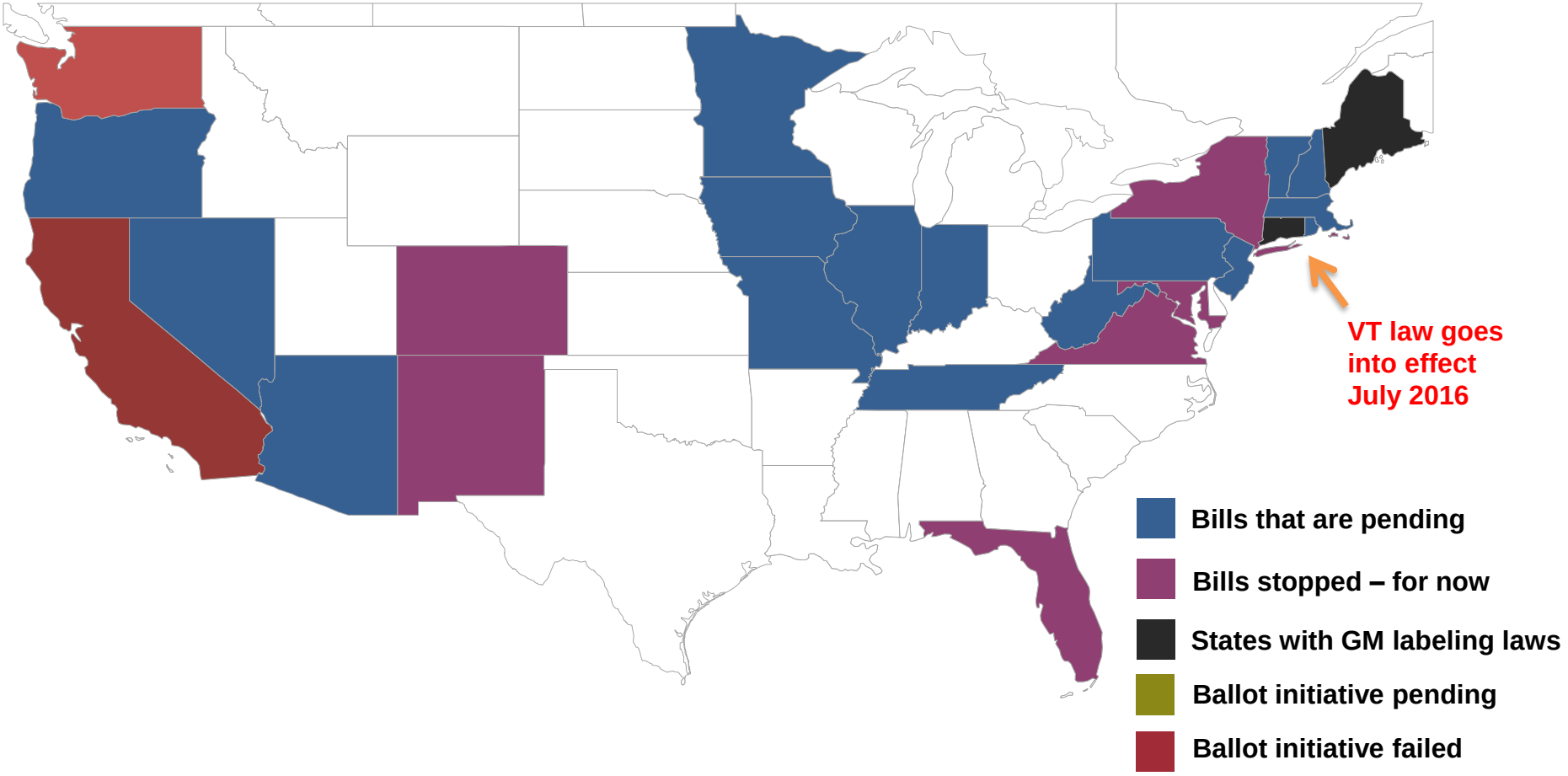
Non-GMO in the US Market

- Non-GMO is a small yet growing niche within the food sector
- Cargill is partnering with customers to assess sourcing options and the value proposition of non-GMO for their products and brands
- Cargill's non-GMO portfolio will expand in 2015-2016



Cargill partners with customers to define the demand picture and provide insight into the costs and availability of different sourcing options

The GM labeling debate is currently playing out at the local, state and national level



Labeling proponents remain focused on winning in the states -- food companies have spent millions to defeat GM labeling mandates

2014 Ballot Initiatives

VOTERS REJECTED GMO LABELING INITIATIVES IN BOTH OREGON AND COLORADO

- Initiatives would have required mandatory labeling effective July 1, 2016
- Colorado voters rejected Prop 105 69% to 31%
- A bare majority of Oregon voters rejected Measure 92, which failed by only 812 out of 1,506,144 votes cast.

Proponents and opponents spent considerable amounts in both states

- Oregon: OPPONENTS spent $35 million; SUPPORTERS spent $11 million
- Colorado: OPPONENTS spent $7.5 million; SUPPORTERS spent $712K

Pre-emptive federal legislation faces stiff headwinds, but odds are improving

- A Federal food labeling law could prevent a state-by-state patchwork
- Republican majorities in the House and Senate increase odds for success this year
- Industry-backed legislation to pre-empt state GMO labeling laws (HR 1599) passed the House in July 2015
- Senate is urged to take action this Fall

Vermont's mandatory labeling law will take effect July 2016 unless Congress or the courts intervene

Our Views

- Uniform food labeling requirements serve the interests of all stakeholders
- Government-mandated food labeling should be limited to information that helps protect consumer health and safety (eg nutrition, allergens, etc.).
- Right-to-Know ≠ Government labeling mandate
- Consumers who elect to avoid GMOs should have access to products and information that enable them to exercise that choice
- A clear regulatory standard for products with voluntary GMO/non-GMO marketing claims would create a level playing field for industry and reduce consumer confusion

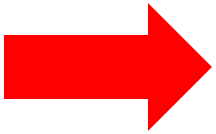
Mandatory GM Labeling Impact

- Food Costs

- Food Availability

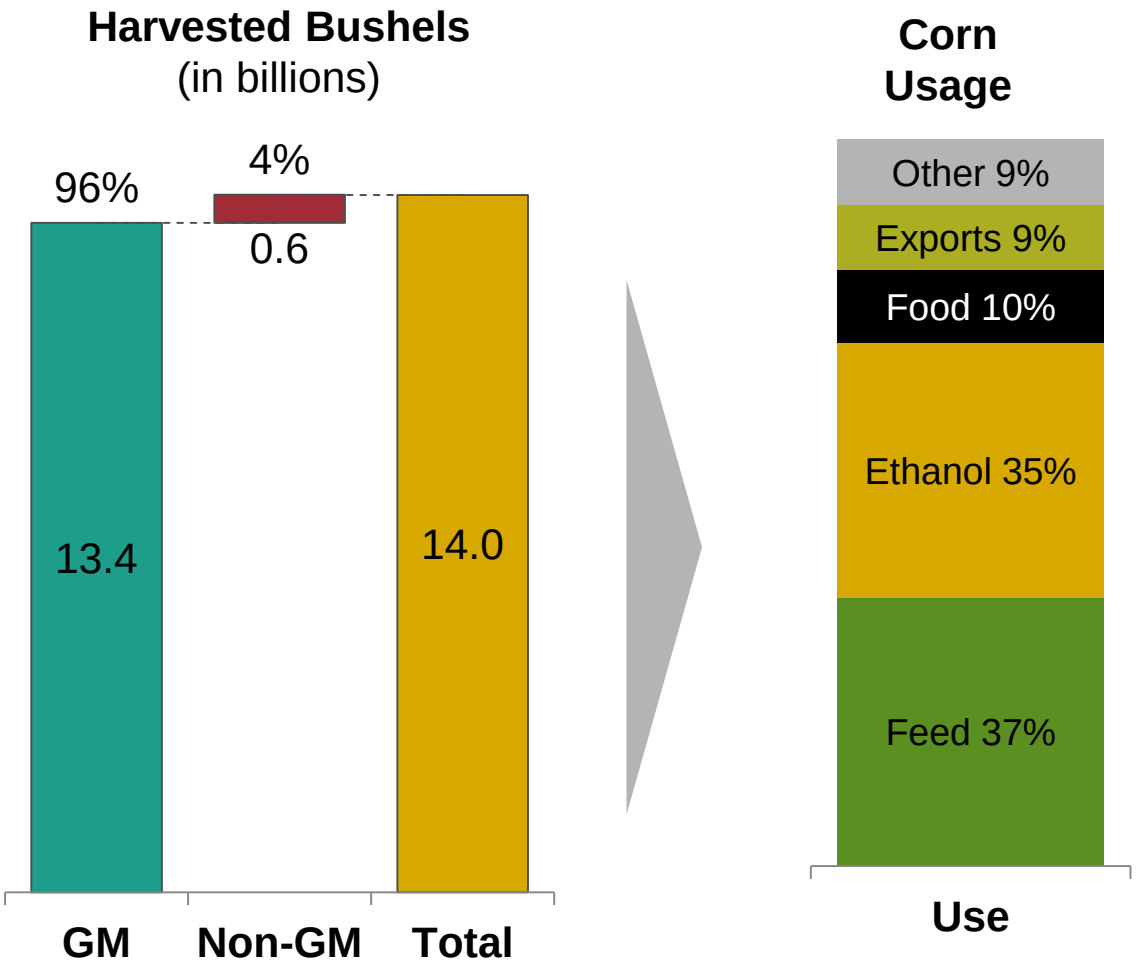
Additional impact if consumers reject food biotechnology:

- Sustainability of food production
- Food security (food cost and availability)
- Farmer incomes & livelihoods
- Consumer health (product safety and nutrition)



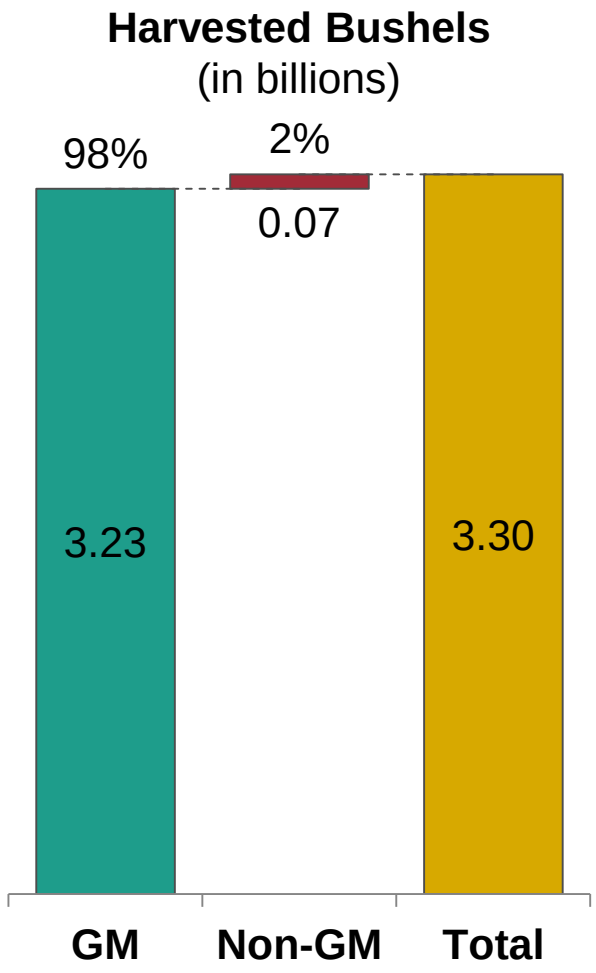
Many variables make it difficult to predict impact of a GMO labeling mandate in the U.S.

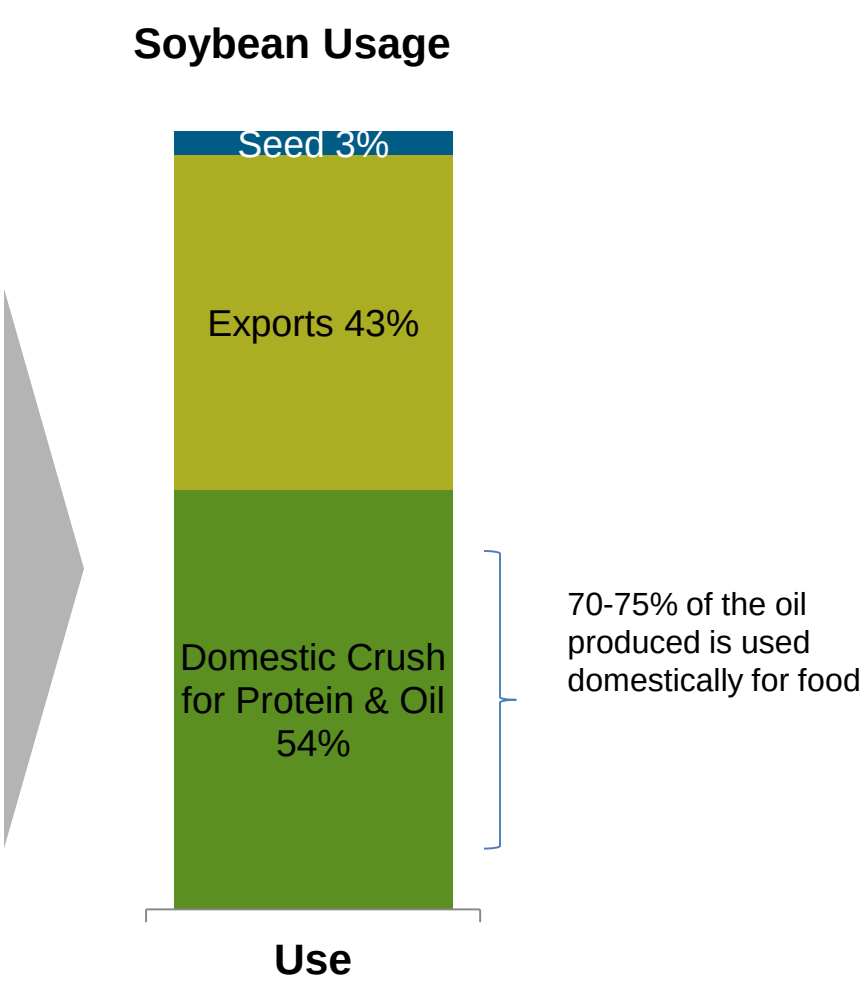
Food companies face stiff competition when sourcing U.S. produced non-GMO corn



Source: Cargill

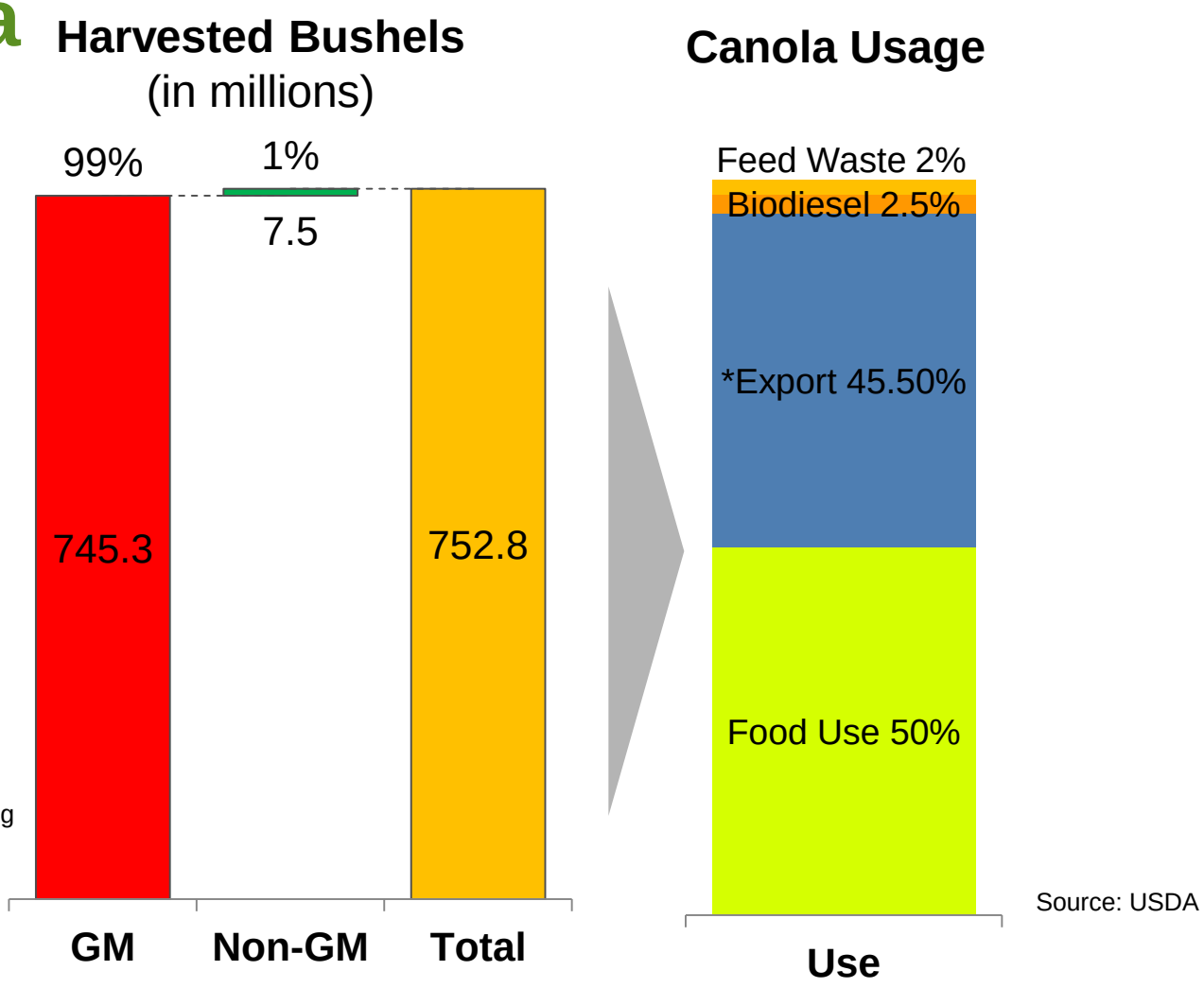
Domestic crush consumes 50+% of U.S. soybeans and is driven by livestock producers who may not demand non-GMO





Source: Cargill

High growing costs limit availability of non-GMO canola

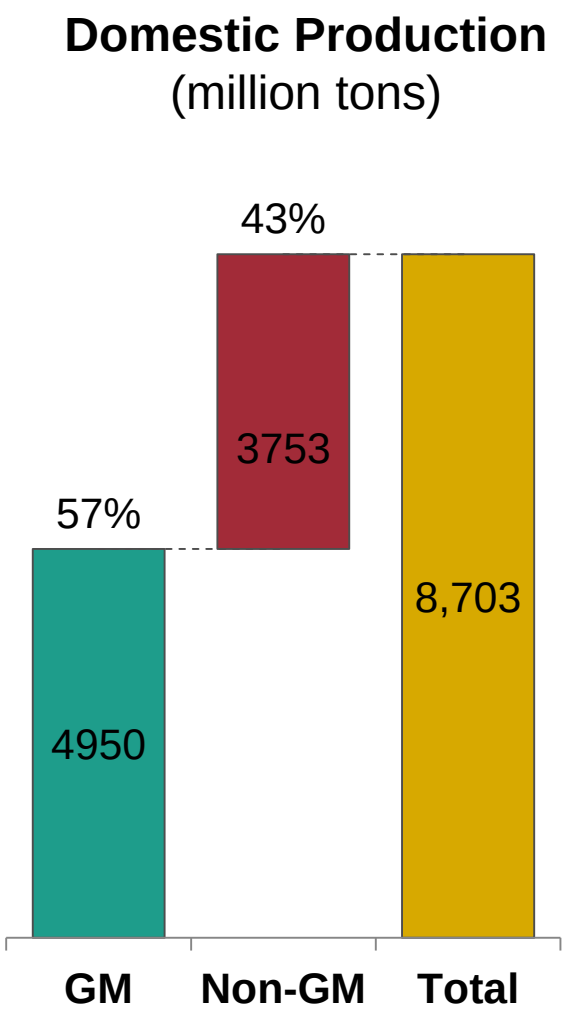


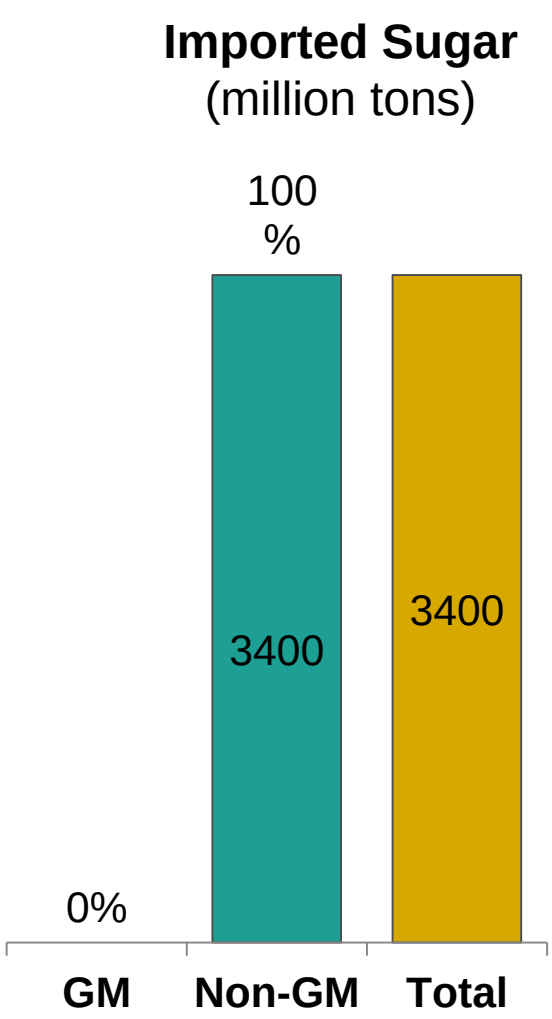
*Export excludes US imports; considering US & Canada as domestic China main importer

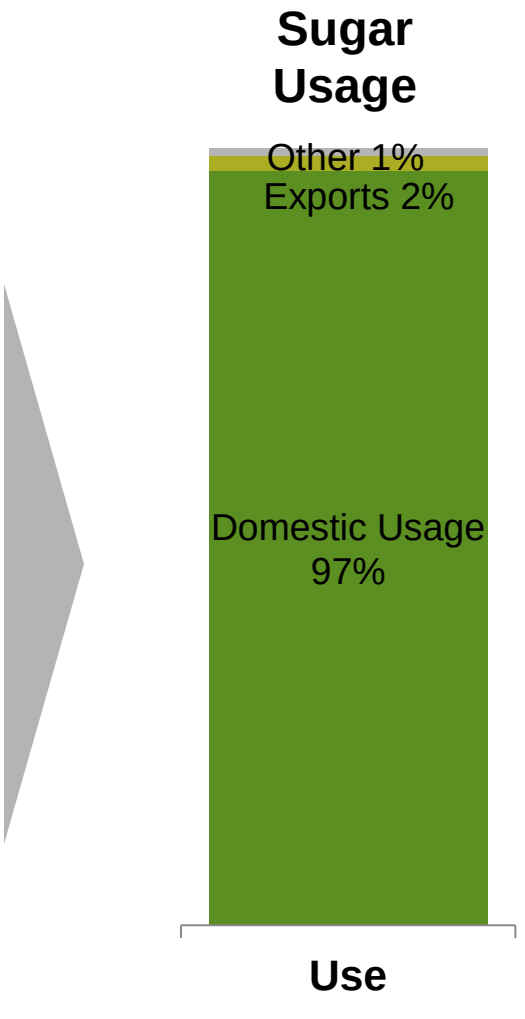
Source: USDA

It would take time (3-5 years to have a sizable non-GMO commercial canola offering) to meet domestic food and non-food demand

U.S. beet sugar industry fully converted to GMO seed, sugar cane not yet commercialized







Source: Cargill

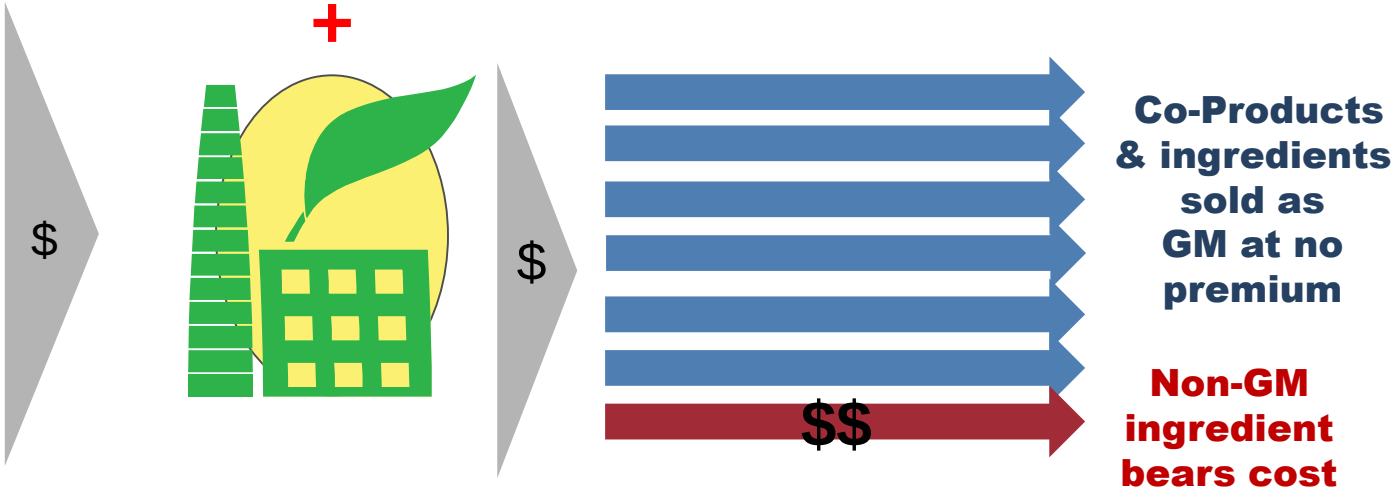
Non-GMO ingredients can bear the additional supply chain and processing costs

Raw Material Costs +

- Farmer incentives
- Segregation & Handling
- Transportation
- Testing

Handling & Processing Costs +

Cost Distribution



Market demand may not exist for all non-GMO co-products and ingredients produced, resulting in all or a disproportionate share of extra costs to produce non-GMO absorbed by the non-GMO ingredients

GMO crops provide farmers many more advantages

Non-GM Advantages

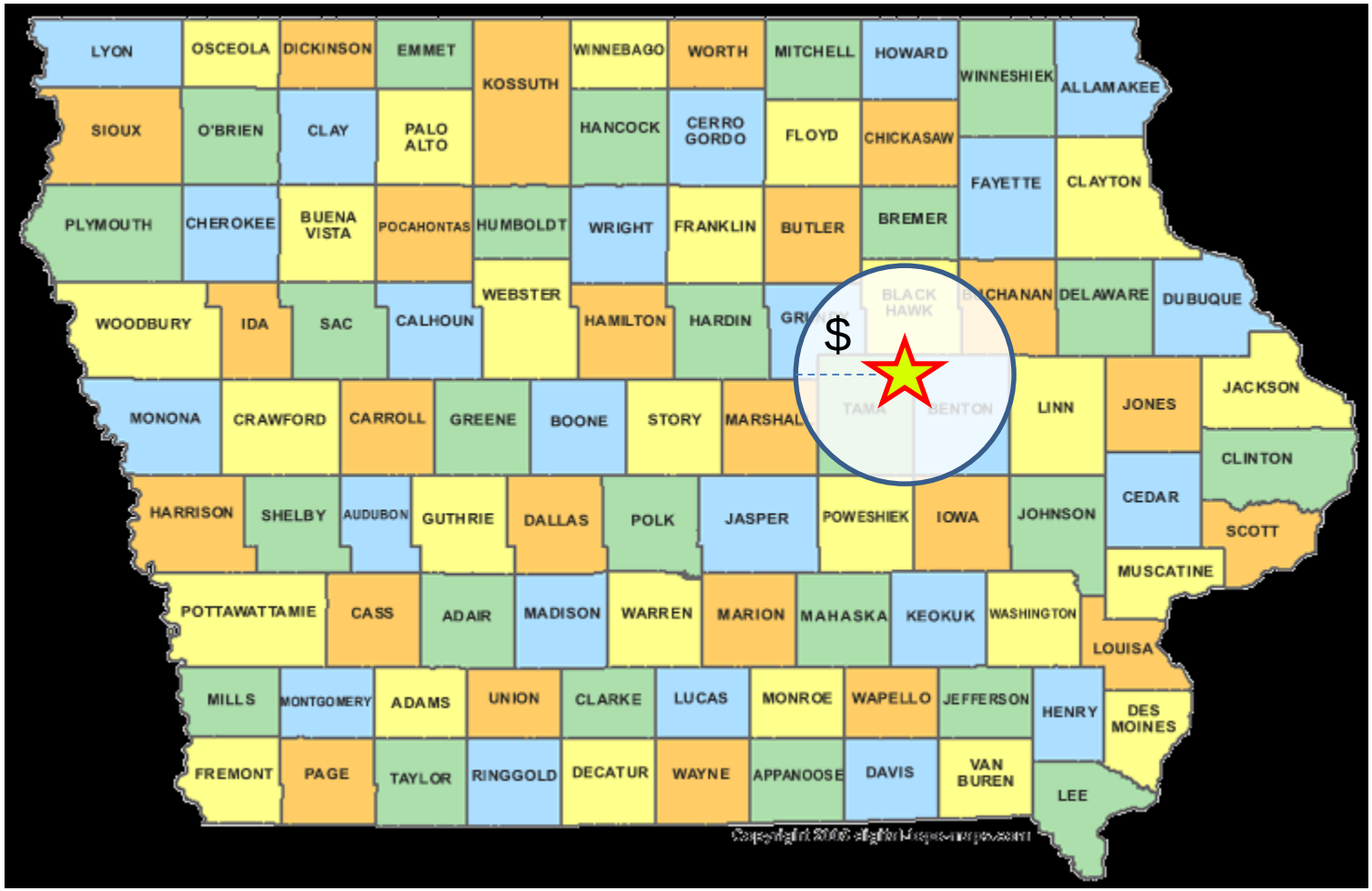
- SEED COST
- FLAT PRICE

GM Advantages

- WEED / INSECT CONTROL
- PLANT HEALTH
- YIELD
- CASH FLOW (FARMER NEEDS $$)
- MARKETING FLEXIBILITY (BEST DESTINATION)
- DELIVERY FLEXIBILITY

The farmer premium needed to change this incentive structure would be significant

Concentrated origination of GMO crops minimizes storage and transportation costs



What would this illustrative model look like for non-GM?

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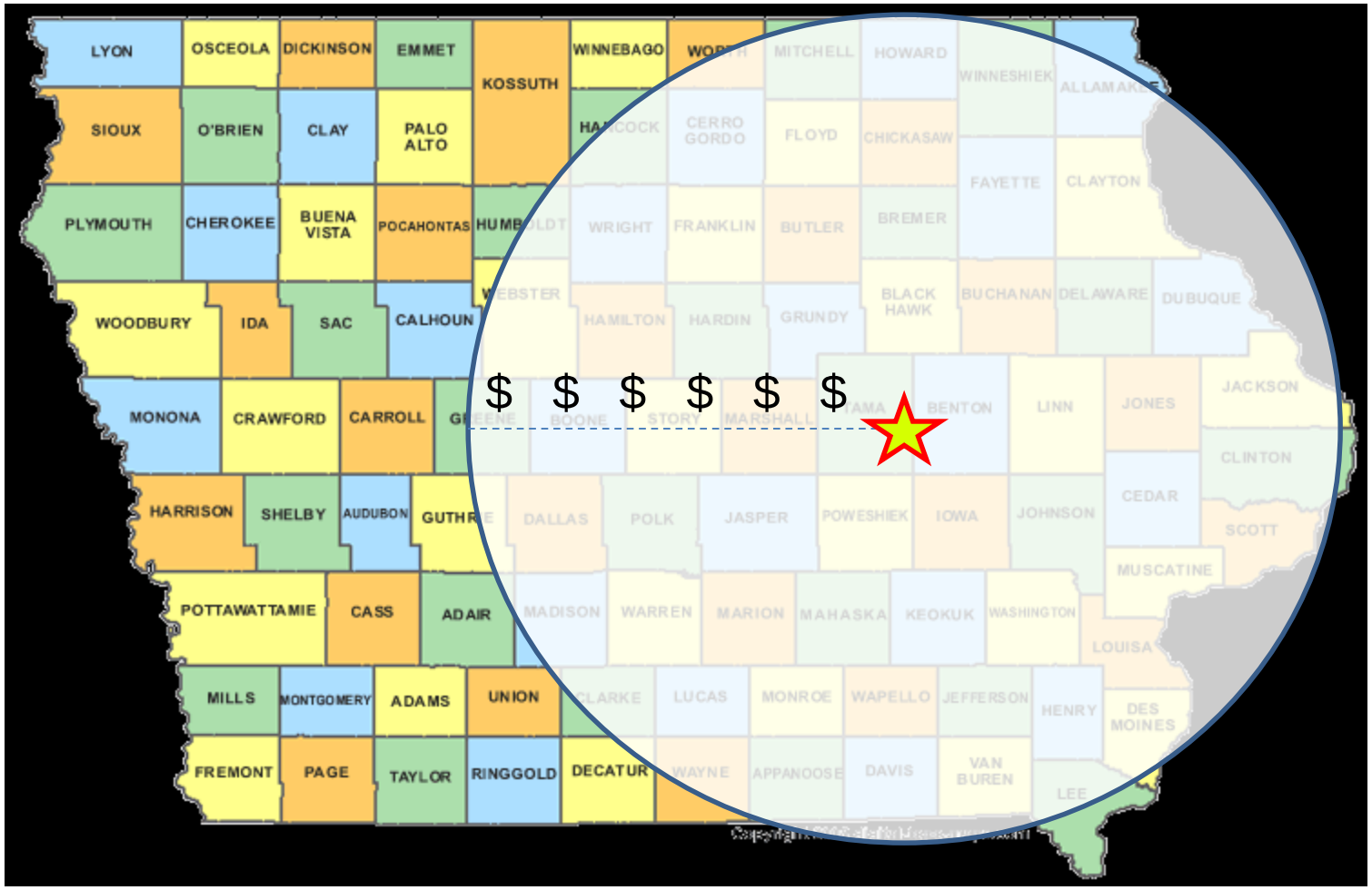
This footprint would grow exponentially if non-GMO crops were sourced



The specific costs associated with this change to the current origination model are dependent on many variables

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GMO crops have a positive impact on sustainability (example is a current Cargill customer)

- Biotech corn is good for small and large producers
- Gordy moves from applying 855 lbs. of pesticides to 260 lbs.
- He reduces his input costs on this field by $2,320 and nets a “per bag” saving of $112.50
- Gordy’s Environmental Impact Quotient goes from 100 to 42 as a result of his biotech decisions

Source: Cargill AgHorizons analysis of farmer practices

Gordy Johansens’ (real U.S.-based farmer) 80 acre field (circa 2010)

70% reduction in pesticides

60% improvement in costs

52% reduction in environmental impact

Thoughts for Policymakers

- GMO can help meet global demand for safe and nutritious food over the long term
- GMO is the cornerstone of a more sustainable food system
- Biotechnology policy includes the approval of new traits, crop production/use and product labeling
- Public policies have the potential to either improve or disrupt the implementation of agricultural biotechnology
- Decisions about how to regulate biotechnology can a significant impact on food prices and availability and global competitiveness of agricultural sector

Biotechnology Policy

Consider the impact of biotechnology policy on:

- Public health
- Environment
- Consumer confidence in food safety
- Food cost and availability
- Economic competitiveness and trade

Final Thoughts for Policymakers

- Balance innovation and trade
- Allow for the coexistence of commodity and specialty supply chains
- Move towards regulatory harmonization—nationally and internationally

THANK YOU!


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