

2008 Global Accountability Report

Accountability Profile



CARGILL

BACKGROUND

Cargill is a private multinational corporation, which specialises in agriculture, food and beverage ingredients, meat products, industrial agricultural (salt and starch) and steel products, and risk management products and services. Cargill operates 80 business units located in 67 countries globally

ORGANISATIONAL STRUCTURE

Cargill is a privately held corporation. The vast majority of its shares (over 90%) are owned directly or indirectly by members of the Cargill and MacMillan families. A small minority percentage of Cargill's shares are owned by employees through an Employee Stock Ownership Program (ESOP), by certain senior management employees and retirees, and a holder of a small number of shares of special preferred stock. The shareholder elect a Board of Directors, one third of which are Cargill and MacMillan family members, one third senior management employees, and one third independent directors.

ACCOUNTABILITY SUMMARY

TRANSPARENCY

Cargill does not have a specific policy guiding transparency, but internal documents outline policy for addressing requests for information at the corporate level. There is also a stated commitment to transparency in *Cargill's Communications Philosophy*. The *Cargill Salaried Employee Handbook* also provides information about how US employees should deal with requests for information. However none of these documents provides a narrowly defined set of conditions for non-disclosure, and there is no appeals process if a request for information is denied.

Information disclosure and transparency practices are coordinated by lead staff in many departments, including Corporate Affairs, Law, Environment, Health and Safety, and Corporate Financial Reporting. Training on information disclosure and transparency policies is provided to staff most likely to interact with public audiences. The Global Corporate Affairs department also runs a training programme for all new staff which addresses all corporate requirements and policies. Neither *Cargill's Communications Philosophy* nor its *Salaried Employee Handbook* are publicly available.

PARTICIPATION – EXTERNAL STAKEHOLDER ENGAGEMENT

Guidelines for engagement with external stakeholders are provided in the (US) *Salaried Employee Handbook*, on the Cargill Intranet website and in the *Corporate Requirements* documents for Corporate Affairs. However, none of these documents provide specific information about Cargill's approach to stakeholder engagement. Cargill does have long-term global partnerships with nine major international NGOs, however engagement with NGOs tends to be on an ad hoc basis, rather than according to particular guidelines. There are no policies to indicate whether external stakeholders may initiate engagement, or whether Cargill will make public the outcomes of any external stakeholder engagement.

At the corporate level, the Assistant Vice President for Corporate Affairs is responsible for overseeing stakeholder engagement, including management and monitoring of relationships with NGOs, multi-stakeholder initiatives, and affected communities. At the business unit level, business unit and Corporate Affairs staff share responsibility for external stakeholder engagement. Cargill develops, organises and provides training and workshop sessions for relevant team members, and has also engaged external consultants to develop case study and training materials for dissemination within these teams. Information about Cargill's participation policies are not widely available to external stakeholders.

PARTICIPATION – MEMBER CONTROL

Family shareholders own over 90% of Cargill stock, and the Employee Stock Ownership Plan (ESOP) plus certain senior managers, retirees, and preferred stock holders, account for the remaining 10% of stock. The Cargill Board of Directors is elected by the family shareholders at the annual meeting. Candidates for election are proposed by the Board of Directors from three groups: Cargill and MacMillan family members, Cargill senior management, and independent individuals. All shareholders cannot add agenda items to the annual meeting, but in other respects Cargill has fairly equitable member control and falls in the mid range of the corporate sector.

Headquarters: Minneapolis, USA

Countries of operation: 67

Gross profit: US\$ 3.64 billion (FY2008)

Employees: 160,000

Website: www.cargill.com

Accountability Initiatives signed up to:

- Roundtable on Sustainable Palm Oil
- Roundtable on Sustainable Soy
- SEDEX (in progress)

2008 GLOBAL ACCOUNTABILITY REPORT RATINGS			
Dimension	Score	TNC Rank	2008 Rank
Transparency	44%	3=	12=
Participation: External Stakeholder Engagement	22%	7	26
Participation: Member Control	83%	3=	17=
Evaluation: Environmental	64%	8	-
Evaluation: Social	13%	8	-
Complaints & Response: Internal	61%	5	15
Complaints & Response: External	21%	6	18
Overall	44%	7	24

= denotes tied ranking

EVALUATION

Cargill makes a commitment to evaluating environmental impact in its *Corporate Requirements*. In its *2007 Corporate Citizenship Report*, Cargill also lists four environmental goals regarding greenhouse gas intensity, water use efficiency, energy efficiency and renewable energy. Cargill provides data collection guidelines, performs quarterly audits, and has provided training in support of these commitments. There is no specific policy on evaluating Cargill's social impact and Cargill makes no commitment to engage external stakeholders in environmental or social impact evaluation. It also does not commit to disclosing the outcome of any evaluation.

The Corporate Vice President for Environment, Health and Safety is responsible for overseeing the Environmental audit process and reporting. Responsibility for overseeing social impact evaluation is spread across several departments, including Corporate Affairs/Community Relations, Law, Environment/ Health and Safety, and Human Resources. The Cargill Environment, Health and Safety Department shares best practices in environmental management across business units via the Cargill intranet. Cargill also holds Environmental Awareness seminars and quarterly town hall conference calls to share best practices within the company.

COMPLAINTS AND RESPONSE – INTERNAL AND EXTERNAL COMPLAINTS

The *Cargill Salaried Employee Handbook* outlines several internal complaints mechanisms. The *Ethics Open Line* provides a means for employees to report concerns regarding fraud, misconduct and non-compliance with organisational policies. The guidelines in the *Handbook* commit to maintaining the confidentiality of complainants and protecting them from retaliation, however these policies only apply to US employees. Employee handbooks for other countries were not reviewed as part of the assessment.

The Cargill Business Conduct Committee and the Cargill Law Department have the responsibility for monitoring the *Ethics Open Line*. Training is provided for both Law and HR Law staff responsible for implementing the *Ethics Open Line* policy. All business units are required to 'prominently publish' the telephone number of the *Ethics Open Line*.

Cargill's standard procedure for handling external complaints is to direct the complaints to Corporate Affairs for review and internal distribution. The departments of Corporate Affairs, Community Relations, Communication and the Web Team determine where to direct the inquiry. However, there are no documents specifying procedures or making commitments to key good practice principles such as confidentiality.

The Corporate Vice President for Corporate Affairs, with assistance from accountability leads in Community Relations and Corporate Communications, assumes responsibility for overseeing external complaints handling. Depending on the topic complaints may be handled in collaboration with other departments. Accountability leads receive training on how to respond to and investigate external complaints. However, there is no publicly accessible policy on external complaints handling.

ONGOING ACCOUNTABILITY REFORMS

Cargill is developing new training curricula and case study modules, including external stakeholder engagement, which should roll out by May 2009. Cargill is in the process of reviewing its monitoring process for both social and environmental indicators. In addition, Cargill is working towards using the SEDEX system for tracking and reporting on its social impact.

PERFORMANCE SNAPSHOT

As a privately held company, Cargill is not subject to the same accountability pressures from shareholders and regulators as most other companies. Although Cargill often lacks written policies and commitments to key good practice principles, it consistently has leadership and training which support practice in all four dimensions of accountability capabilities. Furthermore, Cargill's member control is fairly equitable and its transparency capabilities are above the corporate sector average. Cargill therefore ranks 7th in the corporate sector and 24th overall.

