

# Climate Related Financial Risk Disclosure California SB 261

#### Overview

Cargill, Incorporated ("Cargill" or the "Company") provides this disclosure to comply with California Health and Safety Code ("H&SC") § 38533 pertaining to climate-related financial risk reporting. Cargill is a family-owned company providing food, ingredients, agricultural solutions, industrial products, and financial services to customers worldwide. Pursuant to H&SC § 38533(b)(2), this report is submitted on behalf of Cargill and its subsidiaries that are subject to climate-related financial risk reporting requirements.

This disclosure has been prepared using the **Task Force on Climate-related Financial Disclosures (TCFD)** framework. This disclosure addresses all four elements of the TCFD framework:

- 1. Governance
- 2. Strategy
- 3. Risk Management
- 4. Metrics and Targets

#### 1. Governance

#### Board and management oversight of climate related risks and opportunities

Overall responsibility for sustainability and ESG rests with the CEO, who also serves as Board Chair on Cargill's Board of Directors (BOD). The CEO collaborates closely with the Chief Sustainability Officer (CSO) to evaluate and address ESG risks, opportunities, and impacts, guiding the company's overarching business strategy and reporting practices. Reporting to the CEO, our CSO is entrusted with leading Cargill's comprehensive ESG strategy and monitoring progress against ESG goals and targets. To fortify ESG governance and accountability, Cargill also has an executive-level ESG Governance Committee, chaired by the CSO, that monitors progress and assists in strategic planning and alignment across the company.

The Environmental, Social, Governance ("ESG") Committee seeks to assist the Cargill Executive Team in fulfilling its leadership and oversight of responsibilities related to, but not limited to, social and environmental sustainability, corporate responsibility, ESG governance, community relations and review of implications of public policy matters related to ESG topics (collectively "ESG matters"). The ESG Committee is a cross-functional management committee of the Company that includes the Chief Executive Officer, Chief Sustainability Officer, Chief Financial Officer, General Counsel and Vice President of Corporate Audit. It assists the Company's executive leadership team in:

- a) Ongoing oversight of corporate and enterprise-level ESG strategies to ensure a collective approach, as well as protect the company's brand, reputation and license to operate.
- b) Assess and approve or reject proposed ESG hurdle criteria embedded in the approval processes for organic and inorganic investments over certain thresholds (CapEx, MADJV, etc.).

- c) Evaluate progress against the company's ESG goals and strategic priorities and identify opportunities to address performance gaps and barriers.
- d) Monitor current or emerging regulatory, customer and science-based ESG matters or trends that may affect the business, operations, reputation or performance of the Company, and advise on how to adapt policies, practices and communications in response to those trends.
- e) Ensure appropriate systems are in place to monitor and address ESG risks and impacts across the Company's operations and supply chains.
- f) Consider and recommend new policies, programs, practices and/or external disclosures that align with and help advance the Company's ESG strategy.

Finally, Cargill's Enterprise Risk Management (ERM) program strengthens governance by integrating a company-wide approach to identifying, assessing, and managing significant risks that could impact strategic objectives. It promotes accountability, with risk ownership embedded across businesses and regular reviews by leadership and the BOD. The program applies a holistic view of internal and external risks, prioritizes significant risks through assessments. By integrating risk insights into strategy and decision-making, ERM enables leaders to balance risk and opportunity and drive growth.

## 2. Strategy

Climate change presents both physical and transition risks to Cargill's global operations and supply chains. To prepare for these challenges, Cargill assesses how a range of climate scenarios could affect its business through 2050. The Company's resilient portfolio of agricultural assets and supply chains is managed with a long-term view, and climate considerations increasingly inform decisions on operations, supply chains, product development, services, and investments in research and innovation.

# Climate-related risks and opportunities the organization has identified over the short, medium, and long term

Cargill evaluates climate risks across three (3) time horizons – short term (0 - 3 years), medium term (4 - 10 years), and long term (11 - 30 years) – aligned with the Company's strategic priorities and asset lifespans. Cargill analyzes both low-warming and high-warming scenarios to understand transition and physical risks across its global footprint (see Risk Management section for more detail).

#### **Short-Term Risks**

Limited physical risks have been identified from climate change in the short term. Existing business continuity plans are considered sufficient, though chronic water stress – particularly within the protein business – remains a key area of concern. For more information on Cargill's water strategy, please see Land and Water chapter in Cargill's Impact Report.

Transition risks are primarily regulatory, driven by carbon reduction schemes and evolving disclosure requirements. To address these, Cargill has established robust compliance processes at local, national, and global levels, while also working with customers on climate solutions.

#### **Medium-Term Risks**

Over the medium term, exposure to climate-related physical risks increases across all scenarios, with the most significant expansion under a high-warming (RCP 8.5) pathway affecting regions such as Europe and Southeast Asia. Chronic water stress remains a central driver of climate risk, with regional variations under different scenarios. For more information on Cargill's water strategy, please see Land and Water chapter in Cargill's

#### Impact Report.

Transition risks in this period are shaped by new regulations and reputational considerations. These risks are managed by cross-functional teams – including Government Relations, Corporate Responsibility, and Communications – that work with business leaders to develop processes aligned to local priorities and stakeholder expectations.

### **Long-Term Risks**

By 2050, climate-related risks intensify further, particularly in North America and Brazil, where temperature rise and escalating water stress are expected to be most pronounced. Transition risks include evolving market dynamics, tightening regulatory frameworks, and operational challenges related to commodity sourcing, financing, insurance, and shifting consumer preferences. Given their long-term nature, these risks are managed at the global level through Cargill's enterprise risk management program, integrating climate considerations into strategic planning alongside other critical business risks. Our sustainability team works directly with our business leaders to integrate critical mitigation actions related to climate risk into business processes. Learn more about our organizational resiliency efforts below. Regulatory outcomes will vary depending on mitigation pathways: aggressive action could accelerate decarbonization requirements, while moderate pathways may increase adaptation needs and physical impacts.

#### **Opportunities**

Climate change also creates opportunities. Shifting consumer preferences are driving demand for sustainable solutions, and Cargill's strategy leverages technology, digitalization, and improved farming practices to enhance productivity and resilience. Cargill's global R&D network, enterprises, and sustainability team supports product innovation, methane-reduction solutions like <u>SilvAir™</u> and <u>Reach4Reduction</u>, and scalable technologies that improve farmer resilience and customer outcomes. To learn more about opportunities, see <u>Cargill's Impact Report</u>.

# Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Cargill's sustainability strategy is anchored around three priorities: climate, land and water, and people. The Company aims to reduce the footprint of its products, provide feedstocks for lower-carbon fuels, and deliver solutions to help customers meet their own climate goals. For example, Cargill is scaling feed technologies that reduce methane emissions, enabling greenhouse gas reductions alongside improved farmer productivity.

#### **Organizational Resilience**

Cargill's operational resilience strategy includes corporate and site-level risk assessments, physical adaptation of assets, business continuity planning, and financial contingency measures. Insurance forms a key component of these contingency measures, acting as a financial risk transfer mechanism for physical climate risks. It provides liquidity and supports recovery following acute events such as floods, storms, or wildfires, helping to stabilize operations and cash flow.

Recognizing that climate risks are often location-and region-specific, Cargill's local businesses embed climate resilience into their business strategies and risk management processes. This includes incorporating significant climate risk into capital allocation and long-term planning decisions. Site-specific adaptation projects, improvements to structural standards for existing assets, and supply chain diversification are implemented to reduce vulnerability to extreme weather events. By combining financial risk transfer with proactive adaptation

actions, the Company aims to maintain resilience under a range of climate scenarios and safeguard business performance over the long term.

# 3. Risk Management

Cargill employs a scenario-based approach to identify and assess climate-related risks, using three Representative Concentration Pathways (RCP 2.5, 4.5, and 8.5) to model outcomes ranging from aggressive mitigation to a high-emissions trajectory. Risks are evaluated across three (3) time horizons – short term (0–3 years), medium term (4–10 years), and long term (11–30 years) – to understand immediate vulnerabilities, emerging risks through 2030, and long-term impacts that could shape investment decisions, infrastructure resilience, and overall business sustainability. This structured framework enables systematic assessment of both physical and transition risks, supporting informed decision-making and long-term resilience planning.

#### Process for identifying and assessing climate-related risks

Cargill classifies climate-related risks into three categories: physical acute, physical chronic, and transition risks. Our approach is tailored to the unique exposures of operations, supply chains, and investments.

- Physical risks: operational sites are screened against global climate indicators. High-value facilities
  undergo detailed assessments for acute risks (extreme heat, floods, severe weather) and chronic risks
  (temperature rise, water stress, sea level rise). Results are embedded into asset management, continuity
  planning, and capital investment. In the supply chain, the Company focuses on vulnerabilities in key
  commodities and regions. Water depletion is a particular concern, addressed through a water resiliency
  strategy in priority regions to safeguard continuity.
- Transition risks: Cargill assesses exposure across the full value chain, from suppliers to downstream
  markets. These include evolving climate policies, carbon pricing, technological disruption, shifting market
  dynamics, and reputational challenges. Assessments help anticipate financial, operational, and
  stakeholder impacts, allowing the Company to proactively manage risks and capture opportunities
  associated with the low-carbon transition.

#### Risk Assessment Methodology

Cargill prioritizes risks using three criteria: level of exposure, potential impact, and our ability to influence outcomes. Operational sites are screened for climate and natural hazards, with high-value facilities undergoing indepth assessments and tailored adaptation plans. Agricultural commodities are screened for water stress and ecosystem health, with actions prioritized where Cargill can make the most impact. This ensures resources are focused on the most significant risks across operations and supply chains.

#### Process for managing climate-related risks

Cargill's risk management approach combines mitigation, adaptation, and control measures:

- Mitigation: Setting science-aligned climate targets and integrates emissions reduction plans into operational strategies.
- Adaptation: Investing in resilience initiatives such as improving soil health, optimizing water use, and enhancing farm productivity to buffer against climate variability.
- **Control measures:** Reducing dependency on climate-sensitive regions by diversifying sourcing and building supply chain flexibility.

Together, these measures provide a balanced response that safeguards long-term business continuity while contributing to environmental stewardship.

#### Integration into overall risk management

Cargill also integrates sustainability-related risks into its enterprise risk management (ERM) program through a structured risk assessment process. The Cargill sustainability team utilizes insights from several detailed risk assessment activities. The results of these assessments help identify and prioritize ESG risks, which are incorporated into Cargill's Corporate Risk Register. As part of the ERM oversight process, ESG risks may be escalated to the Board of Directors dependent on their overall risk exposure and impact.

## 4. Metrics and Targets

Cargill's climate goals are aligned with the Greenhouse Gas (GHG) Protocol and cover Scope 1, Scope 2, and Scope 3 emissions across the Company's global operations and supply chain. For more information, please see Cargill's Impact Report.

# **Appendix**

This disclosure document will be updated biennially and posted on Cargill's website, in accordance with Cal. H&SC § 38533.

See link here: https://www.cargill.com/sustainability/reporting-hub

This disclosure and Cargill's public reports contain forward-looking statements, including but not limited to strategies, plans, progress, and goals. All forward-looking statements are subject to external and internal uncertainties and risks and opportunities that could change future strategy or goals. The Company assumes no obligation to amend or update any forward-looking statements found in this year's disclosure or public reports should any future conditions change.

The document history is recorded below.

October 2025	California Climate Related Financial Risk Act Disclosure (SB 261)
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