



# ***Revealed Vulnerabilities in the Food Industry Including Ideas to Move Forward***

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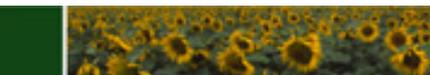
**Cargill**

**Corporate Food Safety, Quality, & Regulatory**

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**Disclosure Statement:** I am a full-time employee of Cargill. The views expressed in this presentation are those of the author and do not necessarily reflect the position or policy of Cargill, Inc.



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

## At a glance

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155,000 employees

Working in 70 countries

More than 155 years of experience

A trusted partner for food, agriculture, financial and industrial customers in more than 125 countries.



Agriculture



Food



Animal nutrition and protein



Financial and industrial

Fiscal 2020 revenue: \$114.6 billion

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Cargill reports financial results in accordance with U.S. generally accepted accounting principles (GAAP).

# Summary



The pandemic caused a significant fall in demand, which led companies to reduce workforces and capacity across supply chains. Now we have had a significant return in demand, and we cannot ramp back up quickly enough. Companies had moved to just-in-time inventories, which means they do not have a lot of extra products on hand, and they have not been able to rehire their workforces to manage demand.



# Challenges Experienced

Very short supply of Specialty Ingredients

Chemicals short supply for manufacturing and lab testing

Short supply of Workers:

- all production lines still have not come back
- burn out from working every day for months

Lack of Truck Drivers:

- way we are driving
- partials so more roundabouts cause more damage to our products

Lack of Containers:

- food grade versus nonfood grade
- need to take case by case

Educating consumers and small farmers/producers

Patience from the consumer to wait for what they want or simply decrease their options so forced choices

Food Security versus Food Waste

# Vulnerabilities - Challenges Experienced

Freight is different, the packaging is different, the customers are different as consumer demands changed during and from the pandemic

More pets means more needs for food and treats

Disruption to the farm economy if exports do not move out. It is a circular supply chain, and it is fully dependent upon that flow back and forth. Just like consumers are impacted if we cannot get goods to stores, farmers are impacted if we cannot get grain to ports, and you feel those disruptions across the entire supply chain.

Lab testing delayed and increase in errors due to low staff and burn out along with lack of supplies and test kits – Do we need all this testing?

Questionable audits since all virtual



# Mother Nature/Natural Disasters Have a Role

- Hurricanes/Cyclones/Typhoons

- Damage from Hurricane Ida caused significant business and supply chain disruptions.
  - Teams of people figuring out where to get generators and gas, how to move goods in different ways, how to keep the supply chains running.

- Floods

- Major flooding caused mudslides in British Columbia impacting all rail service to the Port of Vancouver.
  - That is causing supply issues to customers, and significant demurrage costs for delayed or detained movement of equipment.

- Drought

- Fires

- Climate

- Change



# Positive Outcomes

More Washing hands

More knowledge in the general public on how germs are spread

Fewer foodborne outbreaks

Collaboration between different companies to find supplies, ingredients, and help solve issues



# Needed to Move Forward Successfully

- Increase automation due to labor issues – but how long to develop, produce, and implement this automation?
- Additional energy efficiencies and technologies to help streamline operations
- Can we work differently - Can we be more efficient and effective?
- Question programs based on whether outbreaks increase due to not following our programs diligently because of the labor shortage (lack of proper training and competence) and supply shortage (using any suppliers instead of approving them as defined, virtual audits - if any)?
- Need to strengthen programs, trainings, leadership, strategic thinking for the new world
- Need to be science and risk-based thinking more than ever
- Customers need to be willing to work together with Suppliers
- Industry needs to communicate better especially on scientific discoveries both good and bad



# One Solution: Integrated Business Planning

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Is a forward-looking, formal, structured and collaborative planning process that aligns commercial, finance and operations on the operational plan to meet strategic, commercial and financial goals.

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Represents a roadmap for continuous improvement and translating your strategy into a plan your team can deliver.

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It is the articulation of your long-term strategy.

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It can facilitate better execution and, ultimately, better results that deliver the value of an integrated supply chain and integrated operating company.

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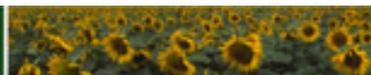
It starts with a better forecast and then requires agility so that when things change, we can move quickly using our full capabilities.





# Moving Forward...

- We must figure out what the future of supply chains look like.
  - ✓ Some of what we have seen will go back to the way it was.
  - ✓ Some things, like the growth of e-commerce, are here to stay.
  - ✓ As our supply chains evolve, we will need to evolve with them.
- We are resilient, strong, smart people.
- Our teams are making the best of a really bad situation every day. This sometimes gets lost in the crisis we are in, but it is allowing us to continue to feed animals and people.



# THANK YOU!



# QUESTIONS ?