Risk Factors Comparison 2024-02-13 to 2023-02-14 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Business and Operational Risks (1) International Operations May Present Certain Risks. Seaboard' s international activities, some of which are in lesser- developed countries, pose risks not faced by companies that limit themselves to U. S. markets. These risks include: ● changes in foreign currency exchange rates, currency inconvertibility and devaluation; ● foreign currency exchange or retail price controls; ● hyperinflation; ● heightened customer credit and execution risk; ● border restrictions, tariffs, bilateral trade disputes, quotas, trade barriers, import or export licensing requirements and other trade protection measures; ● border closings by foreign countries to the import of products or other limitations on Seaboard' s ability to access materials or ports, including due to animal disease or other perceived health or safety issues; ● changes in tax laws, including rules on a global minimum tax from the Organisation for Economic Co- operation and Development (" OECD ") or country- specific laws that resemble the OECD rules; ● legal and regulatory structures and unexpected changes in legal and regulatory requirements and any additional compliance costs that may arise; ● negative perception within a foreign country of a U. S. company doing business in that foreign country; ● compliance with domestic and foreign laws and regulations for conducting international business such as Foreign Account Tax Compliance Act, Foreign Corrupt Practices Act and Office of Foreign Assets Control regulations and United Kingdom Bribery Act; ● government instability, expropriation, confiscation, war, civil unrest, and corruption; and ● enforcement and compliance of local laws and remedies in foreign jurisdictions, including inconsistent application or enforcement, including tax laws, and related uncertainties affecting legal proceedings and lawsuits. Accordingly, revenues, operating income and cash flows from international operations could fluctuate significantly from year to year. ~~In addition, border restrictions and foreign government policies and regulations could restrict the purchase of various commodities, reducing Seaboard' s ability to access materials or ports, or limiting sales prices for products sold in local markets.~~ (2) **The Ongoing Conflict Between** Russia **and** ~~' s Invasion of~~ Ukraine Could Directly or Indirectly Affect the Business ~~. In February 2022, the Russian government commenced a war against Ukraine, resulting in significant disruption to financial and commodity markets~~ . The Black Sea region is a major exporter of wheat, corn and other commodity products to the world ~~, and the disruption of supply has caused volatility in prices and margins of these commodities and related products~~ . Although Seaboard has no operational footprint in either ~~country~~ **Russia or Ukraine** , the conflict ~~may continue to impact~~ **impacts** global commodity, energy and input costs **and** ~~. Additionally, in response to the war, the U. S., other North Atlantic Treaty Organization (" NATO ") member states, as well as non- member states, have announced enhanced~~ export controls and targeted economic sanctions on Russia, certain Russian citizens, and Russian enterprises ~~. Any continuation or escalation of the war may trigger a series of additional export controls and economic and other sanctions~~ . Seaboard or its affiliates may trade in commodities originating from Russia and / or Ukraine as allowable by law. However, any future commodity trades involving Russian originated commodities could be directly or indirectly impacted by export controls, economic sanctions and the ability to collect on contracts, any of which, along with the volatility in commodities prices and margins could negatively impact Seaboard' s financial condition, results of operations and the market price of its common stock. ~~Seaboard complies with all sanctions, domestic and foreign laws and regulations applicable to its business activities.~~ (3) Deterioration of Economic Conditions Could Adversely Affect the Business. Seaboard' s business may be adversely affected by changes in national or global economic conditions, including recessions, inflation, interest rates ~~(including the LIBOR phase- out in June 2023)~~ , availability of capital markets, consumer spending rates, energy availability and costs, supply chain and labor market disruptions, impacts caused by highly pathogenic disease outbreaks and other public health emergencies, and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the demand for and production of Seaboard' s meat products, grains, shipping services and other products, or the cost and availability of needed raw materials and packaging materials, or workforce availability, thereby negatively affecting Seaboard' s business, financial condition and results of operations. The national and global economic conditions, could **also** , among other things: ● impair the financial condition of some of Seaboard' s customers and suppliers, thereby increasing customer bad debts or non- performance by customers and suppliers; ● negatively impact global demand for protein and grain- based products, which could result in a reduction of revenues, operating income and cash flows; ● decrease the value of Seaboard' s investments in equity and debt securities, including short- term investments used for liquidity and pension plan assets, causing losses that would adversely impact Seaboard' s net earnings; and ● impair the financial viability of Seaboard' s insurers. (4) Seaboard' s Common Stock Is ~~Thinly~~ **Infrequently** Traded and Subject to Daily Price Fluctuations. The common stock of Seaboard is closely held and ~~thinly~~ **infrequently** traded on a daily basis on the NYSE American. Seaboard Flour LLC and SFC Preferred, LLC, which are beneficially owned by the Bresky family, hold approximately ~~77~~ **73** % of Seaboard' s outstanding common stock. Accordingly, the price of a share of Seaboard common stock could fluctuate more significantly from day- to- day than that of a share of more widely held stock that is actively traded on a daily basis. (5) Decentralization May Present Certain Risks. Seaboard' s operations are relatively decentralized in comparison with its peers. While Seaboard' s executive management believes this practice enables it to remain responsive to risks, opportunities and to customers' needs, it necessarily places significant control and decision- making powers in the hands of local management. This presents various risks, including the risk that executive management may be slower or less able to identify or react to problems affecting a key business than in a more centralized environment. In addition, it means that Seaboard may be slower to detect compliance- related problems (e. g., a rogue employee undertaking activities that are prohibited by applicable law or Seaboard' s internal policies) and that " company- wide " business initiatives, such as the integration of disparate information technology systems, are often more challenging and costly to implement, and their risk of failure higher, than they would be in a more centralized environment. Depending on the nature of the problem or initiative in question, such failure could materially adversely affect Seaboard' s business, financial condition or results of operations. (6) Investments in Non- Consolidated Affiliates May Present Certain Risks. Seaboard has several equity method investments in which it generally owns **approximately** 50 % or less, with various third- party business partners owning the remaining equity. Due to the ownership structure of these affiliates, Seaboard participates in board of director' s or comparable governing body' s decisions but does not control the decision- making processes. Seaboard could be exposed to various business risks if the business partners' business decisions do not align with Seaboard' s best interests, which could adversely impact the results for Seaboard' s income (loss) from affiliates. (7) Cyber- Attacks or Cybersecurity Breaches Could Adversely Affect the Business. Seaboard may be adversely impacted if it is unable to protect its information technology systems against, or effectively respond to, cyber- attacks or cybersecurity breaches. Seaboard may also be adversely impacted if third parties on whom Seaboard relies are unable to similarly protect their information technology systems. Attempted cyber- attacks and other cyber incidents are occurring more frequently and are being made by groups and individuals with a wide range of motives and expertise. **These risks are further heightened by factors such as developments in artificial intelligence, increased remote working and geopolitical turmoil.** Any significant penetration, invasion, destruction, or interruption of ~~these~~ -- **the information technology** systems **on which we rely** could negatively impact ~~operations~~ **sales, manufacturing, distribution or other critical functions** . Additionally, there is a risk of ~~business interruption and~~ reputational damage **,** ~~from the unauthorized disclosure of confidential information and a risk of~~ loss to financial assets ~~related to manipulated electronic communications~~ , **remediation** ~~including additional~~ costs ~~for increased security~~ , ~~system remediation~~ **litigation, regulatory investigations,** and ~~breach detection~~ **harm to business relationships** . If Seaboard is unable to prevent such breaches or failures or if a third party on whom Seaboard relies is unable to prevent such breaches or failures, Seaboard' s operations could be disrupted ~~or~~ **and** it could negatively impact Seaboard' s financial condition, results of operations and the market price of its common stock. Industry Risks (1) The Food Industry May Present Certain Risks. The food products manufacturing industry is subject to the risks posed by: ● food spoilage; ~~9~~ ● food contamination, including contamination caused by disease- producing organisms or pathogens, such as Listeria monocytogenes, Salmonella, E coli and aflatoxin; ● food allergens; ● adverse weather and climate change risks; ● evolving consumer preferences and nutritional and health- related concerns ~~, including plant- based proteins~~ ; ● international, federal, state and local food processing regulations; ● the possible unavailability and / or expense of liability insurance; ● consumer product liability claims; ● product recall; **9** ● product tampering; and ● public perception of food production practices, including handling of production and live animals. Pathogens that may cause food contamination are found generally in livestock and in the environment and therefore may be present in Seaboard' s products. These pathogens also can be introduced to Seaboard' s products as a result of improper handling by customers or consumers. Seaboard does not have control over handling procedures once products have been shipped for distribution. If one or more of these risks were to materialize, Seaboard' s brand reputation could be harmed, revenues could decrease, costs of doing business could increase, and Seaboard' s operating results could be adversely affected. (2) Health Risks to Animals Could Adversely Affect Production and the Supply of Raw Materials. Seaboard is subject to risks relating to its ability to maintain animal health and control diseases. If the Pork segment' s hogs or if Butterball' s turkeys are affected by disease, Seaboard could be required to ~~destroy~~ **euthanize** infected animals, which could adversely affect this segment' s production or ability to sell or export its products. The general health of the hogs and turkeys and their respective reproductive performance could have an adverse impact on production and production costs, the supply of raw material to their processing operations and consumer confidence. Moreover, the herd or flock health of third- party suppliers could adversely affect the supply and cost of hogs or turkeys available for purchase. Adverse publicity concerning any disease or health concern could also cause customers to lose confidence in the safety and quality of these segments' food products. (3) Fluctuations in Commodity Prices May Present Certain Risks. Sales prices for many of Seaboard' s products are directly affected by both domestic and worldwide supply and demand for commodities for products which it sells and competing products, all of which are determined by constantly changing market forces, as well as other factors, over which Seaboard has little to no control, including inflationary risks. ● In the Pork and Turkey segments, commodity pork and turkey prices demonstrate a cyclical nature over periods of years, reflecting changes in the supply of fresh meat and competing proteins on the market. ● In the CT & M segment, fluctuating worldwide prices for wheat, corn ~~, soybeans~~ , soybean meal and, to a lesser degree, various other agricultural commodity products could also be caused by European flour exports, donated food aid, flour dumping practices and worldwide and local crop production. These fluctuating market conditions could have a significant impact on Seaboard' s sales, value of commodities held in inventory and operating income. (4) Increases in Costs of Feed Components and Third- Party Purchases Could Adversely Affect Costs and Operating Margins. Feed costs are the most significant single component of the cost of raising hogs and turkeys and could be materially affected by commodity price fluctuations for corn and soybean meal ~~. The costs may also be impacted by inflation~~ . The results of the Pork and Turkey segments could be negatively affected by increased costs of its feed components. The cost and supply of feed components and the third- party purchases are determined by constantly changing market forces of supply and demand, which are driven by matters over which these segments have no control, including inflation, weather, current and projected worldwide grain stocks and prices, grain export prices, subsidies and tariffs, and governmental agricultural policies. These segments attempt to manage certain of these risks through the use of commodity derivatives; however, this may also limit the ability to participate in gains from favorable commodity fluctuations. Unless wholesale pork and turkey prices correspondingly increase, increases in the prices of feed components and costs of third- party purchases would adversely affect the segments' operating margins and the value of Seaboard' s investment in Butterball. In the Pork segment, approximately ~~10~~ **6** % of this segment' s slaughtered hogs were purchased from **a** third ~~parties~~ **party** in ~~2022~~ **2023** . ~~10~~ (5) Difficulties Obtaining and Retaining Appropriate Personnel. Seaboard is dependent on having a sufficient number of properly trained operations personnel. ● In the Pork and Turkey segments, the nature of the work and rural locations at some processing plants and production operations, along with restrictive national policy on immigration, have affected and could continue to negatively affect the availability and cost of labor. ● In the CT & M segment, the loss of a key employee such as a commodity trader could have a negative impact resulting from the loss of revenues as personal customer relationships can be vital to obtaining and retaining business with various foreign customers. Also, employing and retaining qualified expatriate personnel at the mills and other operating facilities are key elements to success given the difficult living conditions, the unique operating environments and the reliance on a relatively small number of executives to manage individual locations. The geographic areas in which Seaboard operates have also experienced labor shortages resulting in higher labor costs. The inability to acquire and retain the services of such personnel, or increased costs associated with the acquisition and retention of such personnel, could have a material adverse effect on Seaboard' s operations. **10** (6) The Loss or Closure of the Segments' Principal Properties Could Adversely Affect the Business. The closure, even temporarily, loss of or damage to any of the segments' plants for any reason, including highly pathogenic disease outbreaks, fire, weather, such as tornado, hurricane or earthquake, or the occurrence of adverse governmental action or labor unrest resulting in labor strikes could adversely affect the business of the affected segment and have a material adverse effect on Seaboard' s business, financial condition and results of operations. ● The Pork segment is largely dependent on the continued operation at full capacity of its Oklahoma pork processing plant and the STF plant. This segment provided approximately one- third of STF' s hogs for processing during ~~2022~~ **2023** and also markets substantially all pork products produced. ● In the Marine segment, port operations can be subject to disruption due to hurricanes or other adverse weather conditions, and any associated damage could take significant time to repair while cargos would move to other ports of entry. Recovering those volumes could prove difficult. ● The Sugar and Alcohol segment is largely dependent on the continued operation of a single sugar mill. ● Although Butterball has three processing plants and three further processing plants, Butterball is disproportionately dependent on the continued operation of the processing plant in North Carolina, that handles a significant volume of the production of further processed turkey products. (7) Disruption of Operations at Co- packers or Other Suppliers Could Adversely Affect the Business. Disruption of operations at co - packers or other suppliers **including due to natural disasters or catastrophic events such as a cyber- attack, terrorism, or other similar occurrences** may impact Seaboard' s product or raw material supply. Additionally, actions taken to mitigate the impact of any potential disruption, including increasing inventory in anticipation of a potential production or supply interruption, may also adversely affect Seaboard' s financial results. (8) Ocean Transportation May Present Certain Risks. Seaboard' s owned and chartered vessels along with related cargoes are at risk of being damaged, lost or incurring excess cost because of events such as: ● inclement weather; ● mechanical failures; ● grounding, fire, explosions and collisions; ● human error; ● war, piracy and terrorism; and ● ~~port~~ access **to** and congestion **in ports and canals** . Any of these hazards could result in death or injury to persons, loss of property, environmental damages, delays or rerouting ~~. If one of Seaboard' s vessels were involved in an~~ **and** ~~incident, the resulting negative public perception~~ could have a material adverse effect on Seaboard' s business, financial condition and results of operations. (9) Fluctuations in Fuel Costs Could Adversely Affect the Business. Fuel is a large expense for the Marine and Power segments and also impacts the CT & M segment' s results. Fuel prices can vary greatly from year to year. While such fluctuations may be offset through fuel surcharges or other mechanisms, such mechanisms do not act with precision in terms of timing and amount and may not adjust revenues enough to offset the increase in costs. Legal and Regulatory Risks (1) Operations Are Subject to General Risks of Litigation. Seaboard is involved on an ongoing basis in litigation arising in the ordinary course of business **and otherwise** . Trends in litigation may include class actions involving employees, consumers, competitors, suppliers, shareholders, or injured persons, and claims relating to product liability, contract disputes, antitrust regulations, intellectual property, advertising, labeling, wage and hour laws, employment practices or environmental matters. Litigation in certain countries carries additional risk due to lack ~~11~~ of transparency in judiciaries. Neither litigation trends nor the outcomes of litigation can be predicted with certainty and adverse litigation trends and outcomes could negatively affect Seaboard' s financial results **and result in losses in excess of accrued amounts** . (2) Operations Are Subject to Complex Laws and Regulations. Federal, state and local laws, and domestic and international regulations governing worker health and safety, food safety and animal health and welfare, port and terminal security and the operation of vessels, including fuel regulations, significantly affect revenues, costs and the manner or feasibility of doing business **and otherwise** . Some requirements applicable to Seaboard may also be enforced by citizen groups. ● In the Pork segment, select states have implemented **, or are working to implement,** varying standards related to the required living conditions for breeding sows. Some laws apply to animals grown in the state of enactment while, more recently, several states have enacted laws that prohibit the sale of meat from non- compliant animals grown in any of the fifty states or foreign countries. Diversity of standards **11** for housing sows requires each producer to implement separate record ~~-~~ keeping to track compliant animals through the growing process to the processing plant, and finished products from the processing plant to third- party purchasers. Such laws can also impose civil and criminal penalties for failing to comply. Animal production assets have long expected useful lives. The enactment of more stringent standards can impair the value of existing assets, increase the cost of production and distribution, lower the value of non- compliant products and / or disrupt the market for pork which could result in a reduction in the sales prices of pork products. Incrementally, strict growing standards could cause the creation of regional markets of compliant products or require the industry to build compliant assets for each market. ~~For example, the state of California enacted the Farm Animal Confinement Initiative (" Proposition 12 ") which became fully effective January 1, 2022. Proposition 12 prohibits the sale within the state of certain uncooked pork produced from breeding sows or their offspring unless certain conditions are met. However, the ultimate impact of Proposition 12 is currently pending before the U. S. Supreme Court. A California Superior Court has also issued a judgment declaring that Proposition 12 is not enforceable until July 1, 2023. Similarly, Massachusetts Question 3 would prohibit the sale of certain pork products within the state of Massachusetts, as well as the shipment of certain pork products through the state. This initiative has also been challenged in court and enforcement of Massachusetts Question 3 is currently stayed until 30 days after a decision is reached by the Supreme Court case challenging the constitutionality of~~

~~Proposition 12. The volume of such pork sold into California and Massachusetts accounted for approximately 5 % of Seaboard' s direct sales for the year ended December 31, 2022, in addition to indirect sales through further processor customers.~~ ● In the Marine segment, many aspects of the shipping industry, including rate agreements and vessel cost sharing agreements, are subject to extensive governmental regulation by the Federal Maritime Commission, the U. S. Coast Guard, and U. S. Customs and Border Protection, as well as regulation by private industry organizations. Compliance with applicable laws, regulations and standards may require capital investments or operational changes. As an example, this segment may be adversely impacted by changes in vessel fuel consumption efficiency requirements. Certain ships, based on their capacity and other factors, ~~may~~ have to meet certain energy usage standards while sailing. The net effect could be that ships ~~, particularly small ones which are less efficient on a twenty- foot equivalent unit basis, might~~ need to reduce speed to consume less fuel ~~. Failure to comply~~ **and reliability of route frequency** may **be impacted** ~~result in administrative and civil penalties, criminal sanctions, the suspension or termination of Seaboard' s operations or detention of its vessels~~. ● In the Sugar and Alcohol segment, Seaboard' s alcohol production facility is affected by Argentine government regulations regarding production quotas, fuel blends and sales prices in the bioethanol market. Failure to comply with these laws and regulations and any future changes to them could result in significant consequences to Seaboard, including civil and criminal penalties, liability for damages, negative publicity and the inability to do business in certain locales. In addition, future changes in laws, regulations and standards may result in additional costs or a reduction in revenues. (3) Operations Are Subject to Stringent Environmental Regulation and Potentially Subject to Environmental Litigation, Proceedings, and Investigations. Seaboard operations and properties are subject to extensive and increasingly stringent laws and regulations pertaining to, among other things, odors, the discharge of materials into the environment and the handling and disposition of wastes (including solid and hazardous wastes) or ~~12~~ otherwise relating to the protection of the environment. Compliance with these laws and regulations, as well as any modifications, may be material to Seaboard' s business. **(4) Climate Change and Any Legal or Regulatory Measures to Address Climate Change Could Have an Adverse Impact on Seaboard' s Business and Results of Operations. The increased focus over climate change has resulted in, and may continue to result in, the adoption of laws and regulations, including reporting requirements, designed to manage greenhouse gas emissions, climate risks and resulting environmental impacts which will likely lead to increased compliance costs. Compliance with such legal or regulatory requirements may require Seaboard to make significant changes to its business operations and strategy, which will likely incur substantial time, attention, and costs. Seaboard may also need to make additional investment in its resources and technology to comply with the data reporting requirements. Additionally, Seaboard may fail to effectively address increased attention from stakeholders on climate change and related environmental sustainability matters. Such failure, or the perception that Seaboard has failed to act responsibly regarding climate change, whether or not valid, could negatively affect its business and reputation. 12** Specific Pork Segment Risks (1) The Operating Profit of the Biodiesel and Renewable Diesel Production Facilities Could Be Adversely Impacted by Various Factors. The profitability of this segment' s biodiesel and renewable diesel plants could be adversely affected by various factors, including the market price of pork fat, other animal fats and vegetable oils, all of which are utilized to produce biodiesel and renewable diesel, ~~and~~ the market price for biodiesel and renewable diesel, which is influenced by inflation, world oil prices and government mandates and incentives to use biofuels **, such as the federal blender' s credit, and the market price of environmental credits generated upon production and then sold to third parties**. Unfavorable changes in these prices over extended periods of time or adverse changes in government mandates and incentives to use biofuels could adversely affect this segment' s results of operations and could result in the potential impairment of the recorded value of the property, plant and equipment related to these facilities. In August 2022, the President of the U. S. signed the Inflation Reduction Act into law which extended the federal blender' s credits through 2024 and created a new clean fuel production credit. This new credit is based on the greenhouse gas emissions factor of fuel produced and sold during 2025 through 2027. This credit may not be renewed and could be less than the federal blender' s credit. (2) Further Difficulties Could Be Experienced in the **Operations** ~~Start- up~~ of the ~~New~~ Renewable Diesel Production Facility. Commercial operations at this segment' s ~~new~~ renewable diesel production facility commenced in ~~the third quarter of~~ 2022, but ~~it is taking longer~~ **certain operational issues have been experienced since start- up** ~~than~~ **that** ~~planned to reach~~ **have delayed achievement of** consistent operations at full capacity. **Further** ~~Difficulties~~ **difficulties** ~~encountered~~ **experienced** in ~~the start- up of~~ operations could have adverse effects on results of operations **. (3) Return on Investment of Renewable Biogas Recovery Facilities May Not Meet Forecasts. This segment has made significant investment in renewable biogas recovery facilities and intends to make additional investment in 2024. As of December 31, 2023, most facilities were still under construction and only a few were operational. Consistent production at each site may take longer than expected, and the return on assets and the planned tax credits may be less than expected**. Specific Commodity Trading and Milling Segment Risks (1) This Segment Uses Derivative Products to Manage Certain Market Risks. This segment enters into various commodity derivative and foreign exchange derivative transactions to create what management believes are economic hedges for commodity trades it executes or intends to execute with its customers. Failure to execute or improper execution of a derivative position, or a firmly committed sale or purchase contract, or a speculative transaction that closes without the desired result or exposure to counter party risk could have an adverse impact on the results of operations and liquidity. (2) This Segment Faces Increasing Competition from Several Sources. This segment is experiencing increasing competition in certain foreign markets by well- capitalized originators, traders of commodities making sales directly to end- use customers, and industrial- asset owners that compete in the same markets as this segment. If various competing raw material originators refuse to sell commodities to Seaboard for sale in these foreign markets, it could be more challenging for this segment to purchase commodities for sale to its customers at competitive prices. Also, competition with imported products or other local producers impact this segment' s industrial operations. This segment' s sales volume and sale prices for commodities to customers, as well as results of operations, could be adversely impacted by such increased competition. Specific Marine Segment Risks (1) ~~This Segment' s Services Are Affected by~~

~~International Trade and Fluctuating Freight Rates. This segment provides cargo shipping services in the U. S. and in many different countries in the Caribbean and Central and South America. In addition to the risks of overseas operations, fluctuations in economic conditions, inflation and unstable or hostile local political situations in the countries in which this segment operates could affect trade volumes and cargo freight rates, as well as adversely affect this segment' s results of operations. (2)~~ Chartered Ships Are Subject to Fluctuating Rates and Availability. Time- charter expenses are one of this segment' s largest expenses. These costs, and availability of ships, can vary greatly due to a number of factors including the worldwide supply and demand for shipping. It is not possible to determine in advance whether a long- term charter contract will be favorable to this segment' s business. Accordingly, entering into either long- term charter hire contracts during periods of decreasing charter hire costs or short- term charter hire contracts during periods of increasing charter hire costs could have an adverse effect on this segment' s results of operations. This segment purchases space, also known as slots, on certain third- party operated vessels, and these ship providers may not be reliable and cause shipment delays or other challenges. Specific Sugar and Alcohol Segment Risks (1) This Segment Depends on the Condition of the Argentine Economy, Currency and Political Climate. This segment operates a sugar mill, alcohol ~~production~~ **distillery** and power generation facility in Argentina. Fluctuations in economic conditions or changes in the Argentine political climate could have an impact on the costs of operations, the sales prices of products, export opportunities and the exchange rate of the Argentine peso to the U. S. dollar. ~~13~~ Local sales prices for retail sugar and bioethanol are affected by government price controls, and domestic sugar prices are affected by import duties imposed by the Argentine government, impacting local volume sold, as well **13** as imported and exported volumes to and from international markets. If import duties are changed, this could have a negative impact on the sales prices of this segment' s products. In addition, the majority of this segment' s sales are within Argentina, and any Argentine government attempts to control inflation through price controls on products, including sugar and alcohol, could adversely impact the local sales prices of this segment' s products and the results of operations for this segment. (2) This Segment Is Subject to Weather, Climate Change, Crop Disease and Pest Risks. This segment may be adversely affected by numerous factors over which it has little or no control, including adverse weather and growing conditions, climate change risks, pest and disease problems. Of these risks, weather and adverse climate change particularly could adversely affect the amount and quality of the sugarcane produced by this segment and / or its competitors located in other regions of Argentina. (3) Labor Relations Challenges Could Adversely Affect Operations. This segment is dependent on unionized labor at its sugar mill in Argentina. The political and economic environment in Argentina can make labor relations very challenging. Contributing to the situation are the historical policies of Argentina' s government and the failure of the Argentine courts to enforce contractual obligations with unions and basic property rights. Interruptions in production as a result of labor unrest could adversely affect operations, including the quantity of sugarcane harvested, the amount of sugar, alcohol and power produced and could interfere with the distribution of products stored at the facility. Specific Power Segment Risks (1) This Segment' s Services Are Affected by Competition from More Efficient Energy Producers. This segment sells the power it generates primarily to government- owned distribution companies, and the government can decide which power units will be able to operate. Typically, dispatch is done based on a merit list with lower- cost power plants dispatched before those with higher costs. More efficient power producer competitors, such as from renewable energy, including hydro, solar, and wind, or other nonrenewable energy sources like coal, are less costly to operate and could cause the demand for this segment' s energy to decline and the spot market rates to decline as well, which will adversely affect this segment' s results of operations. (2) Supply of Natural Gas Is Limited in the Dominican Republic. Supply of natural gas in the Dominican Republic is limited to one primary supplier. EDM III only operates on natural gas, but EDM II can run on other types of fuel. Supply disruptions of natural gas could have an adverse impact on this segment' s operating income. (3) This Segment **May Be Unable to Renew Certain Permits. This segment' s barges are subject to various permitting requirements imposed by the Dominican government. A major risk inherent in this segment' s operations is the need to renew permits, and any failure to obtain a renewal permit could have a significant impact on this segment' s business, including a suspension of operations. (4) This Segment** Depends on the Condition of the Dominican Republic Economy, Currency and Political Climate. Fluctuations in economic conditions or changes in the Dominican Republic political climate could have an impact on the costs of operations, the sales prices of products and the exchange rate of the Dominican peso to the U. S. dollar. In addition to significant currency fluctuations and the other risks of overseas operations, this segment could experience difficulty in obtaining timely collections of trade receivables from the government- owned distribution companies or other companies that must also collect from the government in order to make payments on their accounts. Currently, the Dominican ~~Republic~~ **government** does not allow a free market to enable prices to rise with demand as the supply is restricted due to insufficient cash flow from electric distributors and the subsidy the government provides, which could limit this segment' s profitability ~~. (4) This Segment May Be Unable to Renew Certain Permits. This segment' s barges are subject to various permitting requirements imposed by the Dominican government. A major risk inherent in this segment' s operations is the need to renew permits, and any delay or failure to obtain a renewal permit could have a significant impact on this segment' s operations~~ . Specific Turkey Segment Risks (1) ~~Adverse Operating Results or Inability to Renew Financing Could Result in Need for Raising Additional Capital. Butterball has third- party bank loan facilities that are secured by substantially all of the assets of Butterball. Adverse operating results or economic conditions could cause Butterball to default on such loan facilities or cause lenders to not renew or extend existing financing, which could result in a significant adverse impact on Butterball' s financial position. As a result, Seaboard or other investors may need to make additional capital investment or provide financing to Butterball, which could adversely impact Butterball' s results of operations, liquidity position or negatively impact the value, or cause dilution, of Seaboard' s investment in Butterball. (2)~~ Decreased Perception of Value in the Butterball Brand and Changes in Consumer Preferences Could Adversely Affect Sales Quantity and Price of Butterball Products. Butterball is a premium brand name, built on a long history of offering quality products that has been differentiated in the market. The value of the Butterball brand **allows for sales of a higher unit price for certain products compared to other turkey providers. In order to maintain this advantage, Butterball must**

continue to support the brand with successful marketing efforts and develop new products. Consumer product preferences continue to evolve as a result of, among other things, shifting consumer demographics; inflationary and recessionary risks; changes in consumer lifestyles; digital shopping patterns; and competitive product and pricing pressures. If Butterball' s products fail to meet consumer preferences, or Butterball fails to introduce new products or product extensions on a timely basis, the brand value could diminish significantly. In addition, negative news reports for any reason related to Butterball specifically or the turkey / poultry industry generally could negatively impact this brand perception, Butterball' s results of operations and the value of Seaboard' s investment in Butterball.