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EDITED TRANSCRIPT

ADM.N - Archer-Daniels-Midland Co, Kellogg Co and CDP North America Inc Online Panel - Nourishing Resilience: ESG as a Tool for Sustainable Food and Ag Growth

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CORPORATE PARTICIPANTS

Ray Guy Young *Archer-Daniels-Midland Company - Executive VP & CFO*

CONFERENCE CALL PARTICIPANTS

Amy Senter

Bruno Sarda

Emily Chasan

PRESENTATION

Emily Chasan

Hi. Thanks, everybody, for joining us today for our nourishing resilience panel here at Climate Week. So excited to be part of the CDP Climate Week event series, and we're going to talk about -- my name is Emily Chasen. I was most recently the sustainable finance editor at Bloomberg News. We're going to talk about nourishing resilience, ESG as a tool for sustainable food in agriculture, and we have an amazing panel for you lined up today.

But before we start, I wanted to quickly run through some features for Webex for everybody who's new or getting used to this platform. You can use -- you could adjust your speaker views by using options on the upper right-hand corner, and we recommend using the active speaker video view for the session. Q&A can be accessed by clicking on the ellipsis or the 3 dots that you can see in the menu options at the bottom of the screen. And if you want to put questions in there throughout the session for all the panelists, there will be a Q&A at the end of this. So please come with great questions. That's the fun of Climate Week, and at least in virtual land.

So well, thank you, everybody, for doing this again. This is such an important issue, resilience, agriculture, our food supply chain, everybody who's been thinking differently about how to get food in the past few months in COVID, I'm sure, has really thought differently about this. And we've definitely seen that at Bloomberg and throughout different organizations. But I would let the panelists to sort of introduce themselves.

We have ADM Chief Financial Officer, Ray Young; we have Kellogg Chief Sustainability Officer, Amy Senter; and CDP North America President, Bruno Sarda. You'll hear from each of them, but I thought we could all introduce ourselves today and just say, what does resilience mean to you in this day and age in the COVID era, and how does that impact how you've been thinking about ESG. It definitely feels like it's been more front and center.

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

So good morning, everyone, and thank you, Emily, for the introduction. My name is Ray Young. I'm the CFO of ADM for almost 10 years now, and coming to you from Downtown Chicago.

Now over time, I've seen how our company has evolved in terms of its thinking of ESG as, frankly, many other companies around the world. So thank you for the opportunity to participate in Climate Week.

Even for me personally and professionally, I have evolved in my thinking. And I often refer to internally, the issue of sustainability, sustainability with a capital S, as opposed to small block s because it's so broad and so all encompassing in -- really, in everything that we do.

The pandemic did present a lot of new challenges and certainly tested our resiliency on the global food supply chain. ADM has been very much focused on the health and safety of our employees, while at the same time, ensuring that we fulfill our important mission of nourishing the world.

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We're very pleased that we've kept the global food supply chain flowing around the world. One of our strengths as a company is we were able to adapt and pivot around supply disruptions, whether it's floods, droughts, or now, a pandemic, to ensure that we can deliver on our -- deliver food and nutrition to our customers.

But what's interesting is even when dealing with the immediate COVID-19 issues, we've been -- have not lost sight of the long-term importance of supporting the sustainable environment. And remember, our business of food and ag depends on a sustainable environment. In fact, when you think about our mission -- our new mission statement is really called unlocking nature, enriching life. So we have moved forward with our plan to roll longer-term objectives for ESG in the month of April, during the heart of our pandemic to emphasize how important these are to our businesses. So sustainability truly has become an essential factor as we think about all our aspects of the business, including how we build a more resilient business and how we move our strategy forward.

So again, thank you for the invitation. I'll pass it on to the next panelist.

Amy Senter

Sure. Hi, everyone. Thank you so much for having me. I'm glad to be able to speak to this topic today during Climate Week.

I'm Amy Senter. I lead global sustainability for Kellogg. You might hopefully all know Kellogg from your pantry at home. We're a global food company, plant-based food company, focus on cereal and snacks, operating in 180 different countries around the world. So when we think about resiliency, we've been talking about resiliency for a long time within Kellogg. Thinking about it from a perspective of financial and performance for resiliency in the face of ever-changing market dynamics. But also as we think about environmental, social governance issues, ESG issues, and thinking about climate change resiliency for ourselves, for our suppliers, into farm supply chain.

So this is -- I think COVID has been a really interesting time for a lot of folks to reflect on topics that we've been having for a long time in the abstract, maybe, conversations that we've been having, and really understand and put in stark relief the challenge that we're facing with the existing food system. Today, 9% of the world is undernourished, and we know that those numbers are growing. So when we think about what does resiliency mean in an interconnected food system, we really have to think about access to food, affordability of food, nutrition in food and sustainability from an environmental and social perspective, all interconnected. And then what are the partners that we need to work together to unlock that.

So it's great to be on a panel here with a whole bunch of partners of Kellogg, where we are talking about these issues because it's really important that we continue to share what's been working and where we need to grow as an industry and continue to ensure that ESG does come to the forefront in commercial conversations as well as part of our kind of broader mandates. So thank you.

Bruno Sarda

Thanks, Amy. And hi, everyone. Yes, Bruno Sarda, President for CDP North America. For those of you who don't know CDP, we were 20 years old this year. We basically pioneered environmental disclosure. We are the global disclosure system and platform for business in cities on 3 specific topics: climate change, water security and commodity-driven deforestation. And we started really with the central idea that it was important to create a systemic link between environmental information and financial information, then to create an interface between business capital and regulators and policymakers to help inform both governance and policy over time with this idea, specifically that if we help shift capital in the capital markets, that it would accelerate the transition that we needed to see.

For us, resilience, or certainly for me, resilience is basically the ability of an institution or a system to keep performing under stress. And certainly, we've seen with COVID that a lot of systems and institutions have been stressed. We know there's plenty more stress coming with the likes of, again, water shortages, climate disruptions, and ecosystem and biodiversity degradation, and in some cases, collapse, whether it's fisheries and other parts of the food system. So the work we do at CDP is really to create transparency and to drive ambition on the part of actors in the kind of the voluntary space, if you will. We're not a policy shop per se, but trying to kind of front run the need for governance and policy by demonstrating

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the -- both the potential and the willingness of private sect directors, both on the business and capital markets side, to act because it makes sense to do, not just because regulation tells us to.

Emily Chasan

Great. Thanks, everybody, for those introductions. It was really good to hear about the systemic way you're thinking about this space and the changes that we need and are going to be forced to make in the system move as we go forward.

I guess, we talked a lot about ESG in the past few months and how that's performed in the downturn. And one thing that's really emerged from it is that ESG and using these considerations seems to be a tool for getting more resilience in the downturn. You've seen ESG strategies, at least on the investment side, perform better in the 2018 downturn, in like little tiny downturns and also just most recently, in the past few quarters, about 90% of ESG strategies, at least, were outperforming their benchmarks.

QUESTIONS AND ANSWERS

Emily Chasan

So we've been looking at that. I'm curious, Ray, from the company perspective, people say COVID is an accelerant, there's a lot of questions about climate change that have come up in the past few months. What are ADM investors asking for in terms of ESG and resilience?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Emily, what's interesting is, yes, amount of interest and accelerating interest on the part of the investor base regarding ESG. Not just the European investors, which always have been very active in terms of following our developments, but now the U.S. investor base as well. In fact, the last 2 weeks, I've done a whole bunch of non-deal road shows and investor conferences both in Europe as well as the United States, all virtually, of course. And I spent extensive amount of time talking to investors about what we're doing at ADM on the ESG front, and what I call sustainability with the capital S. So the interest and the questions that we're getting from the investors are not only regarding what exactly -- what specifically ADM is doing on the ESG front, but more importantly, how we're thinking about ESG on a more strategic, more broad sense, how we're holding ourselves accountable to sustainability, and how we're showing continuous improvement in these areas. And the feedback we're getting is they're not expecting us to seek -- get perfection overnight on the area of ESG, on the areas of sustainability, but do expect us to show continuous progress and to have a good reporting process in place to ensure that we're monitoring and measuring that progress.

Now I mentioned earlier that in April, we announced aggressive new goals for ESG. And these include reducing absolute greenhouse gas emissions by 25%, reducing energy intensity by 15%, reducing water intensity by 10% and achieving 90% landfill diversion rate, all this by the year 2035. We did conduct a feasibility study to help us understand how to meet these goals, and we're planning investments around innovation and technology to help us achieve these aggressive targets. We've seen sustainability continue to grow in importance over the years, and we prepared the company to be in place to address all of these issues.

Now lastly and importantly, our Board did create a sustainability committee, which in the United States, is quite unique to help provide guidance and oversight to ensure that we're continuing to move forward in this journey. Thank you.

Emily Chasan

Thanks, Ray. It's great to hear what investors are asking for. And definitely, I always hear this issue about you can't manage what you're not measuring. So they definitely want to see more measuring.

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But Amy, it's interesting, too, because there's also a lot more pressure from consumers, especially when you think about food and agriculture. What's Kellogg's hearing about the role of consumers and what consumers think companies role is in driving social and environmental impact and how does that include your ESG agenda?

Amy Senter

Yes. It's really clear and have been for a number of years. People care where they food come from, how is it made, who's making it, how are we ensuring that there's responsibility throughout the supply chain. But what we've also seen in -- we weren't sure as an industry in a -- as COVID came to be and consumer insights were starting to come in, would interest on environmental and social graphics change? Would they drop? What would that look like in a kind of COVID world that we're now in? And we were so happy to see from our point of view that, that had just accelerated. That wasn't an obvious thing necessarily going in that people would make that connection between personal health and planetary health. And that they see the responsibility, but also their role in purchase intent around brands that live their values.

And so we've seen that continue to come through, continue to grow. And so we're grateful because we've been on that journey as Kellogg for a long time around having really good transparency. So just like investors, consumers who are interested in these topics want to be able to have that information on their fingertips. And so how can we continue to help them find this information, disclose this information. They want to know how much ingredients that we waste as Kellogg, and I can share with them, "Oh, well, 99% of our ingredients end up as food that goes to people, either through people buying it at their store or through donation." So it's that reassurance, that's really important. And for certain brands, we're happy to be a long-term leader in plant-based proteins, in plant-based meat alternatives, with MorningStar farms, looking at how do we push it further and really demonstrate that, that brand's purpose is tied to environmental, social governance, nutrition, sustainability and the like.

So I think it's a really important area that's growing. And an opportunity for all of us to really think of this with people like yourselves as an asset to investors to share about how -- not only does it reduce risk, but it drives growth going forward.

Emily Chasan

That's great, Amy. Yes, it's so important to think about this time period as an opportunity to show resilience, to use resilience as an opportunity. A lot of people always hear us is talking about climate change and they get scared, and they don't know that you can focus on these solutions so much. And I think you're right, that they have to give a little bit more attention about that purpose and the solutions and the options there.

Bruno, I'd love to hear about CDP when we're talking about solutions. Obviously, that's a big area for you guys in the carbon disclosure project. And how that started, and just thinking through climate change and corporate disclosure on that. I love what you were saying earlier about the systemic link between environmental and financial markets. What are some of the key trends that you're seeing and how the role that you're playing is changing ESG in this environment?

Bruno Sarda

Yes. Thanks, Emily. I mean, as an environmental NGO, our -- we're in the business of driving change at scale and speed, if possible. The key role we play and we have played for a long time, I love the quote years ago from Christiana Figueres, who said, CDP is to the future of business, but the x-ray machine was to then the future of medicine. Once you can see inside the patient, you kind of know where to intervene. And that's exactly what we do, is that we create, if you will, this kind of transparency and mapping of not just where we see emissions, et cetera, but in the disclosures from companies, it's to really actually engage in a dialogue and create a dialogue between these companies and their key financial stakeholders on where they see both risks and opportunities. In fact, this year, we'll have collected information from nearly 10,000 businesses, representing about 60% of global market cap. So we don't have the entire market yet, but a decent chunk. And we organize this information, make it useful in the financial marketplace in a variety of ways, whether it's literally data that goes into platforms like that of Bloomberg and others. It's insights. For example, last year, we published a seminal risks and opportunities report that identified clearly that the risks of inaction are great. There was just 200 large companies sampled, identified over $1 trillion of near-term risks, 3 to 5 years for lack of climate action, but the same organizations actually saw over $2 trillion of potential opportunities associated with climate action and actually, a cost to achieve of about just under $300 billion. So this

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was about a 7x payback if we were to deploy capital in the direction of these solutions. So these are just some examples of through data, obviously, is the lifeblood of decision-making, we inform the ESG space.

And then for sure, we also -- because we have this interface with companies, we're the founding member of the science-based target initiative. Around the time of COP '21, there was barely 100 companies in that family. I think this week, we might cross 1,000, but I think we brought 990 yesterday. These are companies whose collective emissions are about the size of Western Europe. I mean, that's a significant amount of emissions who have said set or committed to set science-based targets. So again, that's another way that through our levers, if you will, really work with organizations to set ambitious targets. And then we do the same in -- with cities, trying to connect them to capital and finance to actually accelerate the deployment of climate resilience solutions, whether it's rebuilding their green infrastructure and tree cover or storm water management systems or other tools. So these are just some of the ways we try to intervene as an NGO. But really, at the intersection of kind of business and finance.

Emily Chasan

Great. Thanks for that overview. That was really great, Bruno. And it is interesting to see the risk of inaction that you're talking about. This was definitely not a time for inaction in the world when we look at things out there.

Just thinking about agriculture, and I want to go back to you, Ray, for a minute, because agriculture probably occupies about 1/3 of the land in the world right now according to the UN, and a huge percentage of emissions, but agriculture also has this opportunity to be a sink and a net area where we can reduce emissions. So ADM is really in a unique position in the agricultural value chain, and I'd love to hear how the company is leveraging that position to influence sustainable practices, both upstream and downstream?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Yes. It's -- Emily, you're right. I mean I think ADM is a very unique company. We are a very important nutrition company, but we're also one of the great agricultural food supply chain managers in the world, whereby we're a bridge between the producer on the farm and the consumer-facing brands on our tables. And Kellogg's, as an example, is one of our most important customers here.

From an upstream perspective, it's important to understand that we don't do farming, but we are trusted advisers to the growers and have long-term relationships with them. We're in a unique position to really influence the farmers and help them develop sustainable practices and measurement tools. And for example, we currently have about 900,000 acres enrolled in sustainable farming practices. I mean, using Kellogg's as an example, we partnered with Kellogg's and their Kashi brand to source their Bolivian quinoa from small land owner farmers. And we take a percentage of the proceeds,in order to help fund solar panels for the farmers, in order to bring reliable light to the farmers there. So I mean, those are examples of how we kind of work with our customers, our partners and the growers there.

On a downstream basis, we're attacking this issue from, really, from 2 sides. First of all, we're working on developing alternative protein solutions in plant-based ingredients. And ironically, we're one to actually -- one of the largest plant-based ingredient providers in the world. And this is important for us to continue to find alternative proteins, applications of plant-based proteins, in other proteins beyond other alternative proteins beyond just simply plant-based. For example, microbial-based. And this is going to be very important in order to help us reduce the amount of meat consumption in the world, especially beef consumption. As you know, that actually raising cattle, for example, is not necessarily the most environmental-friendly activity in the world. At the same time, we're working on sustainable animal feed solutions, because we know that we're not going to eliminate meat long term. And so for example, we've recently developed a new animal feed additive called Extract, that targets key metabolic pathway in ruminants, a cattle and sheep, lamb, that can result in lower methane emission levels from these animals. So as you know, methane is a very potent greenhouse gas, and so our development of these additives will help address an important issue of sustainable cattle farming in the future.

In addition, sustainability is a key component of our 5-year planning for projects. It's part of our core funding. So now I'm speaking from a CFO perspective here. It is part of our key funding. It is an important factor in terms of how we think about future capital projects. It's a very important part of how we're thinking about R&D funding, technology investments. In fact, this week, we have our quarterly executive council meetings, 2-day

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meetings. And on the agenda for the strategic meetings, sustainability is in the forefront there across all of our 3 business units. And this will lead, frankly, into the next iteration of our 5-year plan, whereby, again, sustainability and the investments around it will be a critical part of that particular plan. It'd be also interesting, just to give you an example of like -- an example for capital investment that we've done to support sustainability, and it's really our investments in carbon capture sequestration technology in our big Decatur corn processing plant in downstate Illinois. We're currently safely and currently storing more than 1 million tonnes of carbon dioxide a year from the plant in a project we've coordinated with the Department of Energy to evaluate and better understand this technology. It's cutting-edge technology. And even a few years after we've built the plant is a good example of how investments in innovation and technology is going to play a very important role for our company going forward. Thank you.

Emily Chasan

Just a quick follow-up on that. How are you measuring your progress?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Well, first of all, we've got the metrics that we've -- the targets that we've -- I mentioned earlier, and that is going to be closely monitored every year in terms of our progress towards that. But secondly, when we think about our growth strategies in the future, sustainability is actually part of our growth strategy. So a lot of people view sustainability as a cost of doing business. We don't view it that way. We actually -- sustainability is actually a critical part of how we're going to grow the company in the future. And so when we think about value creation for ADM in the future, we're going to measure ourselves in the context of the type of projects, type of plans and how we're going to be able to execute these plans in order to grow the company. And one thing that we made a decision this year is that we have a project management tool called Wave, and we're going to put all the key sustainability projects into Wave in order to kind of hold us accountable in terms of the execution of these projects, just like any other project within the company. So this is what I call convergence. It's converging new sustainability, with a capital s, which is how we run the business every day.

Emily Chasan

Great. Yes. I think a lot of companies, like you, are starting to see this intersection and all the opportunity in making those connections between finance and sustainability. A good example of that is, obviously, it's been sort of a weird time in the pandemic to get where you're going and all your goals. I wanted to ask Kellogg and Amy, how did you guys pull through supply chain in this area and all the sort of machinations you had to do with getting people in the right place and food to the right places, maybe changing places? And what are -- how do you identify areas for sustainable investment going forward?

Amy Senter

Yes. So you'll see some common themes, I think, between me and Ray, especially because I think there's a -- we have maybe 3 territories that we're really trying to drive that we think will be systemic in helping to unlock sustainability, both for us as well as for like the food system overall. So the one is continuing to drive leadership, the second is engaging our suppliers, and then third is building partnerships. So from our driving leadership, we have 2030 sustainability commitments that we launched last year as part of our broader, better days cause platform. And so those are tied explicitly to our deploy for growth strategy as a company. So our corporate growth strategy includes work around feeding people in need, nourishing with our foods, nurturing the planet and letting our founders value. So it's right there, core to what our executive committee have signed on to as part of our growth strategy as a company. And so we have commitments framework. They are science-based targets around climate as well as a number of other areas of focus as we look at the intersection between climate, well-being, and food security. And so we know that those are inextricably linked. And as Kellogg, I think we have a unique role as well as a number of other companies to kind of drive forward that. And so to do that, we've got full transparency in all of our commitments and reporting, not just through a voluntary reporting, but integrated into our 10-K. We're one of the very few U.S.-based companies that have climate and outcome reporting is in that 10-K document, where CDP, of course, responded for more than a decade as well as Dow Jones Sustainability Index, SASB and a number of other reporting platform. So that's really important to show our leadership and be advocates for ourselves and our peers as well as our suppliers to kind of join us on that journey.

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The second piece is that supplier engagement. And that's asking our suppliers to report to us on certain metrics. So we do, we're members of CDP supply chain as well. So we ask our suppliers to report greenhouse gas emissions to us. And in those processes, that is one example that same on human rights and a number of other topics are built into our procurement processes. It's expectations for our suppliers. It's built into contracts. And it is a requirement around doing business with Kellogg that you share our values on these different topics.

And then we build partnerships to execute on the ground. And that's wide-ranging. Ray brought up one of my favorite projects, not that I can have favorites. But that quinoa project was one of the first ones I worked on when I joined Kellogg and such an impactful and wonderful program. And that's just really thoughtful about all the interconnected challenges that come from sourcing globally. And so how can we unlock that? How do we think that way? But we have a goal to reach 1 million farmers and workers by 2030. And we do that in partnership with our suppliers, with trusted NGOs and others. And we also have a responsibility kind of bringing it back to COVID around our food security work. This year alone, we've donated $18 million worth of food and donations in response to the crisis that we have around food security globally. So these partnerships are important. They help us environmentally. They help us be good citizens within our communities. And they drive better outcomes by working together. So that's the approach we've taken, and it's allowed us to really engage our supply chain on these topics and drive really actionable outcomes. And we were proud to announce last week that we've exceeded our greenhouse gas emissions reductions that we're sunsetting in 2020. In 2019, we actually exceeded that goal by over 5%. So we're really starting to see those measurable outcomes come through because of that approach.

Emily Chasan

Just a follow-up question on that, Amy, because it's amazing to hear about all these different projects you guys have going on. And I was curious, thinking about this time period and -- where everybody wanted to show resilience and sure that they had resilience. Is there anything of those investments in those projects sort of like taught you lessons learned that you could sort of use in this crisis period?

Amy Senter

Absolutely. And it's never without its bumps. I mean, I think that, that's important to recognize. One thing that we really felt like was important is that we are in it to partner with others. Often, Kellogg, because of where we sit in the supply chain, we don't have direct relationships with farmers. We're not directly selling to the consumer. We're not necessarily at the hub of all of the impacts. But we are absolutely at the core of a number of those relationships. So how do we convene and help connect the dots and find different ways to build programs that have impact on farm to partner with NGOs that maybe have the technological solutions, but maybe don't have the access, whereas our suppliers may have that access. So it's really -- it's all about that partnership.

And taking the learnings, often, we do know a lot of these best practices or the business case or what have you, and can we share them in a way that's effective. And we saw that a lot in -- when we we're looking at logistics supply chains, not for us, but for our feeding bank partners in face of COVID, Their traditional supply chains weren't the way that they used to be. So how can we problem solve together? We knew how to kind of adjust on the fly, and we saw what best practices were happening across our supply chain and other supply chains. How can we translate those learnings to a food bank who is looking to optimize their supply chain. So those are different ways that we kind of got creative in this time. And for us, the must-have is to be with good partners.

Emily Chasan

Yes, the partnerships are so important. I often hear people say that not one company is going to be able to solve climate change at once. It's definitely a collective problem that needs a collective solution. Bruno, I'd love to talk to you about that. But first, I want to tell our audience to start submitting their questions because after this question, it's going to be your turn to have some questions that I'll pose to our panelists here.

But Bruno, I'd love to ask you about in what way CDP disclosures and sort of having this track record disclosure on greenhouse gas emissions, on carbon intensity, on solutions and investment in the space, how is that facilitating progress and critical ESG issues? And what solutions are you seeing are really helping companies reach their goals and become resilient and have this kind of impact that they're seeking?

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Bruno Sarda

Yes. I mean, that's a great question, Lee. I mean, just listening to Ray and Amy talk about all these different initiatives, all these different programs, these commitments, this new Board level committee, all of these things, and you ask yourself, all of this is 100% voluntary. None of this is mandated, required. And frankly, even though we're starting to see push from consumers and even from investors, frankly, the push hasn't been so hard that companies haven't been able to resist. In fact, many have. And so first, I want to really both honor, but also recognize that all of this lives well above, if you will, the state of compliance.

So then you have to look at, okay, so how do you motivate that? How do you motivate? And by obviously -- you mentioned it earlier, I think, Emily, what gets measured, gets managed. And so our role is to really help both through the development, the power and the scale of our questionnaires to help companies see where they are for themselves, where they are relative to their key competitors. Amy mentioned our supply chain program. We have about 150-or-so large organizations who collectively have over $4 trillion of procurement spend using CDP supply chain, actually, to really try to understand what the -- where, again, they could see both risk and opportunity in their supply chain. So we have to inform, again, both the risk of an action, but as much as possible, really, the benefits of early action, the benefits of competitive differentiation through these initiatives. We've seen time and again that there's a good correlation. I think we score companies that disclose TO CDP every year, those that get an A go on what we call our A list. For 7 straight years, the A-List companies, if you will, they were a little mini basket of stocks have outperformed their peer benchmarks by an average of 5.5% per year for 7 straight years. So that's not accidental.

So really trying to, again, infuse the right level of metrics to the right levels. Again, the creation of these board level committees, reflecting back to management teams is critical. And also really encouraging transparency, sometimes uncomfortable transparency. Companies, again, disclose all of this information voluntarily, and often, their general counsels ask them, "But why?" But I think even where you guys at ADM have even put a dashboard now live on you on your website with some of this information.

I think, Amy, you mentioned, again, throughout from your science-based target, your supply chain engagement all across the value chain, both transparency and accountability. And I'll stress again how this is 100% voluntary. And not just here in North America. We get disclosures from companies literally everywhere in the world, and there's not a single one that doesn't because they're required to. Nobody. No jurisdiction, no regulator anywhere in the world requires this level of disclosure, this level of commitment, this level of ambition.

So I think, again, we have to look at, in order to reach that kind of speed and scale, if you will, of business and capital to achieve change, what needs to motivate that, and that's really the role we try to play in that kind of systemic link between environmental data and financial data that I referenced earlier, Emily.

Emily Chasan

Thanks, Bruno. Yes, just a follow-up question, because I know you used to be a Chief Sustainability Officer yourself, Bruno. Just curious what you think people are doing now to sort of shift their focus and shift their capital toward resilience, towards solutions, toward adaptation.

A lot of the ESG conversation we've had for the past decade really has been about risk avoidance. And that's definitely something we've seen play out, and that's why the strategies have been performing better. But when you think about the opportunity and resilience and adaptation and solutions, what were the keys in your experience to shifting focus in capital over there?

Bruno Sarda

I think one of the things that definitely shifted for me, when I was head of sustainability for NRG, big power company itself in transition, was when we realized that for all of the focus that had been on the equity investor for so long, that, actually, there was a very fast rising interest from the fixed income side as well as banks. So when you look at especially capital-intensive businesses and looking at credit revolving facilities and those kinds of things and how now we work a lot with the banking and fixed income side of the capital markets for all the hundreds of trillions of dollars they are on the equity side, there's about twice as much on the fixed income side. And frankly, that's a little bit stronger of a lever. It's one thing if a

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company tells you, you may -- or if an investor tells you, you may or may not be in their index next year or you may or not be in their managed mutual fund. But when you're talking about access to capital or when you're talking about the cost of capital, because often, it's about how the bank and our pricing kind of exposure to climate risk in their credit decisions, those kinds of things. So we've seen, certainly, and that's certainly what I saw in my role, is that once we're able to bring not just the Head of Investor Relations to the table. But the Treasurer, frankly, the CFO -- I worked very closely with my CFO at an NRG, that really changed the nature of the conversation. And again, it was really about making strong data-driven business decisions that were not touchy-feely, but that were important nonetheless.

Emily Chasan

Bruno, really valuable insights there. So I want to go to a couple of questions from the audience. I think this first one is good for both Ray and Amy to address at the start, and then Bruno as well, actually.

One of the issues with sustainable farming techniques is that there's this huge transition, right? And the farmers have to sort of absorb some of these costs upfront of making the transition. So how do you -- they worry that's going to like decline in yields or maybe it will yield better yields, but like there probably is a direct impact on farmers' incomes from making big agricultural transitions and like doing more sustainable practices right upfront.

So we were wondering how -- the question I get is how ADP is incentivizing farmers to make that transition to add resilience into their practices, add maybe regenerative farming techniques?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Maybe I'll start, and then Amy can add on. Well, a couple of things. First of all, customers are asking for sustainable sourcing. And so if you were a grower out there and you're looking out in the future, how do you position yourself for the future? More and more customers are going to be asking for this. So this is, frankly, for a lot of growers who's going ahead. Are you going to be a leader in this area here, getting ahead of the curve, as they say, and showing leadership because the customers are asking for sustainable sourcing. And as I indicated earlier, we have like over 900,000 acres enrolled in sustainable farming.

Secondly, it's not automatic that you assume that yields are going to deteriorate when you go with sustainable farming practices. In fact, one can argue that a lot of the technologies that we have right now, you're not necessarily going to see a yield degradation. It's amazing, for example, seed technology, which requires a lot less water, right, which is frankly, healthier for the environment. I mean, these things exist right now, and I can only see this continuing to evolve in terms of the area of technology to support sustainable farming practices in the future.

And thirdly, I think more and more growers are also recognizing that they play a critical role in terms of what the world's going to look like in the future. As you mentioned, Amy, I mean, the agricultural chain is a contributor towards climate change here. And I think more and more growers recognize that. And frankly, they're showing leadership now in terms of making adjustments now in order to make sure that the world is better for their children in the future.

Amy Senter

Yes. I can add to that. I agree everything that Ray said, I think it's wave of the future. But I think it is important that we find ways to de-risk for farmers. And I think there's a lot of different ways that we're -- we can work together with farmers and agricultural producers and trade associations and all of these different stakeholders to really understand what are those risks that need some derisking? How do we look at that from a policy lens? How do we look at that from a programmatic lens? From a supply chain lens? There's a lot different. It's very context-based. And I think that, that makes it a little bit complex because you need to really be -- you need to understand your stakeholders and the environmental and kind of financial context of that particular supply chain.

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But what we've done is -- so we have -- programs are a little bit smaller than ADM is. So our footprint reflects that in about $0.25 million just in the U.S. of programs that we have in terms of acreage. And so in some of those programs, what we've done is we've partnered -- we always partner with a third party. Sometimes it's partners like The Nature Conservancy, who have like a pay-for-performance type model. So it's a programmatic approach, taking those programs, because that's not necessarily scalable at large, taking those programs, testing and learning, building that business case, understanding what those barriers are to implement, and then how do they get sustained over time. So those are the different ways that we've, as one example, that's a program that we've implemented and really thinking through in the different context what are those barriers that need to be. Sometimes, it's longer contract. Sometimes, it's access to capital. It's really varied depending on the location and the supply chain. But all of those things, we definitely need to be considered as we're asking people to change their business model.

Emily Chasan

Yes. That's so important. I was on a farm just this weekend with some upstate New York farmers, and they were talking about how they really need to do to make these changes and figure out how to get money into farmers' pockets so that they can make these upfront changes, but over time, will make their farms so much more resilient and more resistant to floods, droughts and that sort of thing. So if there's a chance to really improve the diversity of our food system overall.

Bruno, going to you for a minute. I guess, maybe you can take this next question. And I want to go back to Amy after Bruno, too. But do you think companies are saying enough about the work they're doing to support ESG efforts in their branding and like as they talk to consumers?

I guess this panelist -- this question is saying, as a consumer, it's pretty hard to find which companies are making a positive difference. And obviously, CDP, you grade how companies are doing. But when a company is making a positive difference is that really being communicated? What are some of the best practices that you're seeing throughout the space?

Bruno Sarda

Yes, that's a great question. And I've been wrestling with that one in the last 10 years or so. In the early 2010s, I was co-chairing -- back when I was with Dell, co-chairing with Walmart, the consumer science working group, both the sustainability consortium. If you focus very much on that idea, we were trying to figure out if it was the improvement of a nutrition label for basically kind of social and environmental goodness or performance. And what we found overwhelmingly was it was really complicated. People sometimes trust something that's kind of a binary. Is it Energy Star? Yes or no. Is it fair trade? Yes or no. They kind of understand that.

When you start trying to get granular, maybe this T-shirt is really good on climate, but it's not so good on human rights. It's a really hard message to communicate, certainly at the point of sales or even in things like packaging. So what we've seen overall is, I think companies that tried a variety of things early on, for the most part, kind of got a little bit punished for what they were accused it, if you will, but people would call green washing because it's like, well, it's better, but not good enough. So -- and I think there's still this feeling even all the things that we're doing better, there's always going to be voices that say, well, that's still not good enough, just like we're not on a trajectory to meet or exceed the goals of the Paris agreement. We're not on a trajectory defense commodity-driven before station -- were not.

And so it's a hard one for companies that really try to, I think, connect to purpose, connect to their values, connect to their brand. I think we've seen a lot of good examples, certainly in the B2B space. In the B2C, there's a handful that I've been, I think, at this for so long that we can kind of rattle them off, the Patagonias of the world that are just very transparent. I love their footprint chronicles, the good, the bad and the ugly. Just even for how far along they are in their journey, recognizing that they haven't solved everything. But I think the consumer often wants to be more informed, especially at the product level, like what is this product? Is this organic? Is it GMO -- whatever, GMO, plant-based, there are so many things these days going on. And you never know, are you trying to push, if you will, specific demand signals? Are you trying to respond to demand signals? So anyway, that's a bit less of my expertise. But certainly in, our experience is that for the most part, people have no idea how much companies are doing again completely, if you will, beyond compliance at a time when governments have really been stuck in the mud and not only leading on this. So the think business by far has been for many years.

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Emily Chasan

Yes. Amy, you're in a really interesting position there. Just following up on that what consumers can see. Just curious what you're saying. I guess it's interesting to think about Bruno's perspective and what you just said about green washing and this idea is better being, but not good enough. And whether it's demanding perfection is the enemy of demanding good and progress. So Amy, I'd just be curious, what are you seeing from consumers and how -- just thinking about impact reports and how that's once a year, but consumers are making choices every day. And yes, how do you manage that?

Amy Senter

Yes. I mean, I totally agree with everything Bruno said. It is -- it's when you're at -- I mean, even for an informed person, you're in the aisle, making a decision. It's so hard to try and absorb all the information, especially on something like ESG, which is covering everything from environmental issues to human rights issues, to nutrition, to governance topics around representation at their Board. It's just such a complex issue, and I think it's unfair for us to assume a consumer should be knowledgeable enough to deliver all of that, right? I mean, we've been on the nutrition journey for many years, and that's still challenging for people to navigate. So I think what it's -- our responsibility as brands is to -- for those people who are seeking out that information, we make it easy to digest on our website, readily available, and all of those things.

I also think that for brands Who have a specific purpose, that they -- I think every brand should have a purpose. I mean this is just Amy speaking. Every brand should have a purpose. That's a little bit higher order benefit. And so what is that for them? And sometimes, it's anti-bullying. Sometimes, it's environmental. Sometimes it's something else, and that's great.

So on your truth, talk about what is relevant to you. Patagonia is a great example of a brand that owns what's relevant to them. And so I think those are the ways that we can kind of navigate that. And I think it's important that our other stakeholders who have the ability to kind of get the weeds, so to speak, of all of these topics really feel the necessity to kind of get up to speed as well and be true experts.

So for example, on this call, our investor community at large, still has room to grow in all the topics of ESG. How do you really stack up? In the Bloomberg terminal, there's lots of data points many of which are not complete yet, and many of which are hard to interpret just at a metric level. And so how do you kind of move and educate people along? And I think that's our responsibility collectively as leaders that are participating in these conversations to kind of advocate for what maybe is the most material issues? How do we get metrics? This is why as Kellogg, we're on the advisory board for the sustainability accounting standards for SASB because we have to continue to help all of our stakeholders understand these issues a little bit better and kind of think about what does good look like in this space.

Emily Chasan

Thanks for that, Amy. Yes, I was an accounting reporter for 10 years. So there's definitely a large difference between financial data and sustainability, that we are always saying is kind of the wild West.

But on that note, Ray, and like I'm getting -- talking a little bit about getting the weeds there was one more question that came in before we go to our final question. I just thought really quickly you have a good answer for this. So what information are you seeking from farm producers that would help make them a strong partner in achieving ESG goals? Do you want net greenhouse gas emissions? Do you want carbon sequestration, biodiversity scores, water usage? What kind of information should farmers be creating that can help illuminate what's going on in the whole supply chain?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Yes. I mean, this is work in progress. I mean we've got some pilot programs going on right now, working with farmers in terms of collecting this data. And it will be things as you talked about, water, greenhouse gas, et cetera, et cetera. I think this -- from an ADM perspective, there's going to

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be a lot more work done in terms of working with both downstream and upstream. So downstream with the growers, upstream with our customers. In terms of collecting this data and tracking it and measuring it. To be consistent with the targets that we're going to -- that we've established for the company here. So I think that for many companies, this is really the next focus area is the whole data collection aspect of getting the information in order to allow us to kind of drive towards the targets that we've established here. So again, we've done pilots. It's working. I think we're going to learn from these pilots and keep on evolving, rolling out these programs with more and more of the growers.

Emily Chasan

Thanks for that, Ray. Okay. So well, 2 minutes, discussions. I have sort of a lightning round question for each of our panels at the end here, where I want to -- if we're sitting here 5 years from now, it's hard to think about that because so much has happened in the past few months. But let's try -- keep the pace accelerating, just really think about the future and how you would map out the future. So how will we have advance the agenda on ESG in the next 5 years. What are really the key elements you're focusing on and what's your top prediction? Bruno, let's start with you, then we'll go to Amy, and then we'll go to Ray. Thanks.

Bruno Sarda

Yes. It just seems like 5-year predictions these days are a bit of a crapshoot. But certainly, when I look at -- what I hope we can talk about 5 years from now, knowing everything we know today, I think -- I sure hope the financial system at large will have really fully incorporated kind of broad climate risk assessments. And not just climate, but as a big kind of tent, there's a lot of stuff that can fit under climate.

Into both its capital deployment allocation strategies that will have regulatory systems, that will have adequately priced, for example, carbon emissions into their economies as well as made comprehensive climate disclosures mandatory. Again, none of the stuff should live for too much longer in the pure voluntary space. I mean, we know it matters and kind of the floor, if you will, should keep rising, not keep dropping. I think we should hopefully see the broad decarbonization of energy, transportation, and certainly, food systems should be well underway, both because of some of the shifts maybe to less carbon-intensive protein. And as Ray was talking about also, just a lot of improvements into how we actually do what we do. But because we have to, from a land use perspective. We have to because of the number of people that are going to need that kind of protein, and to keep it affordable and accessible even in face of stresses to, frankly, the environment and the systems that...

And I think the last thing I'll say is and we're certainly guilty of this at CDP. We look through a lens of environmental issues. We look at social dimensions through the lens of environmental dimensions. But I really hope that we see a growth in the prominence of the s in ESG, whether it's through -- all of the other matters that come up, Amy was talking even about upskilling. But certainly, we've seen this year, if we don't address social and racial equity if we don't address these questions of just transitions, if we don't address these questions of fundamental and equality and the precarious nature of even farming communities, whether it's here in the Midwest or in rural India, of how close they are to collapse to bankruptcy to despair and just to really address that full on, not thinking that these are fundamentally separate from the environmental topic, but they're absolutely interconnected and mutually reinforcing

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Emily Chasan

Great comment, yes, this is really the future, and these are the bounds of the features, environmental special issues. And you reminded me one of my -- your favorite Bruno-isms that if you have set a goal and you know how to get there already. It's not a good enough goal.

So Amy, I'd love to hear what you think is -- what are your expectations next year? As you've got 2 minutes and then my go to Ray.

Amy Senter

Yes. So I think I agree about Nexus issues or intersectional issues coming to the forefront around how we look at maybe specifically within the food space, the climate, water, social justice, racial justice, poverty kind of intersect, and all under the banner of food security, I think those are all going

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to be kind of growing in focus. I think there will be more ESG-related claims on all over the world, what those look like, TBD, but I think that, that kind of communication to consumer will increase. And I'm hopeful that in light, like Bruno said of what I expect will be more mandatory reporting, that we also have kind of an upskilling around what is prioritization for different sectors and how do we make sure that we are starting to harmonize metrics and understanding so that we can really kind of focus on driving bigger outcomes rather than kind of a data exercise So those are my predictions/hopes going forward.

Emily Chasan

That really illustrates how this is a huge chance to rethink the entire food system. And to you, Ray, what are your predictions? 2 minutes.

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Yes. I mean, this is a personal issue for me. I have a 2-year-old son. I worry about the world that he's going to enter and grow up in the future, especially I mean, sitting here in Chicago. So for me, sustainability with the capital S is critically important. And frankly, over the next 5 years, I hope to see significant progress being made in this area. So maybe 3 observations.

First, greater awareness in the United States with the seriousness of climate change in the environment with more unity in the part of governments and corporations and addressing the trends that we're seeing, including the broader sustainability -- the capital S sustainability issues that we're seeing and living through right now.

Secondly, I'm convinced we're going to see breakthroughs in terms of technology to address key areas of greenhouse gas emissions and water use, water conservation. I mean there's a lot going on right now. So within the next 5 years, hopefully, we're going to see more of these breakthroughs.

And thirdly, I can see ADM as continuing to be a leader in the Ag and nutrition space into areas of sustainability, making significant progress in developing new products that reduce greenhouse gas in the food supply chain.

I mean, we're currently a B-rated company in the CDP rating. So we're above-average in our industry. But clearly, we're striving to become an A company within the next 5 years. And that's consistent with really our theme, our purpose, which is unlocking nature to enrich the quality of life of everyone in the world here. So we're taking these steps to make go into that direction.

So what's my prediction? I'm an optimist, okay. So I'm hoping all 3 of these come to fruition. Frankly, I don't think there's any choice but to achieve these objectives over the next 5 years. Thank you.

Emily Chasan

Thank you, Ray. I just want to say thank you to Bruno, Amy, Ray for just an amazing panel. Thank you to CDP, Kellogg and ADM for having this great time to make everybody available for this. It was a great discussion, and I think there's so much that can happen in the food system in the next few years. So it was great to unpack that a little bit.

Thanks again, everybody, for joining us today.

Bruno Sarda

Thanks, all.

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Amy Senter

Thank you.

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Thank you, everyone.

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