



## DON'T MISS A BEET

### Podcast Transcript

## Episode: Exploring ESG in the Food, Beverage and Agribusiness Sectors

**Jonathan Havens and Stewart Lindsay**

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**Jonathan Havens:** Thank you so much for joining us for our food beverage and agribusiness podcast series, “Don’t Miss a Beet.” My name is Jonathan Havens and I'm the co-chair of Saul Ewing Arnstein and Lehr’s Food, Beverage and Agribusiness Practice, as well as the firm's Cannabis Law Practice. And I'm based in our Baltimore and Washington, D.C. offices. Today, I'm thrilled to be joined by Stewart Lindsay, who is Vice President of Corporate Responsibility and Sustainability at Campbell Soup Company. In this role, he is responsible for corporate responsibility and sustainability, partnering with teams throughout the business to deliver on their purpose and achieve ag, climate and water and packaging and other goals. Prior to joining Campbell, Stewart served as the Managing Director of Corporate Engagement at The Nature Conservancy, where he had responsibility for developing and managing corporate partnerships. And prior to that, he spent 15 years at Bunge Limited, an agribusiness and food company where he held positions of increasing responsibility, ultimately serving as Vice President, Sustainability and Government Affairs.

Stewart, thanks so much for joining us on today's episode. We're thrilled to have you. I've really enjoyed getting to know you in the lead up to the podcast recording. And I understand, as I said in your intro, that you came to Campbell from The Nature Conservancy and that you have prior experience in the food and agribusiness industries. Can you give our listeners some background on how your past experience has shaped your vision for how Campbell continues to address its ESG-related goals?

**Stewart Lindsay:** Yes. Thanks, Jonathan. It's great to be here and I'm happy to join the podcast. It's a great question. So I did previously work at TNC and before that at Bunge. Campbell has a great foundation in sustainability and in ESG. There's been a lot of great work done by the predecessors that sat in this role, by the current management team – really strong governance. The company addresses material topics. It has a history of working in its own operations and its supply chain. So, in the first instance, I was really excited to join back in December of 2021 and to dig in and see what the next era of the work of this company could be. So, as you said, I focus primarily on the environmental sustainability side. So I'll focus on that today in my comments.

When I worked at Bunge, we were an ag and food company, trading, processing. We actually made some consumer products in certain markets around the world, mainly in Eastern Europe and Latin America and in Asia. So we saw a lot of points on the value chain, but the preponderance of the business was as a supplier to CPG, to food service companies. So we

really got a deep taste on the sustainability side of the issues and the opportunities that lay in the middle of the value chain and up to the farm gate. At TNC, we partnered with a lot of different companies on what I would call practical projects. So our job and our – the concept behind the team with which I worked was how can we help integrate nature into companies' businesses and into their operating models in a way that has the dual benefit of being good for the business, but also having an impact on the environment, biodiversity, climate, water, and all of the other important goals. So in a sense, I've been spending a lot of time in the food and ag value chain from different perspectives. And it's an integrated value chain. Most of the work that you do in sustainability – it doesn't just rest in one part of it. It's – all of it is influenced by another. To achieve impact on water or climate – for a company like Campbell – we have to work ultimately with farmers to do that.

So that means working generally with a supplier or an intermediary, or more than one intermediary. It may be working with a technology company. So that experience, I believe, has given me the opportunity to look at the value chain in a holistic way and start to also understand some of the trends that I've been observing from different perspectives for a long time. There are a couple, maybe three trends that I think are important for any company working in this space. And the future will be predicated a lot on how we navigate through these evolving issues.

One of them is that consumers are more aware of sustainable food and agriculture than they used to be. They're embracing it more and that's not universal. It's not that every consumer in every place or that every product has the same natural exposure to that. But it's happening. The data seem to show consistently that consumers are more interested in the way things are produced, and what the sustainability profile of that food is. The second trend is that you see a significant investment over the past decade, certainly in how you can measure that, how you can monitor what's happening in the value chain, how you can innovate around that. There's a lot of investment in ag tech, as you know, a lot of investment in technology and data and satellite monitoring; all of these things that the confluence of which mean that it's easier today to observe, to measure, to quantify, to assure what's happening in a value chain than it used to be. And that means that you can meet some of those consumer demands or shifting demands of other stakeholders in different ways. The third trend really is the development, although it's still nascent in many ways on the ag and food side, of environmental markets. A lot of effort's been done on this, on the rule side, on the accounting side, on the project management side, developing different protocols, different credit possibilities in setting possibilities.

So consumers more interested, technology and data more plentiful, and a move towards pricing environmental assets in a new way in this value chain. And all of those things really intersect in interesting ways, I think, for any participant in this value chain. And certainly as a downstream company, thinking about how you navigate through that in a way that can make an impact in issues that matter, that can have a business value and that can complement the core business, which is creating food that people trust, that nourishes them, and that they enjoy consuming.

**Jonathan Havens:** That's great.

**Stewart Lindsay:** So that's what I'll be spending my time on over the next little while, for sure.

**Jonathan Havens:** Yeah. It's no shortage of things to attend to. That's a broad portfolio, but that was really great, especially hearing about the trends. And I know when, in our work with clients, talking about what consumers want and their expectations has become quite big and the availability of data and tech to monitor that – the areas that you're talking about, it's great. Right? That companies can leverage that. But I think it's to a point where consumers expect a certain level of information and if you don't provide it, it can be a competitive disadvantage. So it's really great to hear about all the things you're doing on those fronts. So, switching gears a little bit, could you share a little bit – I've been reading up on Campbell's ESG framework and there seemed to be some key focus points. I think you all call them the key pillars of your framework. Can you talk a little bit about what those pillars are?

**Stewart Lindsay:** Sure. We do have an established framework that really guides the work. I would just start by saying the foundation of it, of those four pillars, the base on which they rest, is strong governance and Campbell has a strong and defined governance approach towards ESG, towards sustainability. We have a governance committee of the board that oversees this activity. My team and others have regular discussions with them about these topics. The full board is obviously engaged and we report up through the general counsel, our Chief ESG and Governance Officer. So, we have a sustainability steering committee internally made up of business leads. So we have a structure in place that enables the business to look at this in a smart way, and for the governance to be done on a regular and consistent manner. So that's really the foundation of those pillars.

The four pillars are: trusted food, vibrant communities, thriving people, and healthy environment. Within those are our different activities. So let me just pull back and maybe talk thematically about what populates those. On the environment side, we have a very strong framework of goals and initiatives that's been running for a long time. If you think about some of the larger buckets where we have a new science-based target that we announced this year, so emissions reduction goals for our own operations, plus our supply chain. We've had a long time commitment in the sustainable ag space, working with tomato growers directly on drip irrigation, water reduction, irrigation reduction, but we have a broader, sustainable sourcing approach that involves purchasing 50% of our key commodities from farmers that are engaged in sustainable ag programs. We have waste reduction goals. We have water reduction goals. So if you think about it in that – on the environmental side, we have a really broad array of initiatives that speak to the material aspects for our business.

On the social side, longstanding engagement in communities where we operate. We've done a lot of work on school nutrition, making sure that's burgeoning in places where we operate. And of course on the strong commitment to DEI, to talent, to ensuring that our employees have a great way to work and that we're attracting and developing diverse talent. So, the HR team does considerable work on that. And, all of this really adds up to what we call delivering on the promise of our purpose, which is connecting people through the food they love.

So I think, when I look at it, I see a foundation that's broad, that's hitting the right material areas, that's leaning in in important places. But what I find compelling about it is that it's something that's grown up from the roots of the company. If you think about our engagement on the agricultural supply, that's obviously been a core part of the company – is procuring directly from farmers – this is since the inception of the company. If you think about the connection to the community, if you think about the values-based approach towards talent, all

of that really comes straight from the history of the company and the long roots of it. So I think it's quite compelling in that regard.

**Jonathan Havens:** Absolutely. Right. I think ESG is a newer phrase to some people, but it's certainly helpful that, as you're talking about, the company has been looking at a lot of these initiatives for quite some time. So it's not like they're just coming to it fresh. While many people might be learning about ESG for the first time lately, it's certainly not something that the company is looking at for the first time. So, that's obviously great. So, I looked at the company's corporate responsibility report, and it's a pretty impressive document. Could you tell listeners who might not be familiar with that report or what a report like that might even contain, what's in there and how does it fit in the company's ESG efforts?

**Stewart Lindsay:** Sure. So, every two years we put out what I would call kind of the compendium report which contains a lot of information about what we're doing, including a lot of qualitative information, deep dives on some of the areas of focus, stories, plus a variety of metrics and reporting frameworks. And then in between, we do a lot of updates on the metrics side, on the framework side. So this year was a big report year, and delighted to have it out. It came out in March and hopefully it's useful and informative to folks and also contains some information that might prompt new ideas.

I think – like many companies where this has been an evolving space, ESG reporting, sustainability reporting – so like many companies, I think, we're always thinking about, “What's the information that we can provide that's most useful? That tells the story in the best way, that's factually solid, and applicable for people who may be looking at this, trying to understand the company better or make decisions based on it.” So, we've been integrating over time. Obviously we have the GRI index. We've been integrating this year the TCFD index, SASB, UN Global Compact reporting. So there are ways that – externally people can see, “Well, this is information that is – I know the framework – it's something I can use easily. It may be comparable, in some cases, but primarily it's something that's accessible and easy to use and informative.” So that's the journey we've been on in addition to doing some other types of reporting that most people are familiar with – the TCFD or what have you. So, yeah, we're trying to evolve the reporting and in a way that is informative, but also useful and accessible.

This year, a couple of the bigger things that we focus on – obviously the science-based target that we announced at the same time as we put out our report: 42% reduction in scopes one and two emissions; 25% reduction in our scope three emission. We have some new nutrition information and metrics that we put in this year. We've done deeper analysis on our water risks. So, looking at base and level risks from supply and from operations. That's in this year's report. We did kind of what I would call a capstone summary of some of the community engagement work that's moving into a new phase and a new era, a new exciting program. And obviously on the talent, on the DEI side, on talking about how our employees are working together – we spent quite a bit of time on that. And of course COVID is a topic that was also referenced. So, the opportunity with reports like this is to have it be a reflection of the company. And I think this year is a powerful reflection of the things that we're doing, the longstanding commitments that we've made, and the direction the company's taking. So, we're pleased with it.

**Jonathan Havens:** That's fantastic. And so, kind of dovetailing off the direction the company's taking, can you talk a bit about where do you see the future of the company as it relates to the ever-changing landscape of ESG?

**Stewart Lindsay:** Sure. Yeah, we have this strong foundation, and ESG topics are being managed and governed at multiple levels of the enterprise. So we'll be building off that strong foundation. I think in many ways we'll be updating and refining the programs that we have, making sure that we're doing things as efficiently as possible, integrating in these new opportunities that we talked about earlier, trying to make sure that we have progressively better insights into the issues that matter. And ensuring – I think always with an eye towards the conductivity to the business – so ensuring that we're making an impact where it matters on the topics on which we can have an influence that are relevant to the business in our operations, but also in a way that creates value for the business, presents new opportunities.

So I think that's the intersection that we're looking to really focus on. If we can see consumers continue – as I mentioned earlier – continue to be engaged on these topics, we see environmental markets grow. If we see the data trends go the way they were, I think you'll see that intersection expand. Right? There should be more opportunities for value creation and impact in particular projects and strategies. So, I think we'll be looking for ways to engage and invest in those opportunities in the best way, ensuring that we're making a difference for the business, for the communities, and our partners.

**Jonathan Havens:** That's great. So, we're almost out of time, but a few minutes ago, I made the comment based on your great insight into how Campbell looks at ESG now and how it's been really evaluating some of these ESG themes for frankly quite a while before ESG was an in vogue term. But for listeners who might be with a company that's just starting to look at ESG, maybe a smaller or an emerging company, what guidance would you provide to another agribusiness or food company on how to create and deploy an ESG framework if they're starting from scratch? I know that's a loaded question, but you've obviously been walking this walk for a long time, both at Campbell and in your prior positions. But for someone that's starting to think about these in these industries, what would you recommend or what guidance would you provide?

**Stewart Lindsay:** That's a great question. Well, it certainly is an evolving space, so there's a lot going on and I think the question's a good one for that reason. I guess I've observed – and I don't think this is a unique observation – but I've observed over the time I've been involved in this where you've really seen an evolution of these topics from what I would call the anecdotal to the institutional, where they've gone from being good stories, good projects, good impact, but maybe not necessarily always integrated into the day-to-day operations of the company or finding that connection to the business value and the results of the company. So, that progression keeps moving, I think, in a positive way, because ultimately these things should be integrated as closely as possible.

So in that sense, if you're starting fresh, there's an advantage in that there's been a lot of work done on this and a lot of frameworks, a lot of lenses that you can apply to look at things in an informed way. It's probably not that much different than if you were starting some other element of an enterprise or a business in just asking some of those basic strategic questions. Which is, because the landscape is broad, because there are a lot of opportunities, because companies and sectors intersect with a lot of different issues. I think the key is to apply some

of those basic strategic questions, which is “Where should we play in this area? What defines success? And what are the assets that we can either bring today or that to succeed, we will need to acquire to achieve goals?” And really working hard to kind of define down the key areas where you can have an impact and create value for the business. Again, I think that'd be similar if you were starting a new venture or starting a new element of an enterprise.

So I would over-index on that type of analysis, on mapping it out, stress-testing those ideas and doing that really in close collaboration with key business leaders, key areas of the business, be it sales or operations or marketing or finance, what have you, HR, and really over-indexing on that too. Over-indexing on that engagement with the business because I think through those types of processes, by taking a hard look at that, you'll surface those opportunities that you can have both an impact that resonates with consumers, with stakeholders, that's meaningful to the business, that has potentially a higher return on investment, be it operationally, or be it from a sales generation perhaps perspective. And I think having that kind of clear-eyed knowledge about where the company should invest and where it can have the biggest impact is really critical to moving forward. And it's also critical when you're having further on engagements with external stakeholders. So, if I had to start over from scratch, that's what I would do.

**Jonathan Havens:** That's great. Really, really terrific answer. I love the point you made about the transition from anecdotal to institutional. I think that's really a great kind of observation about where things have gone in this space. But I really appreciate that answer. I'm sure our listeners who are starting to approach ESG issues maybe for the first time will really benefit a lot from that.

**Stewart Lindsay:** The last point I might make is it's never too early to have good governance structure in place, a formal governance structure that enables the right decisions to be made, the right oversight to be put in. So, if you are starting afresh, that strategic analysis and an over-indexing on the engagement with the company, and then (b) start off with the governance framework that you think will work best. Take examples from external and put it in place. The sooner that's there, the better off the whole process will be.

**Jonathan Havens:** Right. Yep. No, it's a great point. There are a lot of resources out there. People need not reinvent the wheel, so to speak. Right? They can make the wheel work best for their organization. So, well, Stewart, look, I really can't thank you enough. I've learned a tremendous amount. I know our listeners have as well. Really appreciate your time and your insight and you sharing your fantastic experience with us. We want to encourage our listeners to tune in on future episodes. And we look forward to having you on another episode of “Don't Miss a Beet.” Thank you so much.

**Stewart Lindsay:** Thank you, Jonathan. It's been a pleasure.

**Jonathan Havens:** Thanks, Stewart.