

Karen Dillon: Today, I told our panelists, our goal today is to have us almost witnessed a conversation among the three of them. So I'm going to moderate, but my goal is for this to feel as close to the breakfast. We just had sort of getting acquainted with each other so you can get a peek into how these guys would talk to each other about their challenges. Um, so we're gonna talk for a little while and then I'll open up to questions from the audience. So let's, uh, let's rock and roll. All right. Let me start with the [inaudible] to be very, I told you I would ask you, we just question topic being Darwinism. What is the biggest change in each of your industries that you're facing? Just this, go down the line and talk about that for a minute and then we'll start the conversation. What's your, you know, your evolutionary change that you have to keep up with?

Nancy Green: Yeah, I think for, for us, so I'm obviously in the garment industry, the retail apparel industry. For us, it's really the, the wake up call of what is happening with the responsibility we have as a huge manufacturer of a lot of products that customers buy and where and what happens with the end of life of that product all the way through production to the end of life. And the reality is this industry is, creates a tremendous amount of waste, uses a lot of energy and needs to be completely re-imagined. Um, otherwise we're going to face an existential crisis. Uh, we are at a point where it is, you know, we all know what's happening with climate change. Um, and that is time that leaders really step up and use their business and their platform as a force for change and positive impact. So that is for us, one of the many things facing us, obviously the impact on society, um, building stronger communities, building the awareness of what we need to do as leaders, but really re-imagining the entire, uh, process in how consumers can buy products that are much more responsible for the environment and for society at large.

Karen Dillon: Okay, great. We're going to come back and ask a lot of questions. But Tom, what's your big change?

Tom Fanning: Yeah, I, I'd note a series of revolutions going on right now. One I think is a technology revolution. The way we think about make, move and sell energy is changing dramatically based on a variety of technology breakthroughs and frankly behavior patterns on our customers. I think the second is a business model revolution per se. As a result of all this technology, this hundred year old business model that has been centered on energy production in America is really gonna change and you can't keep the waves of change off the beach. And so we've got to figure out a way not to respond, but lean in and influence and really make a difference here. And environmental revolution where now we're talking in a very open, clear way about what we should do about carbon on the planet and what does that have for fuel stocks and went up vacations. Does that have for again, personal behavior and then finally a cultural revolution.

Tom Fanning: So when you think about the kind of people that are gonna lead this change, they are not necessarily the same people that have gotten us to where we are. Southern Company is an iconic company, one of always I think one of America's most admired and we've been so successful for so long, but I think one of the

challenges we faced is that one of the greatest harbingers of future failure is in fact past success. So how do we reinvent ourselves? I always like to talk about this concept of creative destruction when you've been doing a kind of business for so long and somebody comes along and says, nope, no matter how successful you have been, we are going to change it. That is threatening. Building that revolutionary spirit in our culture is something that we've got to do.

Karen Dillon: All right, we're coming back to that as well. A lot there to unpack. Jeff, your biggest change.

Jeff Harmening: Yeah, so a lot of what Tom said resonates with me, but for us the biggest change is that there's been a lot of change in food. I mean, the, the, the words dynamic in the food industry would not have gone together, um, 10 or 15 years ago because it was a, it was a very static industry for about four decades. But what's changed over the last 10 years has been people's food values and you know, and we've had to adjust to that. So for example, 20 years ago, general mills didn't produce any, uh, or sell any organic food. Now that we're, we're the second largest producer of natural and organic food in the country. And number one, if you include boot Blue Buffalo, which is a natural organic pet food, what's going to change over the next five to 10 years is really how food is delivered. And especially with the change in technology and how food is delivered from stores or warehouses to people's homes, that's going to be the next biggest change in the next decade. So as the, the key for us is 150 year old company is to make sure we keep what's been successful about our company and our values, but also then migrate the things that need to change it. It's not always easy.

Karen Dillon: The question for any of you, who do you think the pace of change required to change Darwin is tickly so to stay ahead is faster than it used to be or is it just we talk about it more?

Tom Fanning: Yeah. You know what though I, I love the framework of Darwinism. However, I like to put a more optimistic aspect on that, right? I mean we're talking about survival in case of Darwinism, adaptation to be successful, to create an aspiration that will make the planet better, to make, you know, our way of life better is really kind of what we're after. And I think one of the political kind of seasons that we're in is the rise of populism. And I think so often now, so many people are losing faith in the institutions that government and the people that run them, they start to distrust iconic companies and big institutional structures. What we have to do in this time of change is reach people where they are and define our success by their success and make sure that the communities are better off because we're there,

Tom Fanning: create a positive aspiration. I prefer to think of it that way rather than survival

Karen Dillon: and then strong, strong surviving if you can look it up that way. [inaudible] at this try. One thing I was curious about with all three of you, as you've all been

with your organizations for a relatively long amount of time and you all come from relatively established old line organizations or old had been around for a long time, but yet your change agents, your leaders has changed changes. How do you do that? It's very hard to have come from a system to be part of a culture, to be identified with the culture and still be an effective change agent. How do you each do that in your own organizations?

Nancy Green: Well, I think, you know, I've worked for gap for 26 years and I've run Athleta for six years. That gap acquired Athleta 10 years ago.

Nancy Green: And my perspective was always, you know, I love to be the entrepreneur inside the big company thinking way ahead in terms of where do we need to go, what do we need to be? And making sure that we are leading in a way that is very tied to where values are going. Society's going, the environmental needs are going and connecting that back to how you lead with values. Um, and I think one of the things that's always a challenge is you may see things way ahead of when others can see things and connects those dots. And you may run into naysayers that might not see things at the same time you do, but it's very important to have that conviction and to be able to figure out what is the right team I need to surround myself with? How do I stay and create that and stay with that very important or star and start to build the proof points, um, through action, through actually creating programs and, and ways of action that are leading you where you need to get to.

Nancy Green: Um, and by proving that that is a path to success, um, you really create incredible influence. So one of the things for us is, uh, we became a certified B Corp 18 months ago. We explained what that is for people who may not know. Yeah. So B Corp is, uh, is when you go through, it's a very rigorous certification process that you go through through a company called [inaudible] labs that goes through the certification with you. And what it is, is it's the highest level and most rigorous standards of ethical performance around social responsibility, environmental responsibility, um, for private and public companies. And the idea of a B Corp is that your business should be used as a force for good and that profit and planet and people all can work positively together. They're not in conflict. We were acting as a B Corp, an Athleta before we became a B Corp. We decided to become a B Corp because we wanted to, uh, make sure that we had that rigorous certification and we wanted to stay a B Corp and be re certified every year.

Nancy Green: Uh, and we also share the message of why that is important because there is a lot of greenwashing out there where companies might say they're doing something but they're actually not acting in the way that what they say. And so B Corp certification we believe will be in a business what as an example of what certified organic is to the food industry. So it's a way for customers to understand and uh, you know, stakeholders to understand that this is real. These are very, very high levels of standards that this company is adhered to. So for us it was about really believing in creating very, very aggressive sustainability goals. I talked earlier about the garment industry and its impact on the

environment. So five years ago, less than 5% of our products were sustainable. We put a goal out by the end of the next year, 80% of our products will be sustainable.

Nancy Green: And that's through fabric manufacturing, fiber, recycled and alternative fibers that are sustainable. And that is, that is a very, very ambitious goal. It's unprecedented at our scale. And so acting and getting the right innovation together and, and emphasis and energy around reaching that goal has been really important. And sharing that message leading with purpose, leading with values, customers care about this more and more and we're finding every year customers are moving more and more towards voting to support brands that are leading with values like this. And so our and our business has been incredibly successful. We've quadrupled our business in the last six years. And so showing that that proof point helps influence the company, the greater company. We've, we've done a lot to influence a much more aggressive path of sustainability for gap inc. Um, and that that is was always our intention and not only to be a proof point out there for the industry, but a proof point within our, within our company to be able to move the needle much faster.

Nancy Green: And it is easier when you're smaller, you are more nimble, but you can be that, that proof point and you can move fast and you can show what's possible

Karen Dillon: is part of your unspoken or even spoken mandate to be a disruptor?

Nancy Green: I would say changemaker okay. You know, it's really, I, you know, influencer, we want to influence through demonstrating success, not just talking about it but so they're not just ideas, they're actions and connecting the dots between leading with values, leading with purpose, you know, creating really strong, bold values and how that, why that's good for business and why that's good for communities and stakeholders and gapping has always been a very strong value based culture. Um, creating very important programs all over the world. Uh, you know, to help youth earn their first jobs through retail internship programs, through programs we have with our factories in Asia where we build life skill training programs for the workers that are primarily women through a pace program. And we've also been, you know, moving in the right direction with sustainability and responsibility, but we are pushing it that much further to be able to create greater change and greater influence faster.

Karen Dillon: I want to ask you to come back and talk about what's hard about what you've just done. Yeah, but Tom, I want to ask you, I was surprised to learn that you are went from 75% coal to 20 talk about the mix of things you're doing for someone who has an old school notion of what southern company is and does.

Tom Fanning: Yeah. Look, before I became chairman, we were 70% of our energy came from coal, single digits from natural gas and today we're around 26 from coal, about 48% from natural gas. We're the only company still building new nuclear. But here's the thing, I, this notion of inventing the future is really the key. We're transforming, making, moving and selling energy. But part of transforming it is

not just living in the present tense. We've got to think about proactively staying with technology innovation. We're the only company in our industry that does proprietary robust research and development. The keys to the future are going to be unlocking the promise of energy storage and also dealing with the carbon atom. Uh, we can't turn our backs on a lot of the hydrocarbons in America, but we do have to deal with the Adam. We run the nation's carbon capture research center, anyone, the international carbon capture research center, and we're rethinking the whole model of miniaturizing what has been in the past, this kind of age of big iron, gigantic power stations, giant transmission lines, and all kinds of big infrastructure.

Tom Fanning: We're miniaturizing that and now we are creating a business that as the age of big iron starts to dissipate, we are building, I think, a capability to put, make, move and sell on the premises and under the control of our customers. That's fascinating stuff that the one thing I do want to point out is from a cultural standpoint, this is very threatening stuff. We've been so successful for so long and so many people. It's a, then we have the lowest prices, the highest customer satisfaction and the highest level of reliability. And why the heck do they need to change? Well, if you did a pie chart of people at southern company, you'd have this giant slice of make, move and sell on there. Very credible. And there's tiny little slice of the revolutionaries and these are the people that ask why and why not and why can't we do it this way?

Tom Fanning: And the people in the rest of the pie slice want to assassinate the people in the revolutionary slides. When I got this job, I knew I had this job about a year before I had it and I went to our corporate shrink. Yeah, you look at me and say they've got a corporate rank. But anyway, you would say, give me out of our hundred and 50 so officers give me the 25 or so that are the revolutionaries, the guys that can really adopt and run with change well enough. This guy comes back with the 25 people and I went, there is no way that guy or that woman is a revolutionary. And what they have done is adapted their behavior to fit in. What we've got to do is celebrate the revolutionaries, create a safe space for people to question the iconic behaviors that have taken us so long. And the very first day when I did take over, created this little line, honor the past, build for the future and we've done lots of stuff I could talk about later.

Karen Dillon: I want to come back and talk about that with you because I'm really curious how you culture, how you foster a culture of revolutionaries when there's a strong immune system, right? If that exists.

Jeff Harmening: Can I build on a couple of things that have been mentioned already as well as a question you asked a couple of minutes ago and that the first is you ask about about change of is just talked about or is it, is a pace of change changing first of all, there, there, there's no question that people talk about change a lot, but the pace of change has accelerated in almost every industry over the last 10 years and it's going to accelerate again. And so, um, while change is difficult, the idea of staying the same, it might be easier in the short run, but in the long run it'll

leave you non-existent. And so there's no question that the pace of change, certainly in our industry and I think most most industries it's going to pick up.

Jeff Harmening: And what I would tell you about, you know, leading, leading change, it's really hard. I mean it's really hard and um, it's really hard for the people for whom change has done too. And it's really hard for the people who are leading the change. And you know, what, what is required. I think the first thing is conviction. And Nancy mentioned that you have to believe in the change that you're making and the organization that you're leading. And, but for general mills, we believe that big as a force for good or at least that it can be. And that we believe that we are, if I didn't believe that, you know, trying to make change at a company that's been around and successful for 150 years would be a tall order. So the first thing that you really have to have, you have to have conviction.

Jeff Harmening: The second is you have to set the expectation, and we talked about that here a minute ago. In the very first meeting I had with our global officer team, and we had never gotten the global officer team together. I've been the CEO for two years. About a month after we, I became CEO. I got the group together. My very first, my very first words that the teams were, we're going to transform general mills. And because, and you're like, well how exactly we're going to do that. I don't exactly know, but I know that we're going to, I know that we're going to do that. And so the second thing I think is the key is to make sure that you're setting expectations. The third I would say is that you're never gonna be perfect. Any change during or you're going to have setbacks, you're going to have some wins.

Jeff Harmening: You need to celebrate those. You're going to have some, you're going to have some things that don't work at all. You need to be honest about those and you need to make sure that you keep changing because perfection is the enemy of change and anything, anytime you see a dynamic environment, you show me a company that's perfect, I'll show you one that's not changing fast enough. And for us that's been particularly difficult for a company that's been wildly successful. Like toms has been over, you know, over a hundred years. That's, you know, that's really tough. And then, you know, I guess finally I would say you've got to find the right leaders. And you talked about that. And what you find is that there are a lot of leaders who can adapt the change and they're really able to rise to the challenge. There's some who aren't, and some of people are able to adapt to change.

Jeff Harmening: They're really good people. They're really smart. They really help the company to get where they're going to go, but they're not going to help the company get to where they're going to go before. That's the hardest part because a lot of these people, when you come from the inside, they're your friends. You've seen their kids grow up right, and that's hard and so you need a bridge there. There are people you didn't bring in from the outside with differential skills. So you know the, this whole leading change is really, it's really interesting and sexy to

talk about. I can tell you from leading it, it's gratifying once you're successful, but the door to get there is a, you know, it's got a lot of landmines.

Tom Fanning: Yeah. I'll tell ya, this idea of being a change agent leader requires, as you said, vision and courage and I guarantee you we find ourselves in a leadership position where there is no consensus behind us and therefore what you must do is build the right talent, build the right relentless communication internally and externally to create a following, to get people to adopt what they think is risky behavior. We know you just said doing nothing is the riskiest thing you can do. Getting momentum, creating the ability to act, react, modify, get back on course. That's the right way to go. Just as you said. Yeah.

Nancy Green: You both talked about

Nancy Green: just the creating the culture of risk taking. I think psychological safety is so important on teams because if you say you want innovation but you don't allow for safe places for crazy ideas to come out, then you squash those ideas and so that psychological safety and making sure that you create a very inclusive environment where it doesn't matter like where the idea comes from. I talk a lot about this with my teams that I don't want to top down leadership hierarchical environment. That's not our culture. Our culture is a great idea. Can come from anywhere. As leaders you have to recognize the potential of that idea and for like, you know you said as well sometimes you don't. You have no idea how it's going to work. We had no idea how we were going to get to 80% but you get the right leaders in the room and who are passionate about it and move. I look at my role as I've got to clear the obstacles for them to be able to just get that idea out.

Tom Fanning: The issue here is not one that stays within the company as well. So let's just take a simple case. We shut down a coal plant somewhere. Putnam County, Georgia plant branch, take it out. That plant represented about 20% of that county's revenues, its tax base, the jobs at that plant. We're roughly double the income level of what's available elsewhere in that county. What do you say to the teachers and the fireman and the police when you take those steps? This must be a holistic approach. It isn't just us, it isn't the board room, it isn't your management council room. It isn't the company cafeteria or auditorium.

Tom Fanning: We have got to be inextricably intertwined with the communities we serve and provide a pathway, a bridge for everybody to do as well as they can during these times of change.

Karen Dillon: You've all talked about how your strategy really is now connected to communities in a way that feels far beyond a nice annual report. You know, noting the things that you've done. Could you each talk a little bit about the, the, I'd say extraordinary efforts you've done in the communities that you work in and serve that might be surprising to people, how involved you are? Let's start with you Jeff. Yeah.

Jeff Harmening: Yeah. For us, I mean I think the, the first key is that we need to make sure we focus on the place where we can really make an impact because there are so many demands placed on, on companies and CEOs these days. If you, if you try to answer that call for everything, you end up doing nothing. Well, so for us as a food company, we really focus on food security and reducing food waste. I mean we, we were, we took out 4,044 I'm sorry, 4 billion pounds of food waste this, this past year and we're really proud of that because when we had you do it, yeah, we did it. We did it because we did it in a way that partners with others. Because anytime you want to create change, you're not going to do it by yourself. It really takes a coalition of the willing and people with different skills.

Jeff Harmening: And so for us, we did that by partnering with Google to create an app that connects people who have food that's about to be wasted with, with people who need food. So people like Feeding America and General Mills was a founding sponsor of Feeding America. And so by creating that app, you create that connection. So we did it, we provided the funding, we provided the funding to help create that app. We have the technical expertise from a company who would be way better at that than we do. We connected them with people who have food, and so we're able to reduce waste. And what that does is it gives people access to food who really needed, it also reduces the amount of food that's going into landfills because it creates a tremendous amount of methane gas, which in turn, you know, he'd set up the environment. And so, so we're, we, we have been a big supporter of reducing food waste. We do a lot with regenerative agriculture and there's probably an hour long discussion on that.

Karen Dillon: Just define it briefly for people. Regenerative agriculture,

Jeff Harmening: regenerative agriculture is really basically taking care of the soil which we farm on. And in the, the reason why that's important is that in the last 50 years, about half of the top soil in the U.S. has gone away. And the next 50 years, the other half goes away. If we don't do something different and the outcome we're looking for is, is sustained soil. And the way we do that is where things like cover crops and rotating crops. And the benefit then is that we sequester carbon in the soil, which reduces greenhouse gases. We also sequester water. So it, uh, in times of drought, um, or in times of heavy rain, the crops are more resilient and the ultimate outcome has to be for farmers to be more profitable. And, uh, the way we do that is working with groups like the Nature Conservancy, as well as, as groups who teach farmers.

Jeff Harmening: And we don't, we don't teach the farmers themselves. We create, we provide the funding to people who are really good at that. And so again, it requires partnership.

Karen Dillon: You don't own any farms, right? These are just your suppliers.

Jeff Harmening: We don't own any farms, but you know, we don't have any farmers. So there really are suppliers. But a lot of things we do for, I said we're the second largest natural and organic company. One of the things we do, for example with dairy

for example, we bridge farms from traditional dairy to organic dairy because there's a three year period at about a three year period of takes to get from a conventional dairy to organic. And in between there, sometimes you can't use that milk, but we have both organic yogurt and we have our yogurt that's not organic. So we could actually help farmers bridge that gap. And um, and in a really meaningful way,

Tom Fanning:

we think, uh, about leadership in this regard in really three levels. One is responsibility for self, making sure that you're as good as you can be in today's gonna be better than yesterday and tomorrow is going to be better than today. And making sure that you spread that around responsibility for self. Second is responsibility for team making us southern company as good as we can be, but I think the salient point here is responsibility for the enterprise. The enterprise is something bigger than who you are. It is beyond your parochial interest. It's not southern company, it's the industry. It's not the industry. It's American American commerce. It's something bigger at play, at branch. It's the community around Putnam County, Georgia, making sure that we're all better off because we're there to be a citizen wherever we serve. We do that in a variety of tangible ways.

Tom Fanning:

An example locally, what we have done at Georgia Power Company for example, is hired a team of x principals and what they do is work within the state and the education system to make sure that the, the coursework and the, the process and the nurturing and the after school opportunities for students is as good as it possibly can be and is modernize and is effective. We now fund our own schools. We have our own academies. You know, there's this big issue in America right now where everybody wants to get a college education. Well, we recognize that a really valuable, important part of the workforce is skilled labor. So we fund our own academies to train people to be Lineman, to work in a plan, to really be valuable and earn six figure incomes at very important work in America. On my level, I tend to project nationally. So I take a, a, a leadership role in things like national security, cyber security, physical security. Uh, when big storms hit the United States, I help lead the response from a multi-regional assistance aspect to make sure that the communities are restored not only with electricity but with hope. Working with the government, uh, walking the halls of Congress, whatever we can do to make the big playing field better helps us all. And Nancy.

Nancy Green:

So we have, um, several things we do. Um, first we give paid time off to all employees to work in the communities on with the nonprofits organization that each individual employee is passionate about. That's very important to, with you versus Sam, I'm doing my time off to do this. And then we match donations. So that's number one. Just employee what, what areas are they passionate about, where they want to get involved, you know, hundreds of thousands of hours. Um, each, each year are given directly by our community involvement through employees. The second thing we do is specifically with Athleta and then I'll talk about some gapping programs is we have 200, almost 200 stores across the u s we believe very strongly that the community that we have with our

customers in helping to support health and wellness for women and girls is critical. So Free Yoga classes, we do events, we do girl's confidence training workshops in our stores.

Nancy Green: We host classes on the latest wellness information, whether it's food, nutrition, uh, fitness and those are all open and free. And that's very important, that relationship that we have with our customer versus just thinking about it as a transaction. It's much deeper than that. And then there are two programs that are very, very important that are, that are run by gap inc. And the first one is called this way ahead. And that is where we have a responsibility in areas where there is marginalized youth. To be able to use our stores as a place where this can become the first job and to be able to give work skilled training resources to youth that may not otherwise have that opportunity. Um, and, and it's been incredibly successful and it's a program that we're growing and scaling across all of our brands to be able to bring, you know, the paid internship program.

Nancy Green: First job, first paycheck, learn how to build relationships, learn how to be responsible with your time, um, and build engagement. The inf retention is really, really high with these students that come in. So that's powerful. And then the fourth thing is the women that make are the people that make our clothes in other countries, most of them are women. 80% of garment workers are women. And many of these women are in developing countries that do not have access to education or skills. And so we've created a program called pace, which is an eight week program that takes these women through basic life skills training, everything from personal hygiene to financial skills to conflict management. And it's been phenomenally successful. 300,000 women have gone through pace and we have the goal in the next couple of years to have a million women go through the pace program. We're able to scale that.

Nancy Green: Thank you. We're able to scale that because we're bringing more partners in to help us do that. And now it's global and we're working with NGOs and other companies too because it is a powerfully a successful program. And so I think that's back to, you have to take responsibility for different communities in which you're a part of. Um, Athleta also works with fair trade. So we're building the fair trade movement and the garment, uh, industry and building that and fair trade offers a additional premium to workers, which the factories match and the workers decide what they want to do with that extra premium. So teaching them how to save money and earn, um, additional wages is also very important.

Tom Fanning: I think what you're hearing here is a differentiation between the whats and the hows. You know, you make clothes, you make food. I make energy. Um, that's are what make, move and sell. However, the house, our behaviors, not only within the company but with our external publics are really arguably the most powerful things we do. When you think about Darwinism, what is sustaining? We know that there are signwaves, there are ebbs and flows of the watts. Over time. Certain trends happen in the food industry and in the clothing industry. Then you can't predict fashion over time and look at the transition in energy. But I'm telling you the most important thing we can do as leaders of the

enterprise now is to touch somebody's heart in a very profound way. I think business has a very unique opportunity right now. As I mentioned before, where people are getting disillusioned and, and, and as a matter of politics, we are divisive. I think we as leaders of the enterprise can create a constructive middle, create a dialogue. My sense is people tend to shout when they feel like they're not being listened to. If we as business leaders can address the big problems of society through these behavioral approaches, the the hows as compared to the whats, I think we can make us all better.

Nancy Green:

I think it's also interesting because what we're learning too is more and more, especially with the generation now, Gen z graduating from college right now, millennials slightly ahead of them, they want to work for companies that lead with their values and they're not going to compromise on that. So, and obviously it's not just those generations, it's you know, other generations as well. But if you want to have the best people in your organization, talent, you have to, you have to be doing this, otherwise you're not going to get the best talent. And I think this next generation is going to be extraordinarily powerful in terms of their ideas because this is, they care more about this in any other generation before them. They are not going to accept that climate change is going to ruin the planet. They are going to be part of that solution. And so we look at it as a really exciting time to bring new ideas. And New young talent into the organization. And it's very important for engagement. They want to, they want to stay, they want to be part of it because of that,

Tom Fanning:

you know, and that that goes, this concept of diversity, which is another four hour conversation. But I would say this diversity isn't just about gender, race, it's about sexual orientation and religion and age and income and all kinds of stuff. All the wonderful ways that we are different and yet alike. Diversity is not an end of itself. As you said, what you really want is diversity of judgment, of experience, of context, of skill. Diversity on one side enables diversity on the other and that what we have to nurture as leaders.

Jeff Harmening:

That was what I was saying. I can't, I mean I, I would agree with all that. And, and you know, we talk about diversity inclusion, they become buzzwords, you know, after awhile. And I remember we had a discussion, so one of them in court, they want a short enough to DNI, we're going to d and I'm like, no, we're not going to DNI. And, and actually what we talk about at general mills as a culture of belonging, because you show me a place where pupil, I feel like they can belong. I will show you a place where people feel better about what they do. They'll feel better about the company, they'll give more, they'll give their ideas and you know, a company that can foster a culture of belonging gets the best out of people from a variety of different perspectives. And when you're leading change in a dynamic environment, not only dynamic within our companies, but dynamic within the country and dynamic within the world in general, mills is a global company.

Jeff Harmening:

When you have all this change going on, you better have everybody bring their best every day. And the only way you can do that is to create an environment

where people feel safe to contribute and they feel like their voice is going to be heard because it's not enough to have a seat at the table. You have to be able to have your voice heard once you get there.

Karen Dillon: I would love to keep going in depth, but I want to open up to the audience because they know you'll have some tough questions. So I guess I will, I will matter it the asking who gets all right, you in the front.

Audience Member: My question's for Tom, my questions for you. And it's good when you close a coal plant in, in a town that you spoke of, uh, is there, uh, the possibilities of instead of eliminating that, converting it to either building large solar, building, wind farms, continuing to keep high quality jobs and, and, and continue to support the neighborhood at the same time progressing into, uh, a lower carbon dynamic across the board. Is that, does that work? And because I'm from California and I, and I, you know, I, I think lack of California and, and I'm not going to, um, put that up or down. I'm just going to say that, you know, what I see where Middle America has been ignored is when we close these plants, I've been making the argument with my friends and I've written my congressman and said, look it, we need to create, I'm sorry, I disagreed.

Audience Member: I'm a successful business man. The corporate tax change benefited me to some degree and, but I will say that, um, what I felt was wrong with that was that we had created, um, a tax credit for building a factory in an area where unemployment was twice the national average and then gave a tax credit for training labor, which would have been maybe 50% the first year, 40 30, 2010 zero. And at that point we would have put quality jobs. We would have encouraged production within our own country. We would have at the same time, we could do the same thing with r and, d, which we did in the 60s very much, which expanded technology tremendously at Microsoft and others. How do you see that? I mean,

Tom Fanning: Amen. So, uh, we work with the political leaders. There's a process just to pick out Georgia since that's the example we use process in Georgia called an integrated resource plan and it deals with 20 years worth of planning for both the generating assets as well as transmission assets. That's really an iterative solution. And A, we work with our regulator, we work with the politicians to develop a, a best holistic answer. There's really cool ideas about that too. Uh, let me just add internally through this giant transformation of 70% called the 26% call, we have saved every job that somebody wanted to keep. In other words, if they wanted a job, we found a place for them. So there were no layoffs. Okay. We made that commitment that took some financial plane pain for us, but we were able to manage it. Um, the other thing was we were able to work with the communities that were impacted and tried to, uh, develop alternative solutions like solar, like perhaps a new gas plant, like something, I don't know, but we worked with it.

Tom Fanning: Um, the other thing that we do is blend into that. So we have these gigantic foundations at each of our companies. I think Georgia power foundation is \$160

million. Their annual volunteerism is around 250,000 hours. It's an expectation to be involved in the community, so we'll make special efforts over time to help bridge these very damaging kind of circumstances. We really do try to take a holistic approach and I would argue we've got a terrific relationship with our regulator and with the governments that that we serve to help make it as good as it possibly can be. It actually creates opportunity for a lot of people. One more concept I'll just throw at you. This industry has been built on reliability as a concept for so long. When I think about the potential existential threats like cyber attacks on this industry, where the bad guys want to take out the grids and the whole thing, we are now transitioning and we had it in the first time in this integrated resource plan at Georgia. The concept of resilience. If reliability is how my system operates under normal conditions, resilience is how my system operates under abnormal conditions, hurricane, snow storms, cyber attacks, they're really creative ideas. Instead of closing down a coal plant, maybe we take it out of what we call economic dispatch and keep it alive only for times of emergency. So maybe those are ideas we should start creating. We're spreading those things around. Now

Karen Dillon: I want to make sure we spread the questions out. So for the moment of question for Jeff or Nancy, all right, right here.

Audience Member: I have a question for Nancy. I don't think we're supposed to lecture the people on the, on the panel. Um, I was going to ask you, how do your sales per square foot run up against Lulu Lemon and what is the difference of your price point between your product against Lululemon's?

Nancy Green: So we don't disclose that. Um, but I will tell you the. The, the percentage, um, is we're about 15 to 20% lower in our average price. And that varies product by product, but we don't disclose dollars per square foot question for sure. Very, very productive. [inaudible] question for Jeff.

Karen Dillon: Okay. Yes. Question for Jeff.

Audience Member: Jeff, you'll be pleased to know that in the session earlier this morning on rural America, [inaudible] general mills was brought out as a good example of working with farmers. Excellent. The center piece of the conversation though was about the economics of family farms in that part of the conversation. And I'm kind of curious what you're finding as we kind of raise concerns about whether or not farmers are actually being paid sufficiently for the work that they are doing to transform processes.

Jeff Harmening: Yeah, so, well, I'm, I'm glad it was brought up in a positive light and you know, look, the many farmers are struggling for a whole variety of reasons and whether it's what's going on with, with trade and uncertainty about trade or the changing environment and you have too little rain or too much rain. This is why this regenerate idea of regenerative agriculture is so important because, um, is important for a company like general mills. But it's important for farmers and farmers. Many farmers are really struggling, um, especially here in the u s and

the, the key is to help them make them more profitable. And because if they're not successful in the rest of the food chain is not going to be successful. And it can't be, it can't be a piece where some, some parts of the food chain or winning in some or losing, everybody has to, has to have a win. And so, and we believe in that. We believe in a collective win. And the idea of regenerative agriculture is really important because it, it makes farming more resilient and ultimately that should make farming more profitable. And as the climate is changing and yes, it's changing, um, we need to make sure that we're our practices

Jeff Harmening: along with it so that everybody can be successful. Because general mills can succeed in the short term without having farmers succeed. But we can't in the long run and neither can consumers and neither can the places who are selling food

Karen Dillon: right now. It can be a question for anyone hands. Alright. And the pink shirt,

Audience Member: may I offer you a quick suggestion? Leaders of companies need to be able to communicate their, their missions and in a simple way, and Tom said, honor the past, build the future. I was the vice president of the Xerox Corporation in the late sixties and seventies the CEO of Xerox that built the exploding copier in the streets said what you are doing do good and make a buck at it.

Karen Dillon: I like to go off of that. All right. Is that copyrighted? That was, must have been that you perhaps some good stories to tell. People planet and profit are not in conflict. Okay. In the back corner with the structure. Then I'm going to go back. Thank you.

Audience Member: Hi Tom full disclosure, I'm on the board of first solar, so thanks for all you're doing on the side first. Solar is a terrific question about this larger sense of corporate citizenship that you alluded to. You know you're, I was a longtime member of the business round table and I know you are as well. One of the issues that they've always wrestled with is, you know, is our, is our role to be thinking about the shareholder and stay very focused or is there this larger idea that business as a part of the stewards of our society should collectively be thinking about this idea of citizenship, particularly in an age where the political system is broken. And so, and then so one argument as well, that's not really my problem. Someone else will get to that. Or is there a role for business to play a, a greater act of thing and helping break, you know, fix the broken system?

Tom Fanning: Thanks for that. I, there absolutely is a role. I use this a metaphor of there are three kinds of companies, birds of prey moving prey and roadkill. Uh, and it really deals with your long term kind of enterprise orientation. In other words, if you are a company that always thinks about the enterprise impact, not just your parochial impact and the long term, and you tend to make short term work, you're a bird of prey. Those of us that those of you, those of them that lose their ethics particularly or I can't make anything work. That's roadkill. Thank you an Ron. And then I think there are a whole lot of companies in the middle that

chase quarterly profits and they think parochially without the sense of the greater good that's moving prey and they will go one way or the other. We always have to have a sensibility. You don't measure your impact as a human being by your income statement. You measure your impact as a human being really by others. It's about you. It's about them expressing your corporate sustainability that way is really the way that I think we as business leaders can make America better. And that's what we need right now.

Jeff Harmening: Well, I think can I build on that question. You know the idea of doing right by shareholders and doing right by the environment and society and the people who work for your company as a false choice and a, I mean general mills has paid a dividend for for a hundred years in a row and you think, well what about those? All those shareholders, those risk people who live in penthouses in New York. Well, you know what? They happen to be teacher's unions and firefighters and people on government pensions. That's who's buying our stock. And if we're not making any money, those people are not being successful. Point one. The second is if you're going to be around 150 years, you better do pretty well by your employees and you better treat the world with care because if we're growing oats and wheat and all kinds of other things, and you're not taking care of the soil, you're just not helping at work. You know, 50 years from now, your shareholders certainly aren't going to be very happy when you can't grow anything. And so it's not always easy. I don't want to paint the picture of easy, but this, there's a false choice and a false narrative right now in the US that that shareholder interests and somehow the interests of the environment and interest in employees are fundamentally different. And for the long run, they are not. And they're inextricably tied.

Tom Fanning: And picking up one more concept there. There's a, in our industry, there's an emerging concept of energy justice. 47% of the families we serve in the southeast make less than \$40,000 a year. Their household discretionary income is really limited. Their energy budget as a percent of that disposal income is really high. When we say that our obligation is to, is to be clean, safe, reliable and affordable. That is an and statement and it has such a foundational impact on everybody we touch. It is important to keep that balance point in mind.

Karen Dillon: All right, one last question and it's going to be gotta be quick because we were winding down the clock and aspen runs a tight ship. All right, we'll go there. We'll go the blue.

Karen Dillon: It's coming to you.

Audience Member: All right. Question for Jeff. Um, you said earlier that there would be major changes. You see major changes in ef, in distribution, in food. Uh, I think that's kind of what you give us. Just a sense of what that means. A, is it an as simple as Amazon moving your food, you know, uh, your products or just different channels.

Jeff Harmening: Sure. I think over the next four first in the food industry over the next, in the next decade, we're going to see technology really change the landscape and it will change, um, how we, how we reach consumers, how we reach the people we serve. Um, it'll, it'll change how we do at work, our internal operations. So think, um, artificial intelligence and things like that. And it will change how food is delivered with regard how to, how food is delivered. It's going to be kind of conquering that last mile of delivery. And you know, whether it's, whether it's an Amazon or whether it's Walmart or whether it's done through through Lyft or somebody else, the or ubereats or whoever it is, that the way that food is ultimately delivered to consumers is going to change as technology changes and whether it's applications or whether it's self driving vehicles or whatever, that is going to be one of the biggest forces for change in our industry over the next decade.

Speaker 7: Hold on. [inaudible]

Jeff Harmening: so the question is, as a CPG manufacturer, are we going to be delivering food ourselves or go through others? I suspect the, although we may do some ourselves, the vast majority is going to go through somebody else because of B. It can be done a lot more efficiently and effectively. And our, you know, our, um, our, we are for general mills, our competitive advantages is creating, is creating food that people love and creating brands that people love. That's our competitive advantages. It's not exactly how to deliver the last mile, and that's where we stay focused on.

Karen Dillon: All right, I'm going to wind down and thank our panelists for an excellent conversation.