



Cargill: Built On A Solid Foundation

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Thank you Rich. And thanks for pointing out that I am truly nearly Canadian. I am an expert in small town geography in Manitoba. As I played hockey in Neepawa and Deloraine - show of hands. Who knows Neepawa and Deloraine? Alright! 30 people all over the world.

Thanks to everyone for being here. And my thanks to the Christian Embassy for the invitation to come and speak. And also for the soul searching introspection that preparing for a conversation like this inevitably entails. So I thank you for doing that.

I really do hope that my words are of benefit to you. And I know speaking for myself that the last few weeks of reflection on what is now 41 years in business, of striving and falling short and trying yet again to bring my faith to work and [life] has benefited me greatly. It was a great opportunity to think through my business life.

So first I would like to talk a little bit about the company that I bring my faith to work. So, I guess I'm in control. So first--a little bit about our company.

We seek to be a company that gives to each employee three clarities, we call it. The first is, "What is the purpose of our organization and the organization they're a part of?"

Second, "How do they personally fit with that purpose and why do they matter to the outcomes we desire?"

And finally, "What are the rewards and the consequences of their actions and even more importantly, of their behaviour?"

Our family owners--and this is our 150th year--that we are celebrating this year, and they care most deeply about how we earn our profits. So a little 2 minute video on Cargill. [...]

So, the company of Cargill is an enormously dispersed organization geographically and also diverse and it's a function of our ownership. We have about 100 living descendants of the

founder of the company that are our shareholders. And for most of them, their investment in Cargill is the only asset that they have. And so our diversification becomes theirs.

I have felt over these 41 years that Cargill is an easy place to bring your faith to work. It's a very receptive environment, that as you did here to start this lunch, we pray before our retirement parties, and before other gatherings. Volunteerism amongst our leaders is expected. And the family has demonstrated incredible philanthropy. So as I think about bringing my faith to work, I thought back about how easy it really has been within the context of Cargill's culture.

So, how is the company organized? We are now 69 business units in 67 countries. Each of these boxes has a leader and the leader of those businesses are the stewards and the custodians of our culture and our values, in the place where they lead our fellow employees. And so given the way that we're organized and the structure and the decentralization, we have to place enormous trust in the people that hold these jobs to act appropriately, far, far away from the headquarters. And that need for trust permeates much of the culture of the company.

So to our geographic presence--and seeing how many 'ministers' of Parliament are here, I wish I had prepared more comments about Canada--but a little bit about the geographic footprint of the company. A couple comments I would make, after more than three decades of trying, we still only have about one percent of our gross investments in Africa. And this is something that's an enormous disappointment to our owners, and to all of us as managers. Clearly they expect us to go there on commercial terms, but they do expect us to go, and we have not met their expectations in that regard.

Over the last decade, about 75% of Cargill's capital expenditures have been made outside of the United States. So the international nature of Cargill is growing rapidly and will continue going forward, potentially even having that percentage be higher.

It's our goal from a mental model and from a thought process standpoint to not think of ourselves as a U.S. multinational. I always cringe when I'm introduced as the chairman of the U.S. multinational. We have strived--and I think words matter--to be a multi local company. So that the farmers on the prairie of Canada believe that we're every bit as interested in marketing their crops well, as those from a company by the fate of history--we happen to be headquartered. And so having that in the front of our minds is important.

As Rich said, we have 8,400 employees in Canada. We have businesses in over 100 cities in Canada. The single largest capital investment by Cargill last year was in Camrose, Alberta to build a canola processing plant that will start up this summer, as I touch wood. We're excited to have that. And our largest facility with over 2,000 employees is just outside of Calgary. Part of my time at Cargill was in the meat business. And the beef plant in High River, Alberta has been the source of enormous pride to that business unit and to me personally.

So a little bit about the family. This reflects the frugality of the family. Over the 41 years that I have been there, nearly 90% of the cash flow of the business has been left in the business by the family. The power of compounding is captured in this graphic and with it, their commitment to see the company grow for more opportunities for our employees, more opportunities for us to better serve our customers. And so over time we have finally risen to be an organization of the size where we can actually make a positive difference in a lot of different places. So with that it became management's task to actually go out and carry this aspiration forward. And the aspiration is to be THE global leader in nourishing people. And hopefully we have 152,000 people working on that today.

You see the spike in 2011 and I thought it's worth mentioning that reflects a transaction that we did that involved Canada. We were the majority shareholder of a company called Mosaic, which is a large potash producer in Saskatchewan. Margaret Cargill, who was the granddaughter of the founder--so third generation--passed away in 2007 and she left--she was by far the [...] almost by three x, since she was the third generation member--the largest shareholder of Cargill and she left every single penny and every single share to charity. And so we did the Mosaic transaction in 2011 to allow the quinity to that foundation which is one of the ten largest philanthropic foundations in the U.S. And I take pride in that. I know our employees do. And I think it sets an exemplary example. She never had children, never married and passed her entire resource, accumulated over 93 years of life, to really good causes...I will tell her niece that you clapped. I really will. I will.

So governing a globally dispersed and very decentralized organization like Cargill in what we call a *VUCA* world--people have heard the expression *VUCA*?--volatile, uncertain, complex, and ambiguous. And so if you're 'gonna' do that you'll need to have a strong ethical core. And for Cargill we have no ethics manual--there's no way you can go to page 62 and look up what to do in a given situation--we arm our employees and our leaders with seven sentences:

- We obey the law.
- We do business with integrity.
- We keep accurate, honest records.
- We honour obligations.
- We treat people with dignity and respect.
- We protect corporate assets and interests.
- We act as responsible global citizens.

That constitutes the foundation of our ethical core. And the other thing they get besides the seven sentences: the instructions which are, "Never interpret these seven sentences by yourself."

Having an ethical core is not a singular activity. The ethical core of the company isn't owned by a person as an individual, but collectively with their colleagues.

Some of you like that and some of you... To me it's a bit biblical which is: "lean not on thy own understanding" and the other is to "seek the counsel of wise advisors." And I think the most important word in the document is the repeat use of the word "we." Having an ethical core is not a singular activity. The ethical core of the company isn't owned by a person as an individual, but collectively with their colleagues. And so what the goal--and to me the magic... and this far predates my involvement with the company, it's the company I walked into--it forces discussions. And in an ambiguous world and an uncertain world, trying to have a manual about what to do and how to behave is not particularly helpful, but having a culture of discussions is.

And over 41 years--as you can imagine--we have had violators and in the role that I've had--in the roles I've had--I've had to deal with those violators. And in every case where we needed to ask someone to leave for behaving outside--that I have been involved in--for behaving outside of our ethical core, they had not taken an ambiguous situation to their colleagues. But they alone decided they could act for, and make a judgement about these seven sentences. The point, in fact--virtually every one of them also knew that if they took it to the others, their course of action would have been rejected and that's why they didn't do it. And that's why, as we say in our company, they went down the road in talking to themselves. Because we can't have that if we're going to be in all these countries with this very decentralized authority system. People have to collectively interpret those seven sentences.

So these are some of the brands that we support. The ingredients in their products come from us and our behaviour reflects on their brands. They do not wish to be embarrassed--if you're Coca Cola, or McDonalds--by anything that occurs at one of our facilities, or by the behavior of any of our employees. And so because of our diversification and geographic footprint, you can see a multitude of topics. Most of them are moral. Some of them are certainly ethical. All of them have an enormous element of social responsibility. And so that is something we expect our people to confront and to think about.

So all the choices implicit on this issues map--to me--create opportunities for our people of faith to bring their faith to work and the tenets of their faith to work. And to make judgements about these. I'll only comment on a couple.

I know we have someone here today from the Côte d'Ivoire. And we are very proud of our business there. We've been through difficult elections and civil turmoil, but we continue to prosper there and we feel to be a big part. But clearly child labour in the Côte d'Ivoire has been a big issue and we feel like we've been a great partner with the NGOs and with the government to address that. And certainly to the Hersheys and the Nestles of this world, how we behave in being sure that children get to school, forms a lot of their opinions about us.

The other one that I would point to is rainforests. And clearly as agriculture has expanded in the Amazon and in the forests of Indonesia, there's been a lot of controversy about that. And we have sought to be a leader in that regard. The note I put to myself, it would be interesting to me

to read the Pope's rumored encyclical about how we deal with sustainability in our obligations as people of faith to address that concern.

So Sue asked me specifically to give some examples of decisions where my faith clearly came to bare as a filter on the decision that was taken. So I tried to pick a few. As I thought about this, I thought back to a sermon given by a pastor a long time ago. And it talked about the whole role of God in decision making. He made two clear points. One: use the tools that God provides. And the second advice was: make decisions that are pleasing to Him. Obviously the first, easier to do than the second I find.

Using the tools that God provides

So to the tools that I think we're all provided with: I feel provided with a context for making decision. And those are captured in four words: patience, kindness, [...] gentleness, and fourth, I think most importantly, self control.

Long ago I was given a short mantra by an early mentor that I had and his expression was "Feed your family, not your ego." If I had a nickel, even a Canadian nickel, for as many times as [...] ...for every time I've repeated that. But when you think about how to decide in a reverent way, in the absence of self-control, it's pretty unlikely.

And the second tool is to seek the guidance of other people of faith. And I've been incredibly blessed to have people of God placed in my path for reasons that I cannot explain, many many times, at critical junctures in my life, as I've moved around the world, working for Cargill. Most importantly, there was a person by the name of Howard Dahl, who was the leader for our Bible study group for Campus Crusade, from 1969-73 at the University of North Dakota. And now here I am, 41 years later, continuing to be mentored by the same person. Howard went on to an incredibly successful career in business. He was a member of the Federal Reserve Board in Minneapolis. I could go on and on. But he has everyday acted and walked and talked and made decisions in the context of his faith. And so for me, Jesus looks a lot like Howard Dahl. And in having that real, everyday evidence and a voice to call and to talk to has blessed my life and the life of my family.

Making decisions that are pleasing to Him

So the second part of the instruction from the pastor: make decisions pleasing to Him. Oh boy. And so the hardest decisions clearly always involve people. And Cargill can only be successful if it operates as a meritocracy. And here you are, trying to manage a meritocracy and create a meritocracy, when your faith is based on infinite forgiveness and second chances. And so the question inevitably comes is, how much grace can our business stand? How much forgiveness is possible, while still being sure people adhere to those seven sentences and that we fulfill the expectations of our owners? And so clearly over time, making those decisions that are pleasing

to Him has been more than a little bit uncomfortable. And so what I've reverted to was a precept of the greatest good for the greatest number. And, I'll talk a little bit more about that.

“I am where I am by God’s appointment, in His keeping, under His training and in His time.”

Another sentiment that I've had on occasion--particularly while being CEO, but frankly in other jobs as well--was I had moments where I wanted to get out from under the burden of deciding. To just either delay, or defer, or avoid, or evade...and I confessed this to Howard. That in spite of the fact of seeing myself and trying to behave as a leader, I found internally my mind saying, 'I want to get out from under this yoke.' And so Howard gave me something. He said, "Whenever that happens, you need to read this."

And so I brought it with me. It's a little bit yellowed, but what it said is: "I am where I am by God's appointment, in His keeping, under His training and in His time."

And I went back to work. And those--that small peace that Howard provided to me has made an enormous difference at those moments when I decided that being a leader was quite uncomfortable.

Three issues where the filters of my faith made decisions more complicated and impacted the decision.

So next I picked three issues that have arisen. I could have picked from many. As we talked beforehand with Sue, I realized that most of mine are difficult ones. I wish I'd have picked more success stories perhaps, but I think out of our travails comes a lot of learning. So the three issues where the filters of my faith made decisions more complicated and impacted the decision. So the three are going to be around Africa, around biofuels and finally around hiring released felons.

So the first one in the picture is of a cotton gin in East Africa. We had been there for decades in Zimbabwe and Malawi. Most years we made about 80-90,000 microloans to small farmers, to plant and to take care of their crops. And we would take back the cotton and gin and export it primarily to Asia. We had seasonally, we had more than 4000 workers there.

And as many of you have done business in Zimbabwe, it finally at some moments, became so difficult. The employees did not want to be paid in currency and we were paying people in vegetable oil and rice and things that we were bringing up from South Africa and the containers that came back from Durban, in the port. We had lousy financial outcomes, but I encouraged our teams to stay with this admonition: if not us, who? And amongst people with a balance sheet big enough and a family desirous enough of us to stay in, that we would stay.

And in Malawi the government finally passed a law that took the decisions away from me. And we were forced to leave, because to comply with the law was to violate our ethics. And so we begrudgingly left. And just now in February, much to my chagrin, we have left Zimbabwe; in just February of this year. I felt obliged to act in the interests of our other employees and in the interests of the owners, but my guess is that neither of these decisions were ones that pleased Him.

The second one is around biofuels and what--for me and I think for many others--has created some ethical dilemmas. Clearly it's an enormously growing business. It has helped Cargill a lot. I would admit it has been positive for the financial results of Cargill. It clearly has lifted the economic circumstances of millions of farmers around the world. And so you're stuck in a situation where you know there are 800 million people that are underfed. And at the same time, you know that basically the 90s and half of the 00s were periods where most farmers around the world operated below their costs. And that too wasn't sustainable.

So you're in this middle ground of dealing with the morality of hunger and dealing with the reality of the economic hardship that so many farmers faced. So in trying to find a place I could get comfortable between those conflicting burdens, 900 million undernourished people in the world, with between 40--about 40 million tonnes of grain, we could meet the United Nations' food and agricultural organizational requirements for all 900 of those people, 40 million tonnes.

To put that in context, we used 180 million tonnes to make biofuels. So we can do both. And it's about proportionality and about having programs that take into account the weather we've experienced. And so we have continued to advocate for a both world: starting first, with the obligation to feed every child and second, realizing that farmers need to operate profitably to remain sustainable.

And to the third challenge. 700,000 is the number of incarcerated individuals that are released every year in the United States. It's a staggering number. 700,000 are released and if they don't find a place to work, they're...likely they're going back in the recidivism rate, some years is as much as 400,000 people. And so I have a very good friend that, without fail, goes to the prison in North St. Paul, in the Twin Cities every week to work with these prisoners. And he, over time, impressed on me the role that Cargill could have in getting more of these people hired.

And so I became an advocate for that inside the company. And I felt really good about it. And it went on for a number of years. And in our manufacturing plant in Atlanta, we had a felon that had been released and he worked admirably--literally admirably--for us for six years. And on one night, something snapped--anger-management, whatever--and in the laboratory of our factory, he killed a 26 year old girl.

So, who was my constituent? The prisoner, or the girl, or the girl's parents? And just the saddest of days, in the country that is the US. Litigation followed. The company paid a multi-million dollar settlement. So if you think about all the constituents--the prisoner trying to restore his life; the

girl, recent graduate from college trying to create a career; the parents. Then the shareholders faced a multi-million dollar--we never went to court, we just paid the judgement and moved on...

But with it, my fervour and my enthusiasm for getting Cargill to hire more prisoners and without--we're still doing it--but I think without the energy of the chairman, certainly not at the level that we had been previously. So I don't know if there's lessons for each of you, in any one of those, but certainly for me, it is that, you're always watched, you're always helped, there always is that great Advisor, but it doesn't make it necessarily easier.

So one last slide. About eight or nine years ago, I had the chance to be interviewed in a lecture bowl at Yale. It was a joint class of MBA students and divinity school students...interesting combination. Visibly it wasn't easy to tell one from the other. And I was interviewed by the professor, and he asked the question if my faith made decision-making easier. And the way he phrased the question made it clear that he was hoping that my answer would be 'yes.' And my answer isn't that it's 'yes.'

And this graphic captures it. I think any CEO, or any leader, or any 'minister' of Parliament is simultaneously trying to balance, at least these five constituencies, sometimes more: and what are the rights and the obligations we owe to our owners, what to our customers, what to our employees, clearly the communities that allow us to operate there and those governments.

And for a person of faith to bring their faith to work, you just add a sixth element to the decision-making matrix. And I've often wondered what God thinks of the trade-offs that I've actually made, in balancing these things. In treating my faith at work, as one of the elements of a set of trade-offs in a world that feels like it has multiple constituencies. And I wonder if He even appreciates the very concept of it, or the arrogance of the concept of it?

But it is how I manage my life at work. And so my answer remains. Your faith is enormously helpful at a very high level, but at a decision level, it brings an added element of conflict, complexity, or at least it did for me.

So looking back at these 41 years and God's role in my business decisions, I end up with four questions for myself:

1. Has my faith and the sins it's provided benefitted my company? And I firmly believe the answer to that's 'yes.'
2. Have my decisions benefitted every person? 'No'.
3. Have my decisions pleased God? I cannot know.
4. Would I have been better off in my career without God as my mentor? And my answer is 'absolutely not.'

So to close, I'd just like to recite my favourite verse. I've paraphrased it only to the extent of changing it to the present tense. Psalms 40: *'I wait patiently for the Lord, He turns to me and*

hears my cry, He lifts me out of the slimy pit and out of the mud and mire, and He sets my feet on a rock and gives me a firm place to stand.'

Thank you.