

**Bernstein Strategic Decisions Conference Transcript****June 3, 2021****8:00 a.m. ET**Gunther  
Zechmann.  
Bernstein

Excellent. Let's get started. Good morning, everyone for the North America based folks and good afternoon everyone else. My name is Gunther Zechmann. I'm senior analyst covering chemicals at Bernstein, and I'm delighted to have the C-suite of Corteva with us this morning. So, I'm joined on this call today by Jim Collins, Chief Executive Officer at Corteva. He was previously COO for the Activation at DowDuPont, and before that he was EVP for DuPont responsible for the agricultural segment. Jim has also left the legacy of DuPont and Dow agricultural business leading to the ultimate spin-off of Corteva a couple of years ago. And we also are joined here today by a more recent addition, Dave Anderson, EVP and Chief Financial Officer of Corteva. Gentlemen, welcome to our conference, and we also have Jeff Rudolph from Investor Relations on this call. The format we'd like to run for the next 50 minutes is that, I'll pass it over to Jim in just a moment to give a couple of minutes of introduction and then we'll open it up to a fireside chat through the live Q&A. Thank you for joining us. You have the ability to submit your questions. It's really easy. You click on the live Q&A link that's in the calendar invite. You can then type your question. You can see it on the screen, and you can also vote on the questions that others have submitted. And I will then include those questions in the Q&A. So, with that, I'd like to hand you over to Jim.

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva

Great. Great. Thank you, Gunther for the introduction, and thanks everybody for joining today. We're always very excited to participate in the Strategic Decisions Conference and we're excited to be with you Gunther under a new host. So, we're -- we appreciate the time and the effort that you guys have invested in this. Maybe just a few opening comments, I want to start with kind of latest news as since we reported our first quarter results really just a few weeks ago we really spent a great amount of time with investors. So, we've been out on a number of one-on-ones and we're going to continue to do so the remainder of the day today. And through those discussions, I've really tried to distill our message down into three things that I think you need to know about Corteva right now. So first, we're carrying just tremendous momentum. We finished 2020 really strong. And that momentum really carried us right into the start of 2021. You saw it in a lot of the financials. And I think there were a lot of questions about, wow, finished really strong at the end of the year, can they continue to carry that, and I think we answered a lot of the questions here just recently. So then, second, our team is just laser focused on execution. I use the term on the earnings call that folks have asked me about a few times. I kind of called it this heads down focus. And it just means that we are really intently focused on not only delivering on the underlying business but really monitoring all of the dynamics that are going on in the market. And I just think you can't overstate the importance of that, right, right now. We've got the uneven recovery that's going on from the global pandemic. We've got supply chain pressures as we're trying to keep our supply channels open. We've got raw material costs that that are coming at us. And with all of those kinds of in play keeping this team really focused on making sure that we're pulling all the levers that we can pull to try to manage and offset those things coming at us. So that leads to the third point that I've made is that we're firmly on track to deliver on the commitments that we made at the beginning of the year. And I think that's a product of that execution that I just talked about. But it's also a product of the fact that we've got a really strong strategic plan. And while, yeah, we think about this thing quarter-over-quarter and year-over-year, that strategic plan that we launched back at Spin has really been the guiding force for us. It's been that North Star and it's allowed us to execute in some of these tough windows 2019, 2020. But it's also allowing us now to capitalize as we're likely seeing a strengthening ag market fundamentals here as we go forward. So maybe -- for just a moment I want to elaborate on that third point around our strategy. We've talked a lot about some of the tactical areas. But I just want to maybe pull it up back for a second and make sure it's clear to everyone today what are the main components of that strategy. It's top line growth, it's margin enhancement and then it's disciplined capital allocation. Let's start with growth for a minute. Our pipeline is at the absolute core driver of our sales growth. We've got new seed products like Qrome, are increasingly being recognized for just tremendous yields that they offer farmers; you know seven bushels per acre yield advantage. It's a key part of our pricing strategy as we're out executing there. On crop protection, we've got a very balanced and very diverse pipeline of new crop protection products. And we drove more than a \$120 million increase of new product sales from that pipeline just in the first quarter so far this year. So, pipeline, big core part of that that growth driver. Equally and important in that growth driver is our channel strategies - our very unmatched multi-channel, multi-brand approach to the market. We've always prided ourselves on being able to get to farmers kind of what they need when they need it and however they prefer to buy, whatever channel they prefer. In just one year since we last spoke at

this conference, we couldn't be more pleased about the launch of Brevant in the US retail channel and how that has progressed. So those are kind of the frame for the drivers -where's the growth going to come from? So the second element of strategy then is margin, margin expansion. And our R&D engine -our innovation engine plays a role here as well as it allows us to shift our portfolio that the mix of products towards higher margin products and allows us to also chart a path towards what I've called trade independence. Where we can begin to move away from licensing traits from others and start to utilize our own technology as well as license those traits to others. So our Enlist system is at the center of that. We've estimated that as much as \$400 million of incremental earnings can come from that at peak. And it is the first major step in reducing those royalty payments over time. By mid-decade, we would have expected to have halved those royalty outflows. And by the end of the decade, we believe we can fully offset those royalty payments so partly by elimination and partly by new income that will offset that that half. Also, as part of margin expansion, we're continuing to make progress on our cost to productivity initiatives. We're on track to deliver about \$250 million in gross cost savings this year from those productivity programs and gosh that's really helping us manage through these market driven cost headwinds that we've been seeing and experiencing. The final element of strategy then around capital allocation. Obviously, a healthy balance sheet is just foundational to that. And then the next priority is making sure we're funding our growth and reinvestments into the pipeline and those route to markets that we're giving all of those growth strategies the right resourcing, the right focus so that they can be successful. And then we're always going to be on the lookout for some opportunistic M&A. These are not going to be big deals. These are small bolt-on, tuck in acquisitions that can help us diversify our product categories maybe expand into some new geographies or add to our digital backbone. And then, of course we're always committed to returning excess cash to shareholders either through a competitive dividend or our share repurchase program. And we'd expect to complete the currently authorized repurchase program majority by midyear. Look, we're making great progress on all of the elements of those strategies. I hit on a number of proof points and then you now lay on the top of that market that is now continuing to maybe improve and evolve.

We are just increasingly confident that we're well-positioned to create share – value for shareholders even beyond the 22 market guide that we've given. So, momentum, execution and delivering on our commitments have been those three points that we look build on,

and we'll talk, I'm sure, more about those as we go through today.

Now one thing, Gunther, I want to do is use this opportunity today to add now our fourth key point to that list. When it comes to kind of that strategic piece of that, and it has to do with what happened yesterday. Yesterday was the second anniversary of the formation of Corteva when we spun in June of 2019. So we called it Corteva Day, and it was our second birthday. And we used that opportunity to release our inaugural sustainability report. It reflects the strength of our product portfolio, the advancements around environmental sustainability, a number of special topics in areas like inclusion, diversity and equity and how we're continuing now to bolt all of that in to our business operations.

A year ago, we announced a set of goals around sustainability, but this inaugural report now starts to begin the process of reporting out to all of you on how we're doing against those goals. So, we've made sustainability at the absolute heart of everything we do at Corteva, and we recognized our responsibilities to our farmer customers and obviously to the planet. And so, we've articulated these measurable goals over the next 10-year horizons and the standards that we believe support the sustainability of our future business both all around the globe and certainly, in the communities we operate in. And as the final part of this strategy, we recently committed to setting science-based targets for our own greenhouse gas emissions. I'm a firm believer that as we talk about sustainability with everyone else globally and we work with our customers, you first have to take care of the home front. So those targets were a reduction of scope one and two emissions of 65% kind of intensity based and a 20% reduction for the scope three emissions by 2030. This commitment has been formalized with science-based targets, and those are reflected in that report. It was very exciting day yesterday as we used our second anniversary to take that next big step and issue that report and begin to give our shareholders and others a real tangible read out on how we're doing on that 10-year journey to 2030. So, doing our part to provide a safe and sustainable and secure food supply supporting our customers and driving our business objectives is right there at the core of our ultimate goals. As you did at the beginning, you introduced Dave. We're really excited to have Dave join our team here at we're now into our second month together. And maybe Dave since you're new to Corteva maybe I'll throw it to you for a second to say a couple of words and then and then we'll start to take some questions.

Dave  
Anderson      Thanks Jim and thanks Gunther for the opportunity to participate today in today's conference. I think a couple of things just very quickly. One is obviously what a great time to join the company at a backdrop as Jim outlined

Chief Financial Officer & Executive Vice President, Corteva and as you know is very attractive for the industry, for Corteva. Number two, obviously we're very well positioned, we'll get into that in more detail in the Q&A session. It really underscores the strength of the opportunity for Corteva as Jim outlined also in his opening remarks. And I think number three just personally, it's a great opportunity for what I call CFO skillset. It's a "two-year-old company." I mean it's got all these tremendous legacy assets that have come together and the leadership team is obviously building now a great enterprise with Corteva. It's a great opportunity for me to come in and help realize that potential going forward. Thanks for the opportunity again to be part of it, Jim. Thanks for the opportunity to do that introduction.

James C. Collins Jr. Chief Executive Officer, Corteva Great, let's jump into your questions.

### QUESTION AND ANSWER

Gunther Zechmann. Bernstein Hey, let's do that. And just as a reminder for investors as well, please submit your questions via the live Q&A and I'll then include them in the fireside chat. But just to kick us off Jim, you mentioned it's the second birthday of Corteva. Where's the company today versus where you expected it to be at the time of spinout?

James C. Collins Jr. Chief Executive Officer, Corteva Great, Gunther. When I take a step back it was a fun day yesterday I have to admit. With everything that organization has been through the last two years, to take a step back and think about what are those things that we're really proud of and helped get us to where we are today. I think that that first it has to start with culture. We've really built a unique culture here at Corteva. We blended really and truly the best of what came in from the legacy organizations. And we've really put the farmer at the absolute center of everything we do. There's no conflict inside Corteva globally as to who the customer is. At the same time, we've added a set of values that say consumers are really critical here and making sure that we're being very transparent and very willing to talk about the things that we're doing to really not only take care of our farmer customers but enhance and deliver on consumers' demand. So that sustainability report is actually going to be a really big part of that. The second thing I'd say I'm proud of during the journey is the resiliency. I've used terms like grit and persistence as well to talk about it. If you look at that 2019 ag year, it was the worst ag year in the Northern Hemisphere in 154 years of recorded data, and this team navigated through that. We didn't grow earnings a lot during that phase. We didn't decline either, I mean, we covered it, and we looked forward to a brighter 2020. In agriculture, you always think the next year is going to be a better year, and we got hit with COVID in 2020. Through all of that, we didn't miss a growers' shipment, we kept our supply chains open fully, we kept our people safe and productive, and we moved rapidly to a new way of working. So that resiliency piece is really deeply ingrained, and I think it just makes us stronger as we look now forward. I mentioned a pipeline in my opening comments. That pipeline is every bit as good as we thought it was. The day we started talking about merging with Dow, and you could see it delivering. And then the productivity work that we talked about, the \$250 million of productivity in 2021 is a result of instilling a mindset within the organization of all being owners and being very, very responsible around all of the spending, and constantly, looking for ways of doing things better and cheaper. We've projectized all of those programs to keep track of everything. And then finally, I'd say I'm really proud of the investments we've made to drive growth. The **Spinosaurs** is a great example, an insecticide that had been under invested in the previous years and but the day the merger closed and we were in charge of that capital budget, we knew there was upside in that market. We're almost going to double the revenue from our Spinosaurs franchise from where we were at merge to where we are today. So, those are things I'd be the proudest of.

Gunther Zechmann. Bernstein Thanks Jim. If we look forward now three to five years. What would you say are the biggest opportunities and if you could highlight the biggest risks as well that lie ahead for Corteva?

James C. Collins Jr. Chief Executive Officer, Corteva Sure. I did talk about momentum and I think that momentum is helping us. But from an opportunities perspective, things I'm excited about - Enlist. We talked about the royalty progression. Now that will continue to unfold through t through mid-decade really helping us to cut those royalty costs in half on a on a net basis. Continuing to roll out Brevant; we're just getting started there. We could see as much as 20% market share in that retail channel over the decade. That shift in the crop protection portfolio that I talked about through where we are today we're really just getting started as we're moving to a much more patented and differentiated products versus some of

those off patent and more challenged products. So, teams have already taken some good steps today but there's still more work to do there. And then in the productivity area like I mentioned, it's just an everyday thing. We're coming up with new ideas as Dave's come in. He's really had some great visibility on our indirects, our purchasing and helping us think through how we can be more efficient with the buy that we have. But the second part of your question, I think about the challenges that are always out there. Clearly there are some – the big macros that we face every year. There is always a weather challenge that that could have a big impact, as I mentioned 2019. We haven't seen a big drought in any of the major markets anywhere in the world. You saw a little of that at the edge of 2020, but we clearly watched that. Currency is another one, we're hopeful that we're into a more stable currency environment for the next few years, but you just never know what can happen. And then, competition is clearly a force to be understood. There's a big period of transition going on in terms of technology, especially in the soybean markets in North America. And then, finally, headwinds and just risks that we worry about is around regulatory. Regulatory pressure is something that isn't going away anytime soon. We feel like we're well positioned with the products that we have and the technology that we're launching. And even you'll see it in the sustainability report a more sustainable portfolio. But, you've always just got to make sure that we're out ahead of that. So really then all of that kind of speaks to how do we continue to grow margin over this planning horizon. That's the real opportunity that sits out there through the mid-decade for Corteva.

Gunther Zechmann. Bernstein Right, we'll move to the market outlook, how sustainable do you think corn and soy prices where they are today please?

James C. Collins Jr. Chief Executive Officer, Corteva Yeah. I've gotten that question a lot over the last few weeks as we're all watching corn and soybeans one day up the limit in the markets, the next day down the limit. So clearly there's a lot of volatility going on. But we would say in general, the outlook for ag is improving and we think that is more than just a 2021 phenomenon. You know, it's improving for the right reasons. It's led by record grain purchases mostly demand out of China on the front end of this timeframe. But as you go forward, as the outlook suggests, as you start to look at market pricing for – for futures, it's going to be difficult to rebuild the deficit that we see in the global supplies of grains and oilseeds this year. So that trend probably continues into – into 2022, and North America and South America are the big parts of that re-supply, but we think it'll take multi-years. And then I'd add to the overlay of this, I'd add global GDP. China's demand is going to stabilize. It'll go back to a more normal. But just about the time that's going to happen, we're going to be coming out of the pandemic in some bigger markets in Latin America and in Asia. And that'll be a driver of demand for protein and at higher levels of protein, which is always a strong driver for grain demand. And then we're going to continue to watch biofuels. As we went into the pandemic in North America, we really put biofuels on its back ethanol and biodiesel. It's a little early to make a call on that. But we just know starting this summer, people are going to get back to more of a normal kind of a vacation mode. That means they're going to be driving more and we're going to burn more gasoline. So, what's kind of making markets a little choppy right now as we're all still trying to understand what's going on in Brazil with their weather and dryness, and are we going to see a little more drought before this crop comes off, and so that's supporting commodity prices. But then every other day someone says, oh, China stops buying, and you know we – we go down the limit. But these are going to be short day variations we think this trend for the next two or three years is going to continue barring any other global big weather events. We think it will be pretty stable for the next two three years.

Gunther Zechmann. Bernstein You mentioned China a few times there. How much of China's demand for imports do you think there is a structural shift?

James C. Collins Jr. Chief Executive Officer, Corteva Yeah, the more we dig into it clearly - China as they were dealing with the African swine flu pandemic that went through their pork industry and they slaughtered a large amount of that herd, about a third. I think people sometimes underestimate that number. A third of China's pork production is about equal to the rest of the world's pork production; so, it was a really big number. They used it as an opportunity, we believe, to more centralize and pull out of the countryside that production. They replaced it in more professionally, run very clean and disinfected facilities. So that now they can keep this disease in check and not go back to those large calls that they've had to do in the past. Well that structural change means that those animals are going to be fed a different diet not in the countryside. They're going to be fed a strong grain diet - corn beans and I think that's at a little bit the core here of what we're seeing. So, there's a replace and get them up to the new level. But then ongoing it could mean a slight structural shift into a more predictable and slightly larger demand for grain in the

future.

Gunther Zechmann. Bernstein One of the questions that's coming through on live Q&A, and that's a good reminder for investors that you can submit your questions there as well, please. Given the rise in crop prices how much do you expect seed production costs to increase in 2022? Do you expect to fully offset this with higher seed prices?

James C. Collins Jr. Chief Executive Officer, Corteva Clearly a question we've gotten a lot here recently as well. There is no doubt that higher commodity prices will have an influence on our cost of goods into the seed business. We traditionally go out and rent an acre from a grower to have them produce our seed on it. And the rental rate for that acre is tied to their baseline yield that they would normally get off of an acre, and whatever commodity price that they would be marketing their crop at. So, the answer to the question though is still a little bit unknown because there are a lot of variables that still have not been determined yet. So, at what rate does that grower lock in that acre that we've borrowed perceived production? They have an entire year to market that crop. So, we're just beginning, so the average of that will be one number. We always sell seed in the next season blended with seed that we've produced for the previous two years. There's some 20% or so that's a carryover. So that cost of goods kind of works its way in as an average. And then we have hedging programs where we hedge our seed production costs and we've not fully locked in all of those hedges yet. So, if you take all three of those things into account, that will help us determine what our cost of goods are going to be and we won't know that until the September timeframe. With that piece of data in mind, along with the market backdrop, along with how our technology is performing will allow us then to do what we do best, and that's price for the value that we're going to deliver into the marketplace. And if a bushel is worth more than that extra yield that we're able to deliver onboard of Qrome, for example, that's worth seven bushels more an acre, our opportunity to go share some of that value is out there. The answer to that question is sort of a stay tuned as we get into that September timeframe, we'll have much more clarity about our strategies around what our pricing strategies look like.

Gunther Zechmann. Bernstein If we can jump into the segments, then starting with seeds and the systems. You mentioned Enlist earlier, it's a large earnings opportunity for Corteva. You just confirmed the \$400 million in earnings at peak on a group EBITDA today of \$2.1 billion. Can you talk us through what kind of assumptions you make for adoptions of the system, please?

James C. Collins Jr. Chief Executive Officer, Corteva Yes, as you know, we continue to be very excited. I mentioned in my opening comments, the momentum that we're seeing in the marketplace for Enlist. Growers are looking to simplify their operations and Enlist brings simplicity in its deployment of technology there. So, we're on track, we believe, based on the commitments that we've made to that Enlist could be on about 30% of US soybean acres. And that's up, if you remember from 20% or so last year. Then you look at just our line ups, we expected it to be better than 35% of our total overall volumes. So, this is building on the great progress we made last year. We're accelerating the ramp-up of our own germplasm and technology versus having to in license some material from others and we could have converted 17% of that 35% could have the that overall germplasm base. So, on the herbicide side, it's not just a trait play. We have that opportunity now to go out and spray all of those acres that have been in the ground, and we know we saw very strong demand in the fourth quarter of 2020 as we were filling bulk tanks in the countryside in anticipation of the revenue from the herbicide. So, we'd always expected that about 70% of those acres are going to get treated, and we still feel that's about right. But that's – that \$400 million opportunity that you kind of mentioned in the opening part of the question, just a reminder that – that's an overall earnings opportunity kind of at peak for Enlist, and it involves all three of the components. It involves the royalty avoidance on the seed sales that we have. It involves the margin from the herbicide that we're going to spray out there on all of the acres that are Enlist acres, and it involves the licensing revenue that we will pick up as we license that Enlist trait to others.

Gunther Zechmann. Bernstein Great. And can you talk how long you expect until you will be fully penetrated in Enlist?

James C. Collins Jr. Chief Executive Yeah, you know, we've been talking about it as kind of mid-decade timeframe. The ramp-up rate clearly will be dependent on the competition in the marketplace, our availability of germplasm and traits. But if you kind of go back and look at as we penetrated the extend trait into our lineup when we made that migration, it's going to look a lot like that in terms of an adoption curve

Officer,  
Corteva  
Gunther  
Zechmann.  
Bernstein

Great. And can you talk about pricing as well? How your price extends today? And will that change going forward?

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva

Clearly, there's – first of all, it's always competitive marketplace in the soybean market. And then you throw in a technology conversion that's going on. You've got a lot of players now. You've got us in there with Enlist and there are several licensees that also have Enlist and they're playing a market penetration game. And then the other competing system Xtend – you know, obviously, there's some share loss going on there, and so they're – they're operating very aggressively to minimize that. And we still have a large portion of our portfolio that's in the Xtend trade. So, we're working hard to do our job to manage the value that that overall system really delivers. So, all I can say is it's a very competitive marketplace and we're going to price for the value that we bring in the backdrop of what's going on around us.

Gunther  
Zechmann.  
Bernstein

Can I just pick you up on that? As you know I got the undoubted pleasure of covering Bayer as surely everyone here would agree. But what makes you so confident that you can take shares from the Xtend system?

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva

Well, one thing we're hearing is that there are a lot of growers that are out there looking at the value but also, the simplicity of the technology. And we've worked with the Xtend technology, it can be used safely and appropriately, but there are some requirements that they have to have. You've got to have buffer strips, you've got to have wind restrictions and you've got to make sure the temperature profiles are right, and I just think one of the opportunities the Enlist system brings - is just easy to use. A lot of those restrictions really go away. I think the second driver here is that there just hasn't been choices out there in the market. And as Enlist comes along, it really does present growers with another choice and now they can go out and make a value decision on which system they prefer. So those are the reasons.

Gunther  
Zechmann.  
Bernstein

Right. If we move over to corn, then you expect \$1.1 billion in peak sales from the Qrome technology. When do you expect to achieve this? And what yield advantage does this technology bring compared to Competitor, please?

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva

Yes. Qrome is just an incredible product. It is our leading product now in the triple segment. And you'll remember that the segment that really needs triple is about 35% of US corn acres. And so, as we continue to drive that penetration, right now it about 80% of our units that go into that 35% of the market are converted over to Qrome. And so, we've talked about in the past what we expect just under the \$1.1 billion peak, we're going to be just under \$800 million or so in 2021. And it'll take us a few more years to get to peak. But with that \$800 million you can tell we're well on track to get there, so a couple more years and we'll hit that.

Gunther  
Zechmann.  
Bernstein

And on the earnings side, how do you quantify peak earnings rather than just peak sales?

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva

Qrome is also a part of that overall margin expansion, as we're able to price for that those extra bushels overall in the marketplace. So, in 2020 we saw about \$40 million of margin that went into that. And in total could be a couple hundred million dollars for us of additional margin from the Qrome lineup.

Gunther  
Zechmann.  
Bernstein

Okay. That's great. And one question just jumping back to soy that's coming through on the live Q&A is, whether you think that buyer will need to be more competitive in the next three to think that buyer will need to be more competitive in the next three years to four years until the next-generation soy seed is released in order not to lose market share?

James C.  
Collins Jr.  
Chief  
Executive

Well, it's a little hard for me to comment on other strategies. But what I can say is, we're really excited about Enlist offering a three mode of action construct here. You know it's got glyphosate, it's got the glufosinate on board, and it has the 2,4-D trait. So those multiple modes of action give us a lot of tools to help manage resistance. Recently others have just started to also have a three mode of action construct. So clearly these – these will be two systems that will be in the marketplace for another year. And we're all working on now in next

Officer,  
Corteva versions and next generations of that, and from a – from the timelines perspective I think we're all on about the same timeline. So again, we're just excited to be able to offer growers choices and not only just the choice of a system but three choices in the kinds of chemistry that they can use to control some really tough weeds that are emerging to be very resistant. To just go out and say - you're going to need these kinds of systemic approaches to allow growers to stay productive and manage some tough challenges they face.

Gunther  
Zechmann.  
Bernstein Okay, fair enough. You mentioned Brevant in your introductory remarks already. Can you just walk us through your retail export – expansion strategy?

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva Oh yeah, great. We're really pleased with how Brevant brand is going in the US retail, and this is really the way to think about 2021. It's our first full year of operating in that channel. And so, our first goal was just to get out there and have really great conversations with retail. We've had some brands in there in the past, we sunseted those and really launched Brevant fresh. It built a lot of credibility now with retail. We've established a new brand that we went out and did a bunch of field trials and farmers started showing up saying hey, we want Brevant it really works. So, we believe we're going to hit our volume targets that we had planned for this first year and that will just give us a higher quality retail connection out there. So, first goal was replacing existing share and then start on a track. Now it's hard to predict exactly when it'll happen, but we think based on our lineup and the relationship we have with retailers that we could have 20% market share with that retail channel and it's just because we're offering some superior products out there that can go head to head versus other choices that they may have had in the past. We'll have another whole round of field trials that will be out there this year; I'm pretty optimistic. We're really targeting the growers that buy through retail. So, these two brands, our Brevant brand and our Pioneer brand, can really coexist in that North American market. We think once those growers see the potential for the technology we're going to generate a lot of demand going into 2022.

Gunther  
Zechmann.  
Bernstein Right maybe on just an interest of time if you don't mind. Just moving on to the crop protection side because, I'd like to talk about ESG after as well if you don't mind. But just on the crop protection side can you just discuss what growth you expect in that part of the business compared to seeds, please?

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva Sure, we've talked about mid-term expectations for growth in crop protection of about 2% to 3% above the market. So, as we get into an improving market that's – that's sort of our – our goal. We're going to get that through mostly continued penetration of the pipeline that I talked about. In that pipeline right now, we've got three molecules that are likely to cross \$300 million this year, and that – that's really given us a lot of confidence that we're going to be able to continue to grow faster than market. But you've got to have that kind of pipeline to be able to do that.

Gunther  
Zechmann.  
Bernstein And where do you stand right now in terms of a portfolio optimization and rationalization? Is there a target for the number of divestments?

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva Yeah, that portfolio management strategy is a very focused, deliberate and strategic rationalization. We had some plans from the day we merged that we were going to begin to step up and address some products that were in our base portfolio where we just believe we were not the best owner of that going forward. We had some smaller versions that over the past couple of years, we made a strategic decision to phase out at the end of last year about \$300 million worth of revenue. So that's been a headwind. But in our numbers, that pipeline and what we're able to sell is certainly overcoming that. What I'd say is, we don't expect another big tranche like that in the future years. This was a big year; it was an anomaly. And there maybe still some small ones that we're going to work on over the next few years, but I think we're about done with the big decisions around that rationalization.

Gunther  
Zechmann.  
Bernstein That's very clear. Thanks. And you targeted an increase in share of what you call differentiated products. It's a 2023 target. But what is the business mix at the moment in terms of how much is generics and how much is patented? And can you also talk about the margin differential between the two, please?

James C.  
Collins Jr.  
Chief  
Executive Sure. We are right now targeting to increase the percent of what we call differentiated and patented products that are in our portfolio to 50% by 2023. And you've got the Spinosyns that are in there. You've got our Optinyte™ nitrogen stabilizers. You've got all of the new products that are that are coming through the pipeline. This is all part of helping to do that. And margins for those products are obviously going to be much greater. But it does take

- Officer,  
Corteva a few years to realize those margins because as you know from following the industry, the first early years of launching a new chemical product out of your pipeline carries with it a lot of the supply chain costs and some of those startup costs. We're looking at two or three years before we get to those richer margins going forward.
- Gunther  
Zechmann. Right and then just finally on the insecticide side, is there any way to frame what the law spend litigation rates gets from a financial perspective?  
Bernstein
- James C.  
Collins Jr. I'm sorry misunderstood the question yeah thank you for that question. There have been some reports issued lately that we believe pretty dramatically overstate the risk associated with that chemistry. These are products that are applied in very different scenarios than some of the comparisons that were made. And we continue to monitor that situation. But in our conversations, we've really talked about it's a completely different set of scenarios and uses of that chemistry versus others.  
Chief  
Executive  
Officer,  
Corteva
- Gunther  
Zechmann. Right okay. And now you mentioned on ESG already the inaugural ESG report. I haven't read that 420 pages yet.  
Bernstein I do admit. And so, can you maybe first of all just share how your ESG strategy differentiates from your competitors?
- James C.  
Collins Jr. Well, it's a little hard to kind of do compare and contrast with each of them. But I think for us it starts with environmental sustainability. We've got a great pipeline of products that are advancing some of those goals. Green chemistry really focused on the ground working with regulators all of that. The second was really tied to social development and proud of the fact that we've got very specific goals on our own internal numbers around racial ethnic gender representation. There's a strong focus on corporate governance, we've got a very diverse and experienced board that is focused on long-term value creation. We recently welcomed four new board members that continue to further strengthen the diversity, innovation and industry expertise.  
Chief  
Executive  
Officer,  
Corteva The sustainability report along with our governance processes are very broad. We think they're very strong. And now that we've been able to issue the report really gives folks something to look at as they're scoring us in the space we're excited about the progress we're going to make.
- Gunther  
Zechmann. Great. Thanks for framing that. One of the questions on the chat again is what your view of biologicals is and what is your positioning in this area?  
Bernstein
- James C.  
Collins Jr. Yeah. We continue to explore the opportunity for those types of products in our portfolio. And I think some folks have misunderstood that these types of biological microbial products could replace synthetic chemistry. We don't view it that way at all. We see it as a both end, not an either or. So, there are some solutions that will always require insecticides, fungicides, herbicides, and then maybe in some of the more sensitive crops that are going into more regulated markets you'd use biological controls towards the end of the cropping. I'm thinking about some of the higher value of fruits and vegetables. We're working with a number of third parties to collaborate. They're going to do kind of what they do best to discover these different products. And then we're going to do what we do best and that's develop and launch and – and be a route to market. So rather than spending a lot of money internally to get into the discovery mode across the board, we're going to take a very open market licensing and partnering type of approach. And if you can go back here over the last six months or so, we've announced a number of those collaborations that have led to some really good starting points for us. I think they play an important role in the future. Clearly, regulators and society are asking for more of those types of products, and we intend to be a strong player in those markets.  
Chief  
Executive  
Officer,  
Corteva
- Gunther  
Zechmann. Great. And on – on the topic then of alternative meat, what impact do you expect that will have on your business?  
Bernstein
- James C.  
Collins Jr. I'm sorry – I didn't quite catch the question.  
Chief  
Executive  
Officer,  
Corteva



Gunther Zechmann. Bernstein Yeah. I'm switching gears slightly, staying within the ESG, just asking about alternative meat, sort of, if we all start eating beyond an impossible burger tomorrow, what impact would that have on Corteva?

James C. Collins Jr. Chief Executive Officer, Corteva Yeah. You know – obviously, still trying to understand those key areas. I don't know. Dave, do you have any comments that you make there?

Dave Anderson, Executive Vice President, Chief Financial Officer, Corteva Sorry, you're talking about really a shift to plant-based protein.

Gunther Zechmann. Bernstein Yeah exactly and considering that the lot of the soy and some corn goes into feeding animals that eventually end up being eaten?

Dave Anderson, Executive Vice President, Chief Financial Officer, Corteva So, Jim, I think our view on that is status that's very much a long-term kind of phenomenon and probably for the most developed markets while meanwhile there is really just going to be sustained continued momentum. As you see no greater disposable incomes and populations shifting to animal- based proteins for a lot of their diet. Wouldn't you say we still view this as a long continuum of opportunity for us.

James C. Collins Jr. Chief Executive Officer, Corteva Right and more developed markets developing markets are always going to default to kind of that animal that first stage of animal protein; I would say that's where our main focus is. But we are taking a look at – are there opportunities, opportunistic opportunities on the M&A front to look at some of those specialty crops, the crops in especially in places like India and in Africa could be core crops going forward that we play in a little bit today. But they're alternate sources of protein. So sorry about that I misunderstood the question but that's how we would view it.

Gunther Zechmann. Bernstein Right no worries. Thank you very much. So, I think we've got time for one last question. Bringing you back to the financials side which is on free cash flow conversion, free cash to net income that is. How do you see that trend over the next several years, especially when we see operating profit and net income improve. But what about that capital redeployment and thinking about working capital, pensions, CapEx et cetera?

James C. Collins Jr. Chief Executive Officer, Corteva Great, Dave do you want to talk about that?

Dave Anderson, Executive Vice President, Chief Financial Officer There's a couple components to that. I think number one; our forecast is and our internal plans which we'll make more apparent as we go forward, but are for just an improvement in that cash conversion. We clearly have the opportunity to do that and I'm excited to do that. So that gets very important in terms of our call it the investment thesis in valuation around Corteva, so that's very fundamental and we're focused on that. I think the second part perhaps of what you asked is then the opportunity for capital redeployment cash and capital redeployment. We think that's also another strength for the company. When you look at our balance sheet today, the strength of that balance sheet and also the outlook in terms of the growth of

Officer,  
Corteva

both EBITDA dollars and EBITDA margin percent and again, more on this to come later this year with investors. That's also a positive that plays very well in terms of let's call it discretionary cash, cash available for, which as Jim has stated we're very committed to: number one, reinvesting behind our growth engines internally; number two, is obviously returning cash to shareholders very important - \$450 million approximately in the first quarter made up of the dividend and share buyback and we're just going to continue to focus on that; and then, number three, it's really more let's call it agile sort of adjacent opportunities mostly technology based some geographic based for inorganic growth. But that's not going to be that significant. But it will be important part of the growth story for the company going forward. Hopefully, that helps address the questions.

Gunther  
Zechmann.  
Bernstein

Great. Thanks very much, Dave, and thanks so much, Jim.

Gunther  
Zechmann.  
Bernstein

So, this is all that we have time for – for this session, I'm afraid. But I'd like to thank both of you a very much for your attendance, and hope you have a good rest of your day, and thanks to all of the investors dialing in as well.

James C.  
Collins Jr.  
Chief  
Executive  
Officer,  
Corteva

Yeah. Great, Gunther. Thanks. Thanks so much for the questions and the – and the opportunity.

Dave  
Anderson,  
Executive  
Vice  
President,  
Chief  
Financial  
Officer,  
Corteva

Thanks, Gunther.