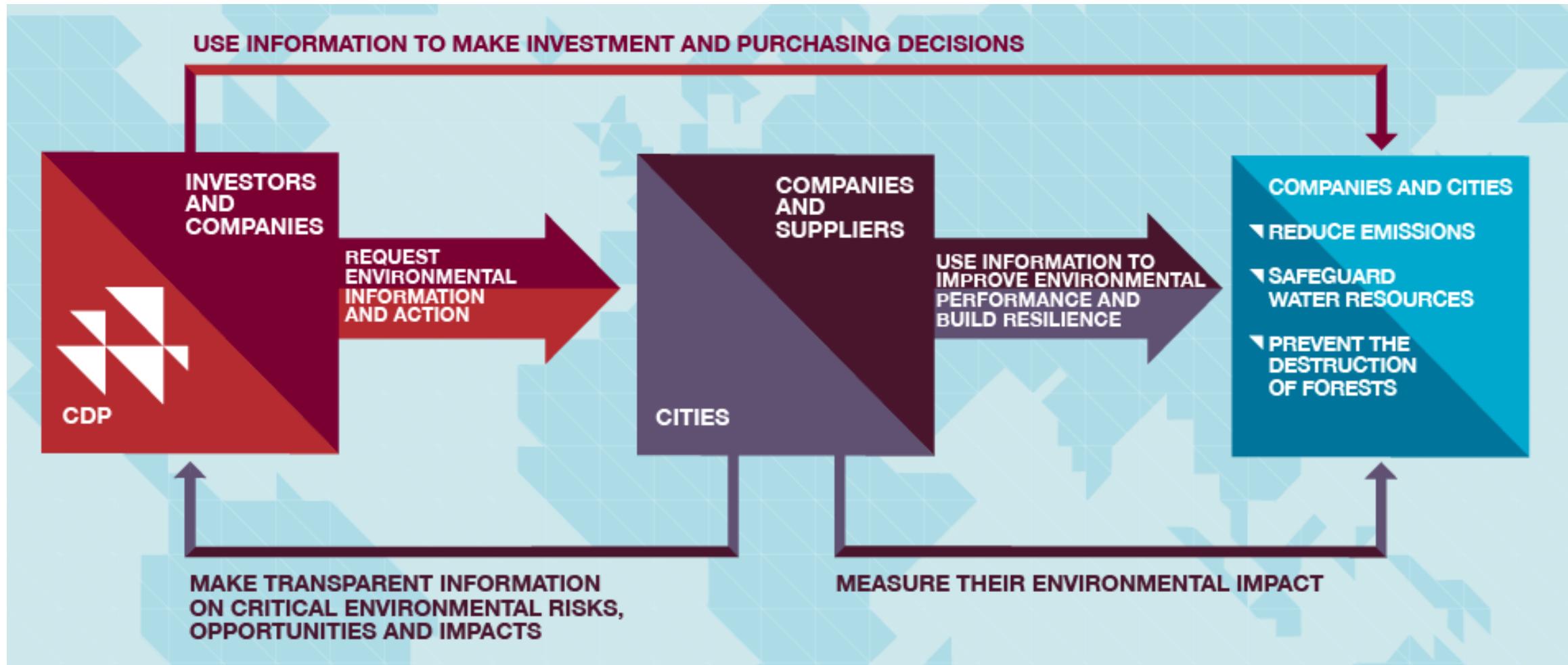


Corporate Value Chain

NAS Workshop: Deployment of Deep Decarbonization Technologies

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HOW WE CREATE CHANGE



A CLOSER LOOK AT THE FOOD, BEVERAGE & AGRICULTURE INDUSTRY



196 U.S. companies in the Food Processing sector within the wider Food, Beverage & Agriculture industry disclosed to CDP's 2018 Climate Change Questionnaire.

73 of these companies reported an emissions reduction target in 2018.

Top Risk Drivers Reported

- ▼ Increased severity of extreme weather events such as cyclones and floods
- ▼ Changes in precipitation patterns and extreme variability in weather patterns
- ▼ Increased pricing of GHG emissions

Top Opportunity Drivers Reported

- ▼ Development and/or expansion of low emission goods and services
- ▼ Shift in consumer preferences
- ▼ Use of lower-emission sources of energy

29 U.S. companies reported having an emissions reduction target that aligns with climate science or anticipated setting one in the next two years.

WHICH CONSUMER GOODS COMPANIES ARE READY FOR THE LOW-CARBON TRANSITION?

Key findings from CDP's 2019 *Fast Moving Consumers* report



- ▼ **The sector's key carbon exposures exist in the value chain** driving large Scope 3 emissions which make up **90% of lifecycle emissions**.
- ▼ Despite acknowledging the significance of Scope 3 emissions, **56% of Food & Beverage companies have no Scope 3 emission reduction targets** with Household & Personal Care companies performing better at 29%.
- ▼ **Diversified food companies** which are reliant on a wide range of agricultural commodities including meat, dairy, nuts and soy have **amplified exposure to raw material risks** from water and emissions intensive supply chains.
- ▼ **R&D is low for the sector while M&A activity is high.** 75% of companies have acquired smaller, environmentally conscious brands to create strategic optionality. Core brands remain unchanged.

THE SCIENCE BASED TARGETS INITIATIVE (SBTi)

Criteria Overview



Latest SBTi Criteria



Boundary: All company-wide Scope 1 and 2 GHG emissions must be covered (at least 95%).



Timeframe: 5-15 years into the future; from date target is submitted to SBTi for official validation (long-term targets recommended).



Progress to date: Forward-looking ambition is measured from the year with the most recent completed GHG inventory.



Reporting: Disclose GHG emissions inventory on an annual basis.



Scope 3: A Scope 3 screening is required and an ambitious, measurable Scope 3 target is required when Scope 3 emissions cover more than 40% of total emissions

This slide represents a summary and not a comprehensive overview. Please refer to the SBTi website for the full criteria and recommendations

SCOPE 3 REQUIREMENTS



Screening:

- Companies must complete a scope 3 screening for all relevant scope 3 categories
- An ambitious and measurable scope 3 target is required when scope 3 emissions cover a significant portion → if greater than 40% of total scope 1, 2 and 3 emissions

Boundary:

Companies must set one or more targets that collectively cover at least 2/3 of scope 3 emissions.

Options: Two types of scope 3 targets are accepted by the SBTi

1. Emissions Reduction Targets
2. Supplier/Customer Engagement Targets