Corporate Value Chain

NAS Workshop: Deployment of Deep Decarbonization Technologies

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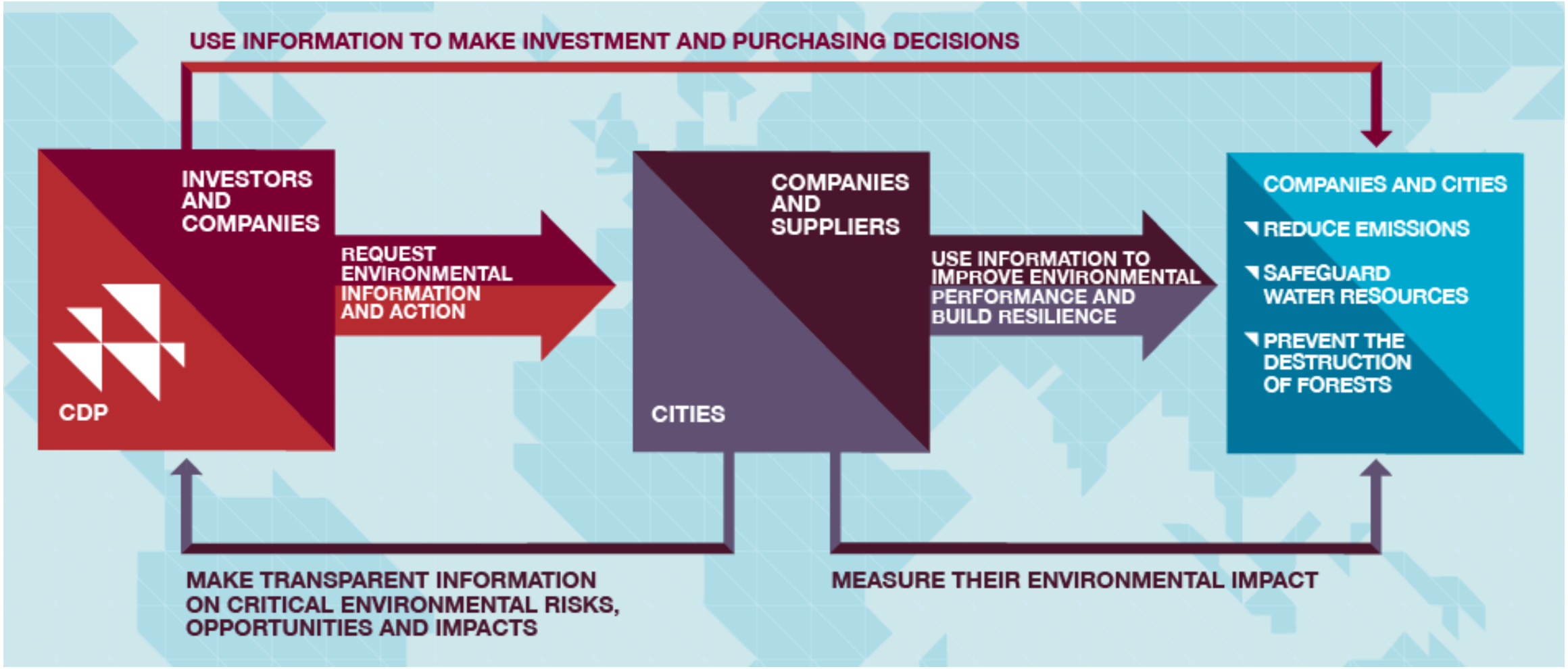
HOW WE CREATE CHANGE



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.