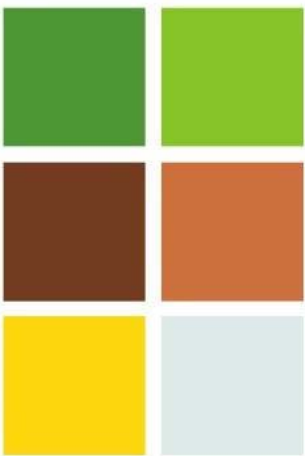


Enhancing Sustainability in the Food & Beverage Industry Workshop

Importance of Sustainability In the Food & Beverage Industry

Brent Bailey, Project Manager

September 28, 2018
Jackson, Mississippi



Solutions from the Land Vision

By 2050, agricultural systems and forests can be simultaneously managed to:

- Satisfy **domestic and global demand for safe, abundant and affordable** food, feed, fuel, and fiber;
- Support **economic growth and sustainable development**; reduce hunger and malnutrition;
- Improve **soil, water and air quality**; enhance biodiversity and ensure ecosystem health, including preserving habitats;
- Deliver **mitigation and adaptation** solutions to global climate challenges.



Agriculture in Mississippi

Agriculture is the foundation of Mississippi's economy and is where resource conservation begins:

- \$6.165 billion: 2017 farm-gate value of agricultural production (excluding forestry)
- 36,200 farms on 10.7 million acres of land
- 38,076 full or part-time farmers
- Employs 29% of state workforce (directly and indirectly)



Value-Added Agriculture in Mississippi

Value-added agriculture refers most generally to manufacturing processes that increase the value of primary agricultural commodities.

- Meatpacking (primarily poultry)
- Aquaculture processing (seafood and catfish)
- Fruits (jams/packaged) and Vegetables (sweet potatoes)
- Nuts (pecans)
- Dairy (milk; cheese; cottage cheese; etc.)
- Other beverages (beer; sodas; wines; spirits; etc.)
- Grains (rice) and seasonings
- Processed foods are Mississippi's most important manufactured products (ahead of furniture and chemicals)



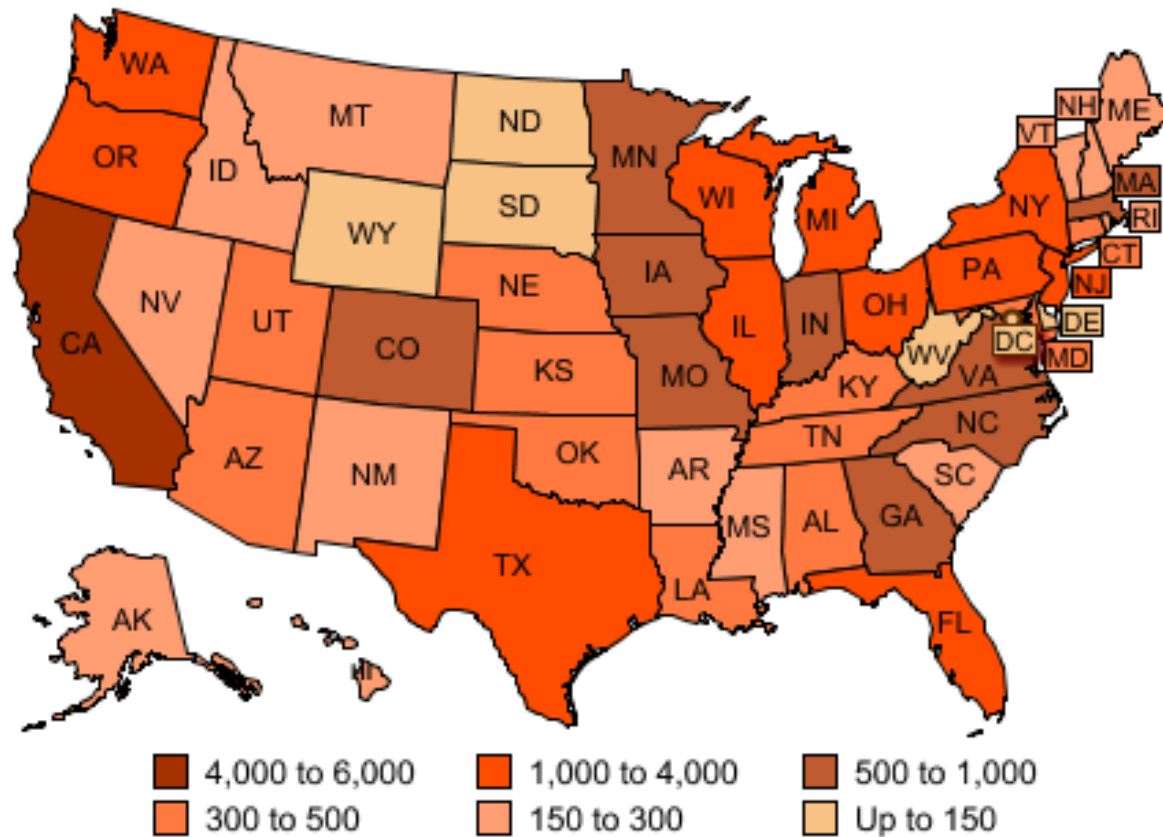
Value-Added Agriculture in Mississippi

- \$16.41 billion: 2017 value-added to the Mississippi economy from agricultural products
- Food manufacturing:
 - 23,041 jobs (2015)
 - 23,250 jobs (projected for 2020)
 - \$29,351 = average annual salary
- Beverage (and tobacco) manufacturing
 - 595 jobs (2015)
 - 447 jobs (projected for 2020)
 - \$38,470 = average annual salary
- Food & Beverage manufacturing accounts for 14.8% of total manufacturing workforce in MS (slightly more than U.S. average)



Mississippi has 209 Food & Beverage Manufacturers

Total food and beverage manufacturing establishments, 2016



Source: Prepared by USDA, Economic Research Service, using data from U.S. Census Bureau, County Business Patterns.

Data as of April 2018.

Names That You Know



Calbee

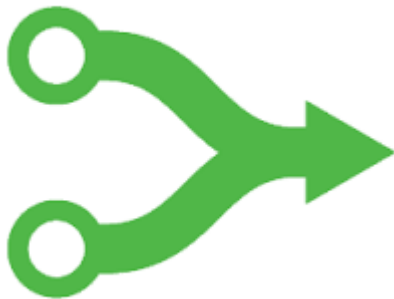


Local Challenges

- Fluctuating inputs costs
- Transportation infrastructure
- Changing consumer preferences
- Workforce/Labor pool
- Mergers and acquisitions
- Food safety



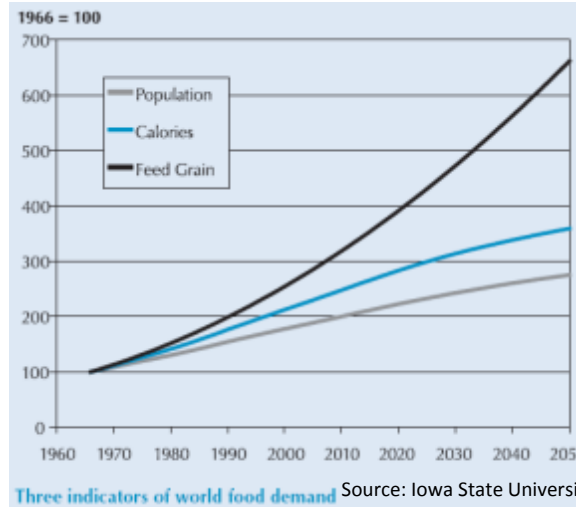
Food travels an average of 1500 miles from farm to plate



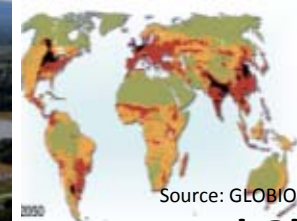
Global Challenges



2050 – Projected 9.9 Billion People



Food production will need to double by 2050



Biodiversity, as ratio of species abundance before human impacts

- High impacts: 0 - 25
- High-medium impacts: 25 - 50
- Medium-low impacts: 50 - 75
- Low impacts: 75 - 100

Mean species abundance (%)

Source: GLOBIO; Alkemade et al., 2009

Decreased Global Biodiversity



Farmland Conversion and Natural Habitat Loss



Increased Severe Weather Events



To address these challenges, businesses need a plan...

- Sustainability is becoming a core part of business
- ***Business sustainability*** is often defined as the process of managing a company's financial, social and environmental risks, obligations and opportunities - The triple bottom line.
- Also described as profits, people and planet.
- To maximize impact, consumers must understand “sustainability”; Must be communicated.



Why is Sustainability Important to Businesses?

- Build a reputation with consumers
- Builds loyalty within the organization
- Increased transparency in supply chain
- More reliable products
- Environmentally friendly materials
- Staking a place in the marketplace
- Greater long-term profitability
- IT'S JUST GOOD BUSINESS



F&B Companies Leading the Trend

There is growing momentum for food and beverage companies to establish sustainability goals inclusive of their agricultural value chain – but the practice is not commonplace.

Science-Based Targets Approved



Other F&B companies committed to develop SBTs:



Resources for Planning and Development



World Business Council for Sustainable Development: A network where members learn from other leading companies to develop sustainability practices that are scalable, replicable, measurable, and impactful. (Food and Land Program)



Business for Social Responsibility: Work with member companies one-on-one to inform, shape, and help implement their sustainability objectives and strategies. (Food, Beverage and Agriculture Program)



Business (and others) Mobilizing and Taking Action



WE ARE STILL IN

“We, the undersigned mayors, county executives, governors, tribal leaders, college and university leaders, businesses, faith groups, and investors are joining forces for the first time to declare that we will continue to support climate action to meet the Paris Agreement.”

744 companies representing **\$16.7 T** in market cap have more than 1200 commitments to bold action, including:

- **Science-based GHG targets**
- **100% renewable energy**
- **Zero deforestation**
- ***and many more...***

Over **2,800** leaders representing:

- **50** states
- **172 million** people
- **\$6.45 trillion** GDP





2017 Corporate Sustainability Report:

Overview of profits, people, planet (and animals)

From established baselines (per salable pound):

24% reduction in electricity use across facilities

41% reduction in water usage

44% reduction in natural gas usage

15% reduction natural gas in 2017 alone from capturing biogas

Other standards in training, safety, animal welfare, etc.

ANHEUSER-BUSCH



**Dilly
Dilly!**

April 17, 2018 — Anheuser-Busch launched its U.S. 2025 Sustainability Goals

- 100% of purchased electricity will come from renewable sources; and CO2 emissions across the value chain will be reduced by 25%
- 100% of facilities will be engaged in water efficiency efforts
- 100% of direct farmers will be highly skilled, connected and financially empowered (98% of ingredients U.S. grown)



December 2016 – **Smithfield Foods Adopts Greenhouse Gas Reduction Goal:** Reduce GHG emissions 25% over 2010 by 2025 throughout its entire supply chain

Energy: 5% reduction over 2014 by 2020

Water: 10% reduction over 2014 by 2020

Solid Waste: 10% reduction over 2014 by 2020

Grain Procurement: By 2018, 75% of grain purchased by Smithfield to be grown with efficient fertilizer and soil health practices



Sustainable Agriculture: Support 500,000 farmers focusing on climate-smart agriculture

GHGs: By 2050, reduce GHGs from operations 65%; help direct suppliers reduce GHGs by 50%.

Ingredients: Responsibly source 10 priority ingredients by 2020 (supplier and farm-level audits)

Soil & Water: Improve soil health and water quality in Upper MS River Basin



Sustainable agricultural supply chain: Eliminate deforestation, protect biodiversity and human rights and promote sustainable practices.

Climate change: Promote adaption and resilience in Bunge operations and agriculture generally.

Water: Reduce Bunge's water footprint and engage to improve water management in our supply chains.



**Big Mac
Attack!**

Founding member: Global Roundtable for Sustainable Beef (GRSB) - establish a set of metrics that will improve beef sustainability throughout the supply chain.

McDonald's Beef Sustainability Program:

By 2020: Source a portion of beef from suppliers aligned with GRSB principles; Help develop and share best practices; conserve forests.



April 2017 – **Project Gigaton**: Suppliers asked to reduce greenhouse gas emissions by one gigaton (equivalent to 1 year emissions of 211 million passenger vehicles); Emissions reduction toolkit for suppliers created.

Walmart website: *“farming plays a major role in GHG emissions, water usage and deforestation”*

Developing a set of sustainability criteria for beef.

Developing fertilizer optimization plans for grains.

Sustainability Goals/Plans are Not Just for Large Companies

- At the heart of sustainability is reducing waste – a principle that also applies to saving time and money.
- Two things that most small business owners say they are short on.
- Sustainability goals and the bottom line are becoming more intertwined.
- The P.R. boost is not bad either.

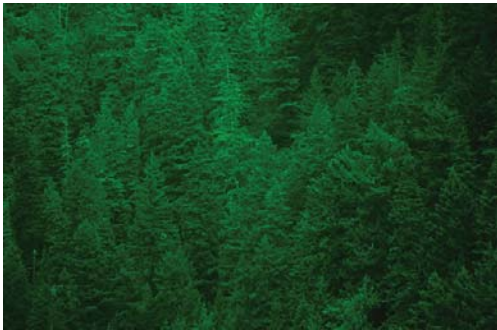
Sustainability – What's that again?

- Pursuit of a common ideal
- Meeting the needs of the present without compromising the needs of future generations
- Maintaining balance

Why not be Exceptional!?!

- Uncommon; Non-typical
- Outstanding
- Extraordinary

Solutions from the Land



Thank you!

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