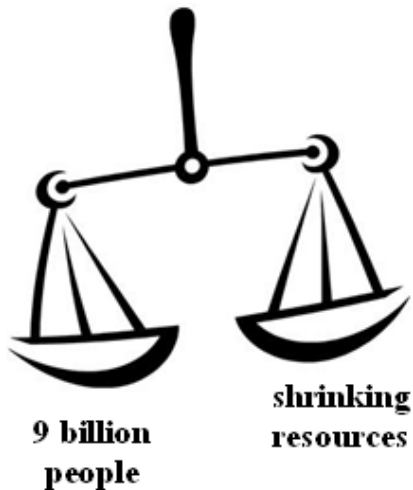




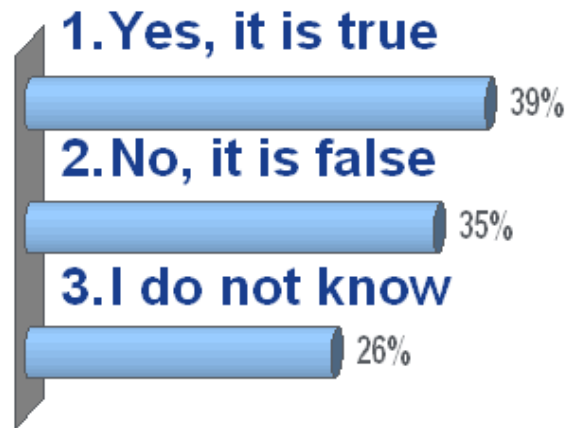
Setting the context for Sustainable agriculture

Myth Busters debrief

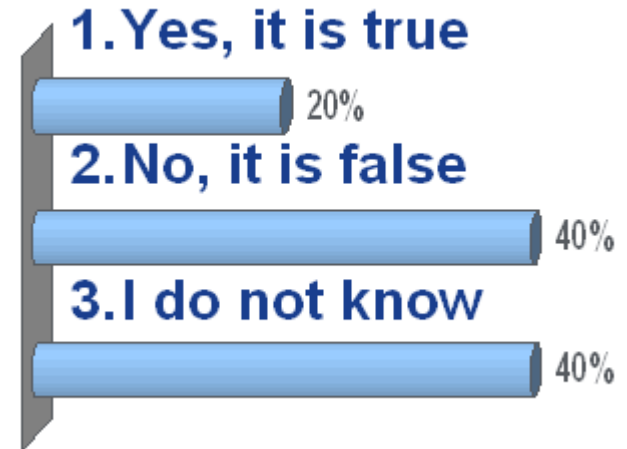
The world will not be able to feed its population in 2050.



Individual



Team





Will the world be able to feed its population in 2050?

73 **yes**

49 **no**

15 **abstentions**

Source: IHT, October 22, 2009

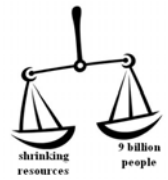


Factors contributing to a blue sky scenario

- ✓ substantial additional land available for use in agriculture
- ✓ careful use of natural resources, starting at farm level
- ✓ improvements in the efficacy of chemicals
- ✓ biotech farming
- ✓ innovations in agricultural practices (knowledge and knowhow)
- ✓ improvements in the organization/structure of the farm sector in emerging countries
- ✓ food chain improvements, reducing waste and contamination

Factors contributing to a storm ahead

- ✓ energy limitations and instability
- ✓ water shortages
- ✓ negative effects of climate change
- ✓ biodiversity loss and declining ecosystem services
- ✓ soil degradation
- ✓ land use competition
- ✓ volatile prices of agriculture products
- ✓ under-investment in agricultural infra-structure and R&D
- ✓ low stockpiles



Can the food and beverage industry ensure the long term supply of agriculture raw material?

- The right crops
- At the right time
- At the right quality
- At the right quantity
- At the right place
- Produced through the right practices

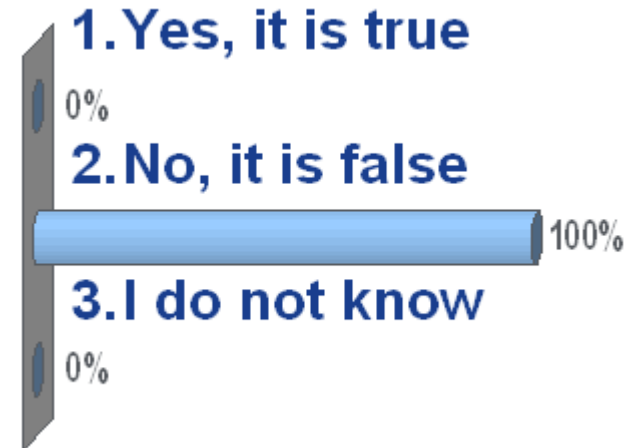
Sustainable agriculture focuses primarily on integrating environmental considerations into agricultural practices.



Individual



Team



Is there a consensus on the meaning of sustainable agriculture?



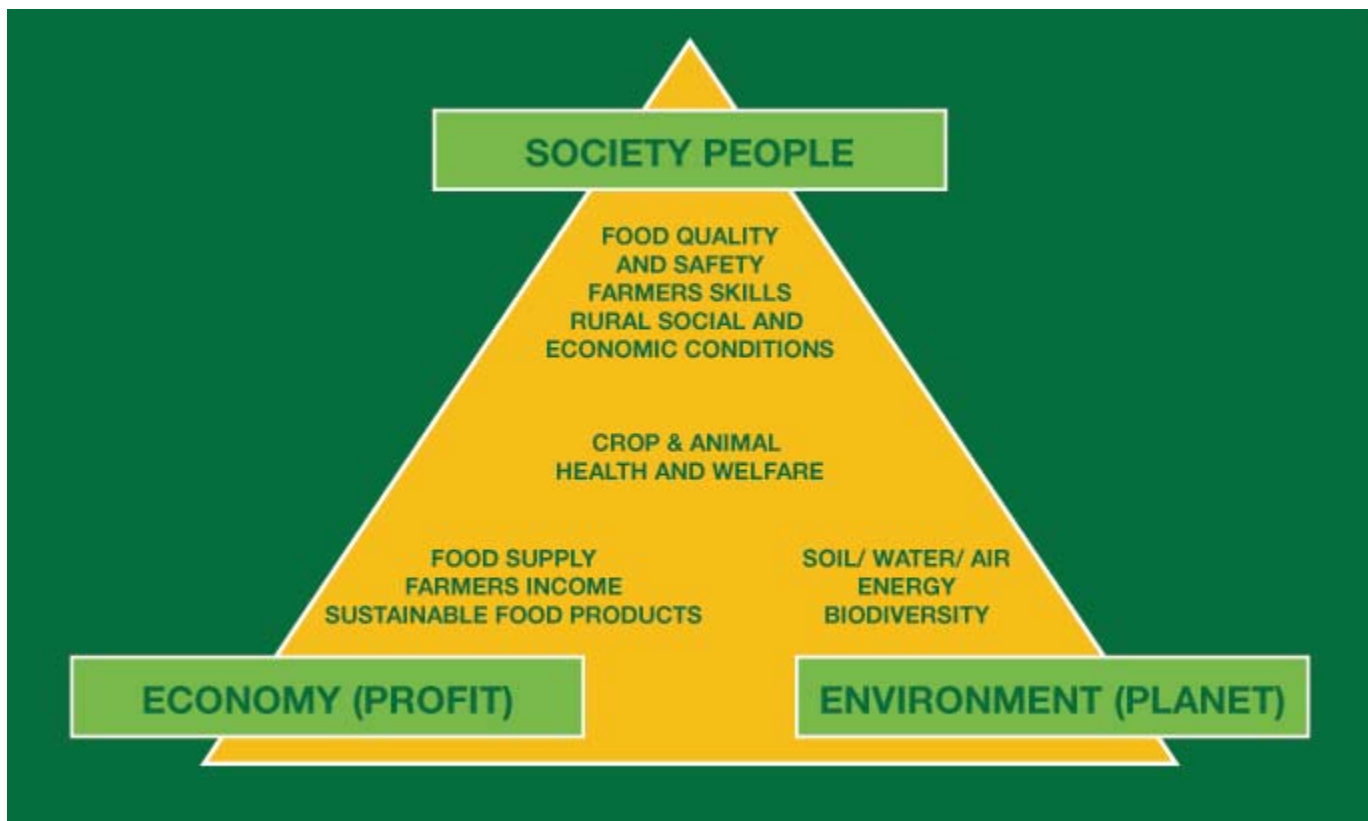
“Everybody has a different view of what sustainable means. And it is particularly true for agriculture.” (Environmental Strategy Manager, F&B company)

“Sustainable agriculture can be very fuzzy and wishy-washy”
(Manager, CSR reporting. Supplier of F&B industry)



SAI Platform Definition of Sustainable Agriculture

“Sustainable agriculture (SA) is a productive, competitive and efficient way to produce safe agricultural products, while at the same time protecting and improving the natural environment as well as the socio-economic conditions of local communities”



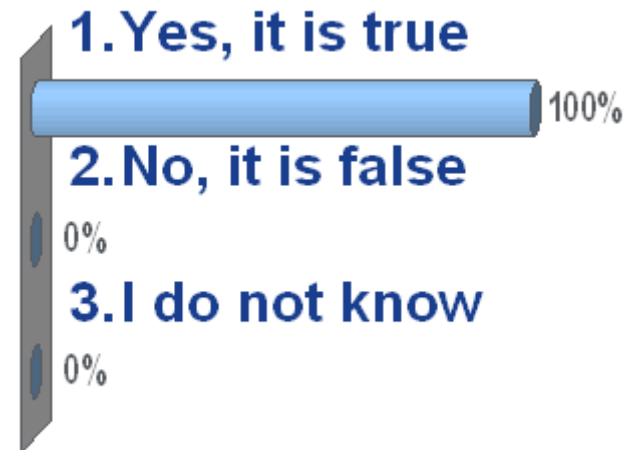
Consumers are not willing to pay more for sustainable products.



Individual



Team



Finding the demand for sustainable products...



“The current uncertainties of consumer preferences make the sustainability agenda daunting nevertheless for the entire sector. While growing numbers of consumers are interested in sustainable products, there is strong resistance to paying high premiums for them. But, consumer resistance also varies depending on the type of product. Another consideration is whether consumers will pay more for some sustainability attributes, but not for others, such as for farmers’ living wages but not for reducing carbon emissions. Both retailers and consumer product companies also have to grapple with uncertainty about the depth of consumer commitment.”

<http://www.pwc.com/gx/en/sustainability/industries/retail-and-consumer.jhtml>



... or creating it?

“If you really want to sustain market position you need to create demand. Looking if there is demand out there and answering to it is not enough. Sustainable agriculture is a demand creation factor.” (Senior Manager Food Corporate Responsibility, F&B company)

“Sustainable products are a business expansion for our company. It is already a relevant market driver for our customers.” (Manager, CSR reporting. Supplier of F&B industry)

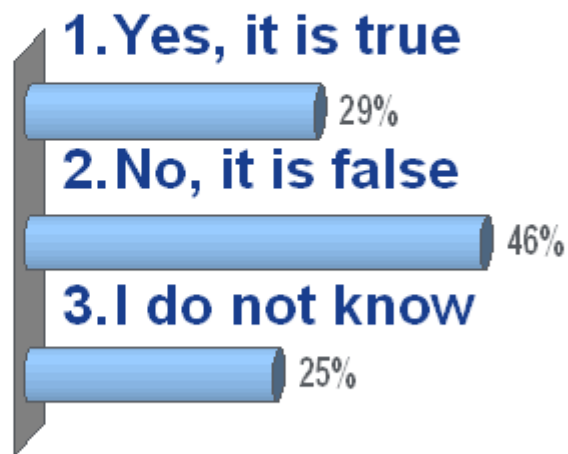
“Consumers are not ready to pay more for what they consider as basic. Sustainable agriculture is about to become standard, consumers will consider it more and more as a due. Thus, it is important to be sure that our fundamentals are practices are aligned with that.” (Environment & Agro-Sourcing Director, F&B company) .

“Sustainability allows you broadening the conversation with clients, beyond price and product characteristics. The real value of sustainability is that it brings a new perspective on the business and on the relationship with clients. It is an eye opener on how to grow business and build a solid ground for tomorrow.” (Chief Sustainability Officer, F&B company).

The only way to be successful in rolling out sustainable agriculture initiatives is through herculean effort and cost.



Individual



Team



There are relevant costs and challenges in the short-term



“Cost and the scale of change. This is the elephant in the room of sustainable agriculture. That’s because there’s a grain of truth to it. But only a grain. It is true in the short term and under certain circumstances. You have to spend some money up front to switch to more sustainable agricultural practices. The transition that is needed takes effort and money and the revenue will be touched only later. We need investments in agriculture. It’s like a house that has been neglected too long. Now we have to do the job, painting, new floor perhaps, insulate, new heating system.”
(Director, SAI Platform)

But long-term breakthroughs are extraordinary



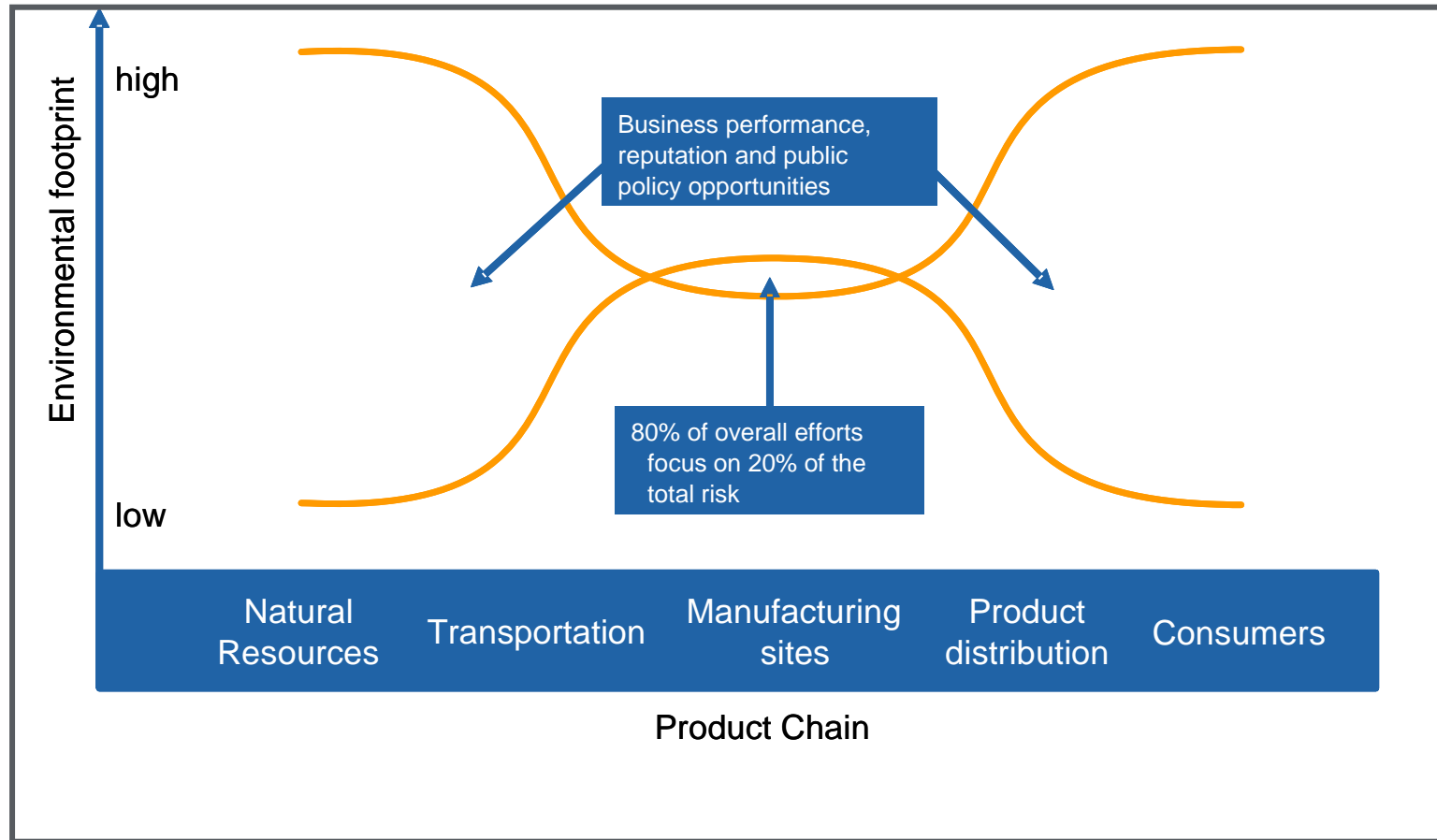
No Resources = **No** Business

- Sustainable agriculture is about
 - ✓ securing long-term supply of strategic resources while
 - ✓ allowing companies to stay in business to
 - ✓ keep producing what customers and consumers need

Shrinking Resources = **New** Business

- Sustainability is NOT ONLY a differentiator, but
 - ✓ a potential entry point to markets and
 - ✓ a key to securing existing markets

Today's efforts of the food industry are only tackling a small part of the current and future risks and opportunities.



Source: Ionescu-Somers, 2006

But... is sustainable agriculture too hard to achieve?



NO

“Companies can push producers faster than consumers can. By companies asking for sustainable products we can leverage production so much faster than by waiting for consumers to do it. We need change that is going to accelerate”

Jason Clay, WWF.



MAYBE

“Saying that we need to convert our suppliers to sustainable agriculture is like saying that ‘we have to go to the moon’. It is possible technologically. The resources do exist. But I am not convinced if we are going to be able to put it all together in a timely manner.”

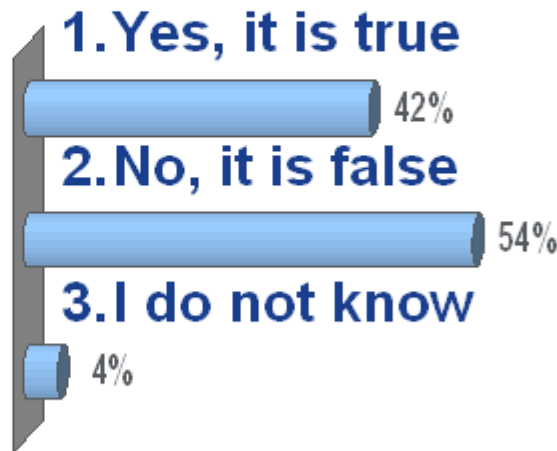
Environmental Strategy Manager, F&B company.



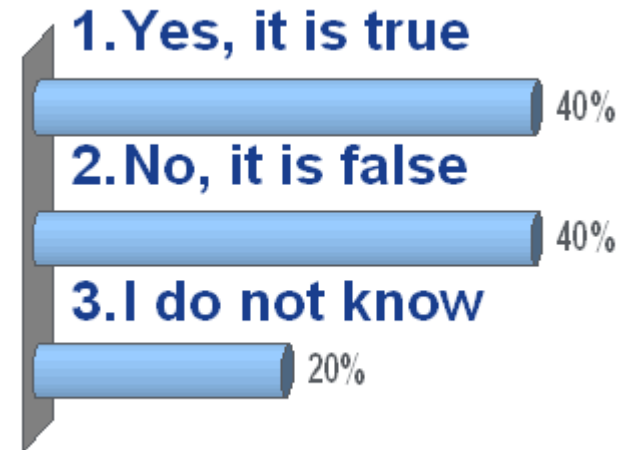
The greatest barrier to embedding sustainable agriculture strategies in companies is the lack of demand from investors and customers.



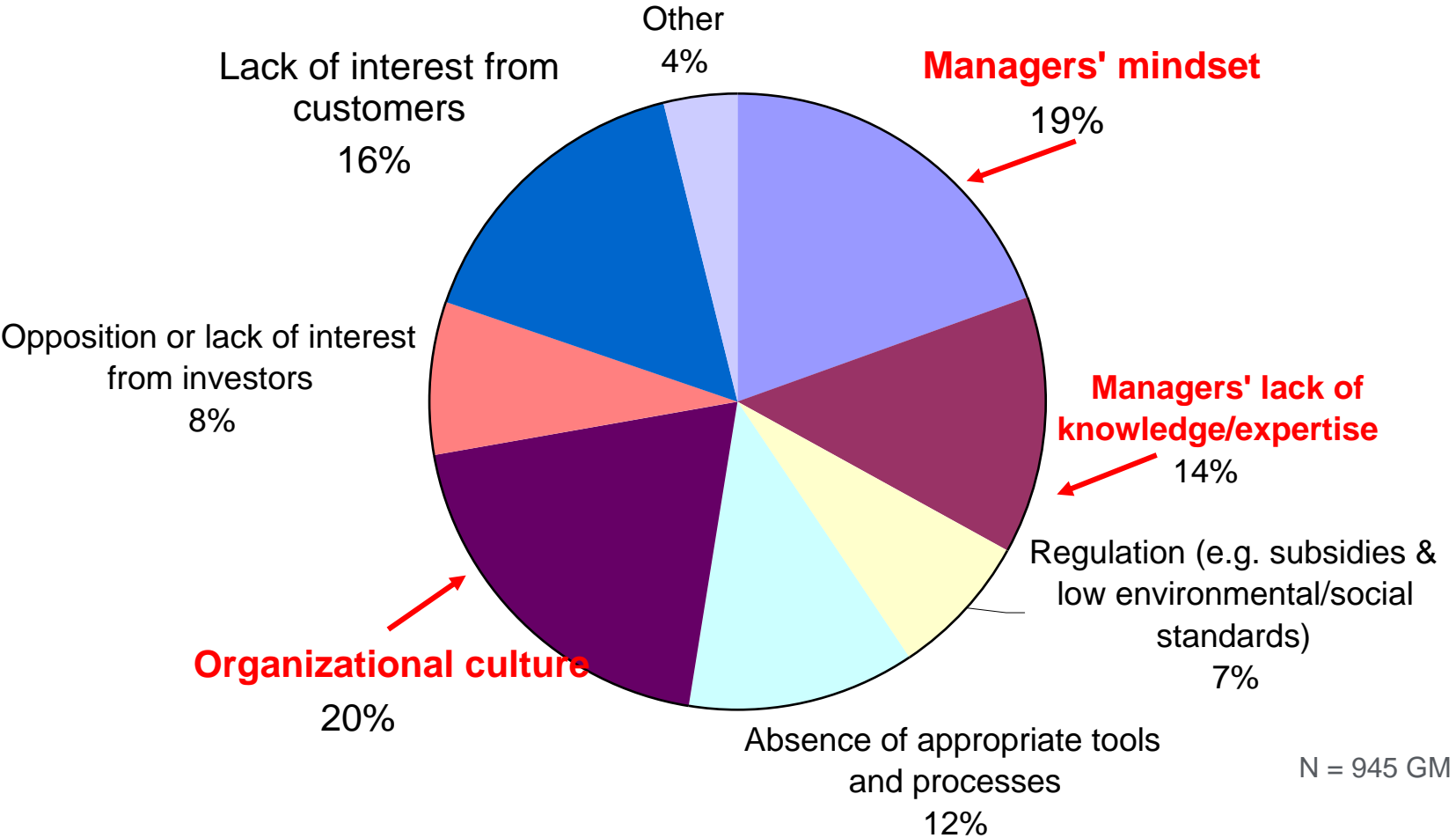
Individual



Team



However, organizational culture and manager's mindset are the perceived **main barriers** to roll out corporate sustainability.

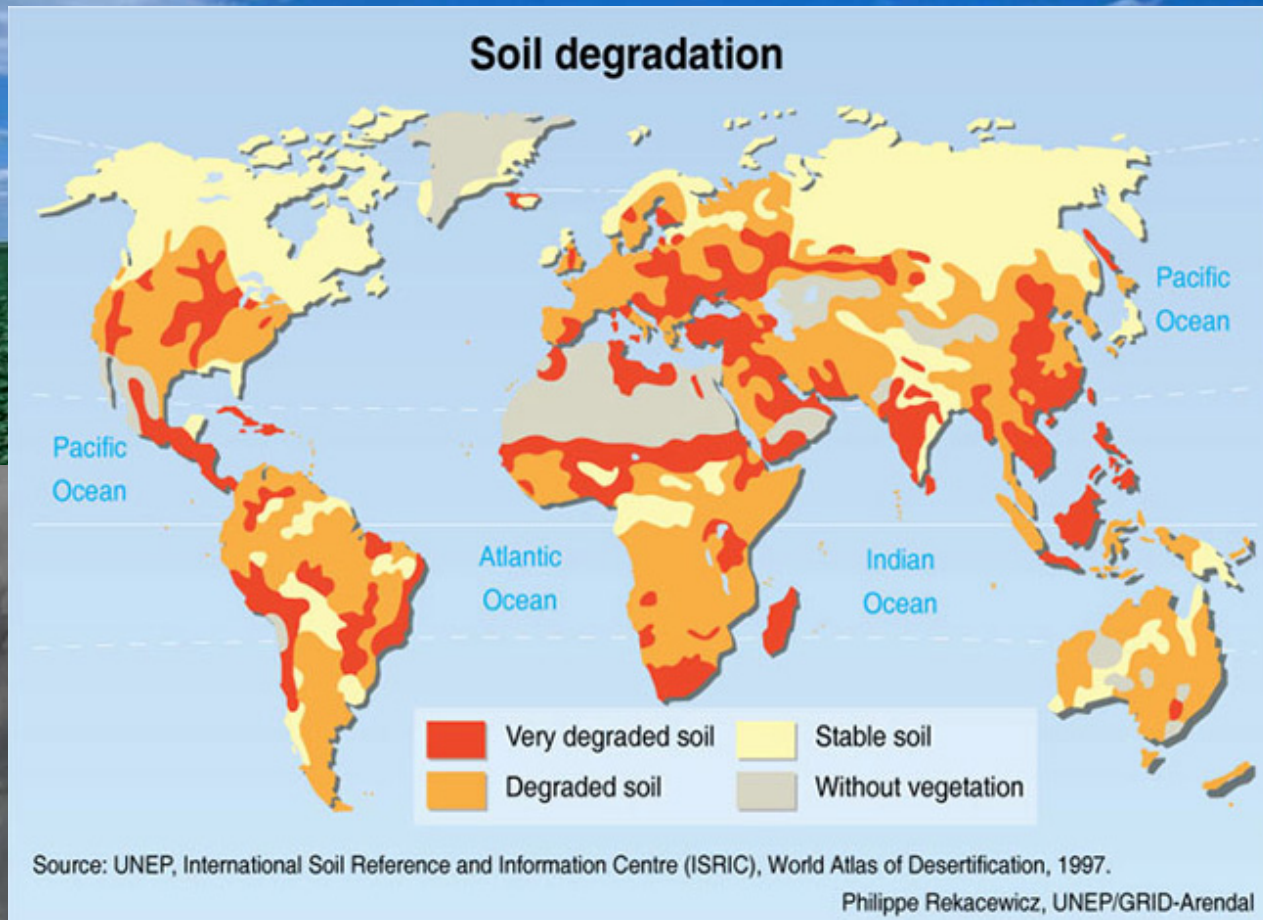


N = 945 GM

APPENDICES

Land

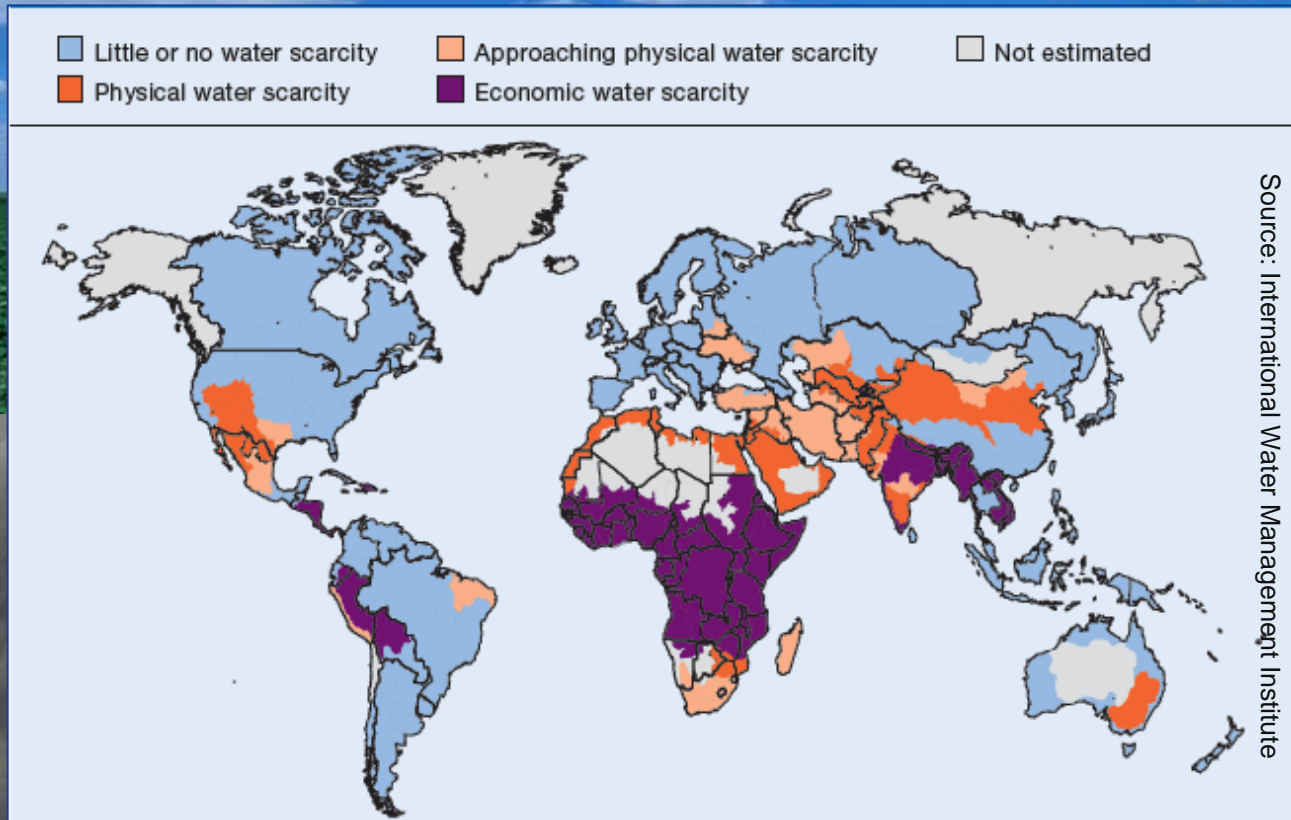
There is substantial land available for use in agriculture,



but there is at most 12% more arable land available that isn't presently forested or subject to erosion or desertification.

Water

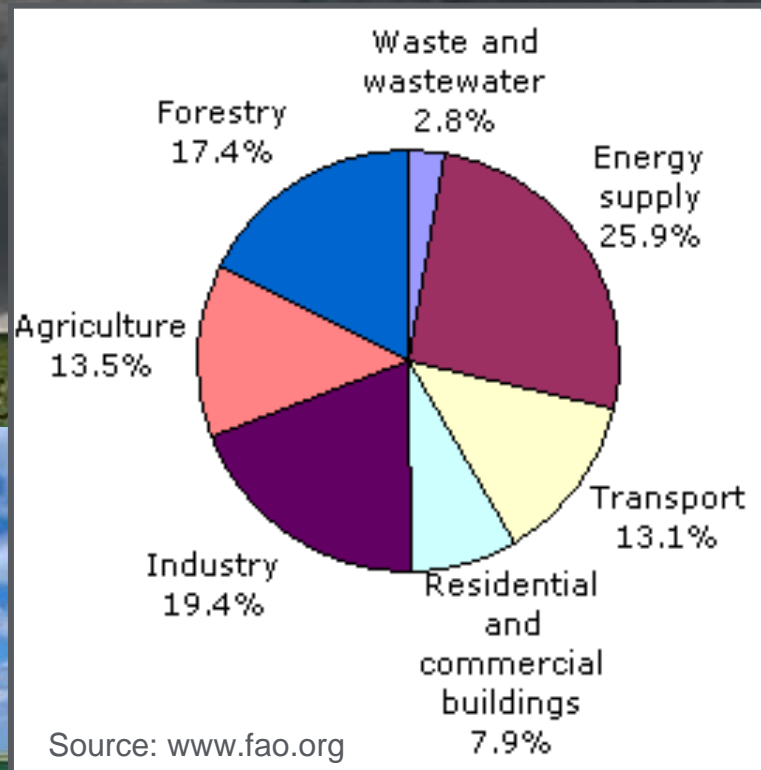
At global scale, fresh water reserves are sufficient for the required production growth,



but water for agriculture in some parts of the world is already today scarce.

Climate

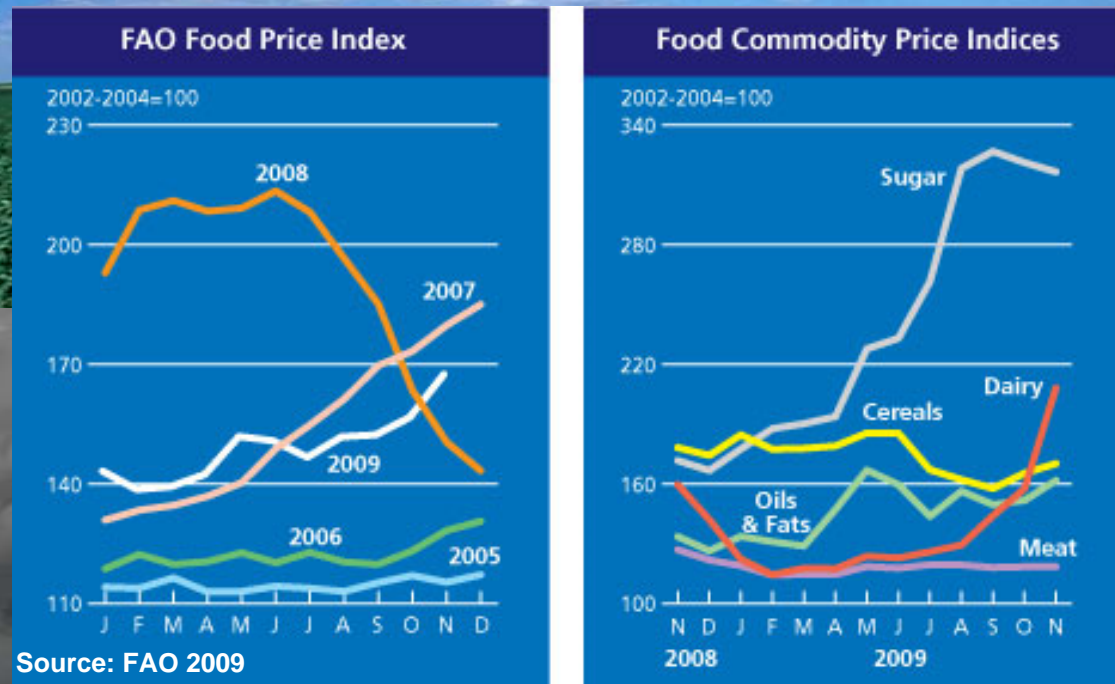
Agriculture contributes to a large amount of CO₂ emissions. Climate change will most likely contribute to reduced yields.



Agriculture is also part of the solution, since it has a high potential to mitigate emissions through soil carbon sequestration.

Markets

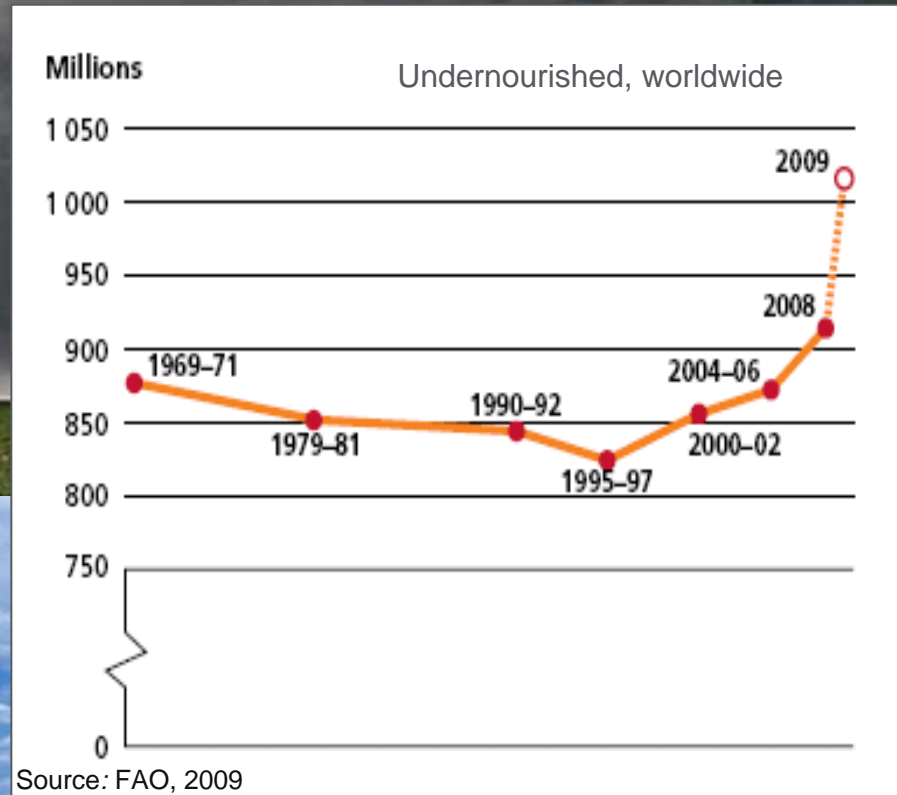
The agriculture sector has shown resilience to recent price shocks and the economic downturn,



but agricultural price volatility is of major concern for farmers, society and the food industry.

Food Security

Food insecurity and malnutrition is rising.



Economic growth originating in agriculture, in particular the smallholder sector, is at least twice as effective in benefiting the poorest as growth from non-agriculture sectors.

Is food too expensive?

Share of the top 3 household expenditures in the EU, 1995-2008 (%)

