

Climate Change and the Food and Agribusiness Industry

Get ready to Disclose

Zoe Tcholak-Antitch – Vice President & Head of Investor CDP



The CDP System

An annual standardized climate change Information Request

Asking the right and most relevant questions on climate change

- **534 investors with assets of \$64 trillion**
- **56 Supply Chain Members**
- **19 public sector bodies**
- **2,500 responding companies in 2009**

CDP is the global standard for measurement and reporting of climate change information.

“The Carbon Disclosure Project’s detailed reporting is helping persuade companies throughout the world to measure, manage, disclose and ultimately reduce their greenhouse gas emissions. No other organization is gathering this type of corporate climate change data and providing it to the marketplace.”

Ban Ki Moon, Secretary General, **United Nations**

534 CDP Signatory Investors – \$64 trillion in assets



MUFG



BLACKROCK



Deutsche Bank



Beverages & Tobacco; Food; Food & Drug Retailing

- **228 companies in 2009**
- **114 (50%) – Answered**
- **85 (37%) – Did not respond**
- **4 (2%) – Provided limited information**
- **25 (11%) – Declined to participate**

CDP Supply Chain Members 2010

CARBON DISCLOSURE PROJECT



- **56% of Members expect to deselect suppliers in the future for failing to meet formal carbon management criteria**
- **Reporting capabilities improving among suppliers: 62% reporting GHG emissions**
- **33% of Suppliers have strategy to engage their own suppliers**

CARBON DISCLOSURE PROJECT

Carbon Disclosure Project
Supply Chain Report 2010



Report written for
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Climate Change & Disclosure

- **Company governance on climate change**
- **Risks and Opportunities**
 - **Regulatory**
 - **Physical**
 - **Consumer / Other**
- **GHG emissions accounting**
 - **especially scope 3**
- **Strategy**
- **Performance**



WHY?

1. **Increased customer interest that** creates opportunities for differentiated products;
2. **Risks facing Suppliers that** ultimately threaten sourcing activities;
3. **Increased public, investor and stakeholder pressure to integrate** carbon management within Corporate Social Responsibility programs that usually involve Suppliers;
4. **Joint process improvement to** improve collaboration and efficiency, reduce carbon emissions and ultimately generate cost savings for Members and Suppliers

“Climate change could result in changes in consumer preferences and retail customer demands – we must anticipate and react to such changes to maintain the demand for our products.”

PepsiCo

“At Walmart, we recognize from our own experience, that working to reduce greenhouse gas emissions can drive innovation and enable cost savings.

Through our Supplier Sustainability Assessment, we are asking suppliers to publicly report their GHG emissions, reduction strategy and actions to the Carbon Disclosure Project.

By doing so, we gain a better understanding of our supply chain footprint and help suppliers realize the business advantages that accompany efforts to reduce greenhouse gas emissions.”

Matt Kistler, Senior Vice President of Sustainability



When visiting suppliers and analysing the CDP responses PepsiCo was surprised to learn that some, such as agricultural business Lantmannen, had a well developed sustainability program. PepsiCo is now able to apply many of the learning's garnered from Lantmannen's response to CDP to some of their other less sophisticated suppliers.

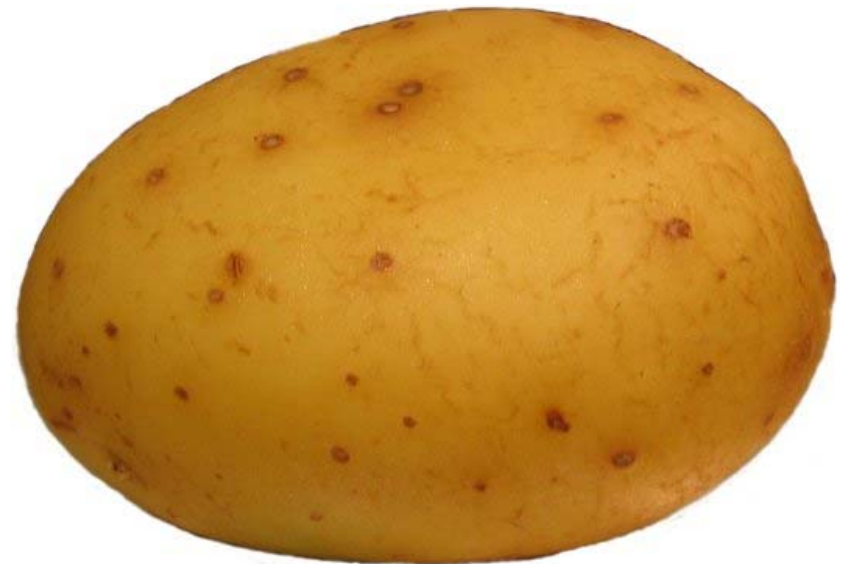
Learning best practice in environmental management techniques will have considerable associated time saving and cost benefits to PepsiCo suppliers as it enables them to advance more quickly through the early stages of development.



PEPSICO

CDP expansion into agriculture

- Tomatoes & Potatoes
- Working with ConAgra Foods; PepsiCo and HJ Heinz
- Reach: 5-10% of overall U.S. production (plus Brazil, Europe)
- Expand disclosure, develop metrics, facilitate reductions



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