Climate, biodiversity and regenerative agriculture

June 11th 2021
Agenda

• Regenerative agriculture
  • Why focus on it
  • How we operationalize it
  • Why collaboration is key for scale
Climate and nature are the north star of our net zero roadmap

Sourcing our ingredients sustainably
Working with farmers, suppliers and communities to source ways that protect ecosystems, reduce emissions and enhance livelihoods.

Transforming our product portfolio
Creating new, low-carbon products, and reformulating existing ones using ingredients and processes that are good for both consumers and planet.

Evolving our packaging
Packaging helps keep our food safe but causes waste. Investments in packaging innovations and new business models help keep waste out of landfill.

Using renewable energy to manufacture our products
Making products more sustainably by switching to renewable electricity, using more renewable fuels and investing in energy efficiency.

Driving toward cleaner logistics
Optimizing routes, filling vehicles more efficiently, switching to low-emission fuels and renewable electricity and using more rail transport.

Removing carbon from the atmosphere
Using nature’s own solutions such as agroforestry, soil management, and restoring peatlands and forests to lock GHGs in the ground.

Moving toward carbon-neutral brands
As consumers demand increasingly transparent and sustainable products, our brands will continue to adapt, embracing sustainability.

Using our voice to galvanize action
Forging deep engagement on climate issues with farmers, industry, governments, NGOs and communities.

3

Barclays, June 11 2021
Climate, biodiversity and regenerative agriculture
Why regenerative agriculture

**Biodiversity**
Increase plant and animal biodiversity above and below the ground.

**Water**
Reduce chemical farm inputs, optimize organic fertilization, biological pest control and irrigation techniques.

**Soil**
Scale up farming practices that protect soil health and increase soil organic matter.

**Livestock**
Integrate livestock and optimized grazing in farming systems where feasible.
What do we mean regenerative

Conventional | Green | Sustainable | Restorative | Regenerative

Degenerating Value Extraction
- Fragmented
- Disconnected

Sustainable Value Creation
- Holistic
- Integrated

Regenerative LESS
- Energy/Materials Required

Conventional MORE
- Energy/Materials Required

Value Extraction
- Fragmented
- Disconnected

Barclays, June 11 2021
Climate, biodiversity and regenerative agriculture

Good food, Good life
The business case for regenerative agriculture

Systemic change is needed

- Nutrient collapse
- Water scarcity
- Declining yields
- Extreme weather events
- Zoonotic diseases
- Food insecurity

Shared value creation is key

- Supply chain resilience
- Local sourcing flexibility
- Sustainable livelihoods
- Emissions reduction and removals
- Biodiversity positive
- Consumer relevance
Building on the right foundations

20+ years
pioneering sustainable agriculture

626 700
farmers engaged through farmer connect

84%
traceability for priority raw material categories

90%
of key agricultural commodities in scope assessed as deforestation-free
### What levers will we pull

<table>
<thead>
<tr>
<th>Know-how</th>
<th>Tools</th>
<th>Reach</th>
<th>Programs</th>
<th>Market mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,200+ agronomists</td>
<td>Industry and proprietary solutions</td>
<td>4.5 m farmers via supplier relationships to enable landscape solutions</td>
<td>400 climate projects launched in 2021</td>
<td>CHF 1.2 bn allocated to regenerative agriculture practices and premiums (2021-2025)</td>
</tr>
</tbody>
</table>

**Market mechanism:**
- Barclays, June 11, 2021
- Climate, biodiversity and regenerative agriculture
Barclays, June 11 2021  
Climate, biodiversity and regenerative agriculture  

Moving faster  
Scaling up  
Delivering our promise  

2020% key ingredients  
202550% key ingredients  
2030 Net Zero by 2050  

Regenerative agriculture sourcing targets
Coffee deep dive
An end-to-end approach

Plant sciences
- Multi-location trials
- farmer feedback
- PSRU Tours

Plantlet distribution
- Propagation / nursery management
- Arabica / Robusta plantlets distribution

Agricultural Environmental Research
- Diversification / Intercropping / Water dynamics
- regenerative practices / innovative tools

Farmer Training
- Responsible sourcing, agronomy, business skills
- Demo plots, Farmer business schools, Farm ambassadors, field visits,

Social / community support
- Farmers Associations / Coops
- Gender & Youth / Agripreneurship
- Labour / living income

Plantlet distribution
- 15 New improved coffee varieties released
- 235 M Plantlets distributed (2010-2020)
- 230 Agronomists and field staff
- 649 K+ Metric tons of responsibly sourced coffee in 2020
- 900 K+ Farmer trainings (2010-2020)
- 13 Coffee origins with impact assessment
Boosting irrigation efficiency in Vietnam
How we go from pilot to scale

- **50,000 Farmers trained**
- **50 M m³ Annual water saving**
- **$8.4 m Additional income**
- **55% Adoption rate**

Barclays, June 11 2021
Climate, biodiversity and regenerative agriculture
Rationale for a change to farming systems

A typical smallholder coffee farm:

- Disorganized
- Multiple crops on same plot, but still “monocropping”
- Inefficient land use
- Cropping pattern not in line with topography / water availability etc...

- Cash crops close to the house (Coffee / Banana)
- Random trees
- Food crops / forage crops
Intercropping in Indonesian green coffee
How our regenerative agriculture projects work in practice

Enriching the soil by naturally adding nitrogen through growing beans between coffee rows
Supporting the food system transformation
Replicating, cascading, scaling, harmonizing

Partnering on-the-ground

Leveling up peer practice communities

Co-investing in ecoservice markets

Advocating for regulatory convergence
Supporting growth by winning with the consumer
Different paths to a low-carbon product portfolio

Regenerative

Upcycled

Plant-based
Key takeaways

- **Regenerative agriculture is an important part of our agenda, with a clear business case**

- **Our approach is:**
  - pragmatic, science-based and results driven
  - adapted to local contexts and constraints

- **The journey will be collaborative, taken with farmers, research, industry, customers and policy makers**
Discussion