

Sustainability

Cargill Starches, Sweeteners and Texturizers Europe

Insights
Report



PEOPLE



PLANET



PRODUCT

For many years, sustainability has – at least on some level – been a consideration for most brands. Today, however, a new urgency for action is apparent, as brands find themselves simultaneously pressured by governments, NGOs, investors and consumers, and threatened by growing risk from supply chain vulnerabilities and disruptions. Against this backdrop, sustainability is no longer optional, it is essential for brands' long-term survival.

Envisioning a carbon-neutral world

Europe's Green Deal, which aims to create the first carbon-neutral continent, is a prime example of the increased scrutiny – and expectations – facing food and beverage manufacturers. The Deal is underpinned by the newly launched Farm to Fork Strategy and Biodiversity Strategy. These both aim to accelerate the transition to a sustainable food system. From integrating sustainability into financial reporting to requirements to halt biodiversity loss, the Green Deal will bring heightened regulatory intervention throughout the agri-food supply chain.

Inherent in the plans are the expectations of greater transparency and due diligence across supply chains. It will spark new certification and labelling efforts, and amplify existing consumer trends toward healthier, more sustainable diets.

Around the globe, international organizations and national governments, including the United Nations, are making similar moves. The UN Secretary General has asked countries to commit to net-zero emissions by 2050, and several European countries, including Finland, the United Kingdom, Denmark and France, have already set or are planning zero-carbon economies.¹

To achieve these commitments, food and beverage manufacturers – and the supply chains that support them – will play critical roles. Significant changes will be needed throughout these systems, including mainstream adoption of soil health and regenerative practices by farmers, increased investment in renewable energy by manufacturing, and greener, cleaner means of transport.

EUROPE'S NET ZERO EMISSIONS RACE



Source: Energy and Climate Intelligence Unit. <https://eciu.net/netzerotracker>

Embracing the responsible food mindset

As pervasive as these regulatory and political pressures are, it's another, more potent force – evolving consumer attitudes – that is driving brands to embrace ever-more ambitious sustainability goals.

Conscious consumption has become the new watchword, as shoppers increasingly view their product choices as a reflection of who they are and what they value. They expect the issues they care about to be reflected in the brands they buy and may reject, or even call out, those that don't align with their values.

As consumers view purchases through this “responsible food mindset” lens, they evaluate product purchases against personal standards related to ethics, sustainability and animal welfare. Market research firm GfK found the trend is prevalent, global and growing, noting that nearly two-thirds (65%) of shoppers report only buying products that appeal to their beliefs, values or ideals.²

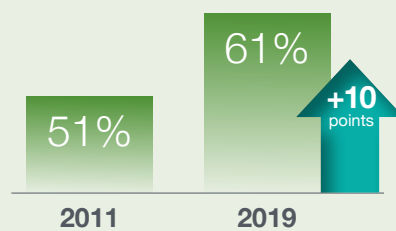
That begs the question: What issues are consumers most passionate about? For nearly six in ten, the answer is the environment,³ and they believe brands should take action. Two in three consumers expect companies to address environmental issues by investing in sustainability.⁴

Companies like Unilever report those investments pay off. The multinational CPG business says brands like Dove, Hellmann's and Ben & Jerry's, which have integrated sustainability into both their purpose and products, are growing 30 percent faster than the rest of their business.⁵

Preserving the environment is a personal value

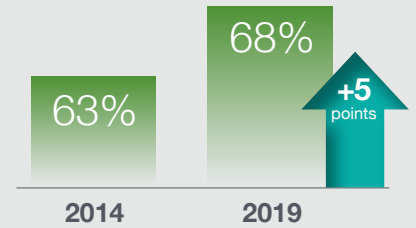
% agree globally (top 2)

Source: GfK Consumer Life 2019



I only buy products and services that appeal to my beliefs, values or ideals

% agree globally



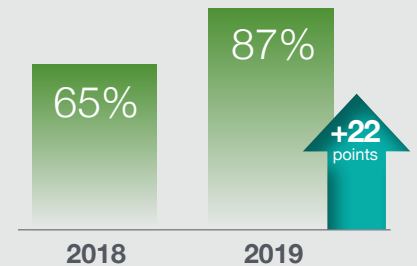
And practiced by at least half of consumers across regions, with solid growth in Asia

Region	2019	Growth in Pts 2014-2019
APAC	76%	+6 pts
EMEA	54%	+1 pt
NA	52%	-2 pts
LATAM	58%	-3 pts

Source: GfK Consumer Life Global, 2019

I expect companies to invest in sustainability

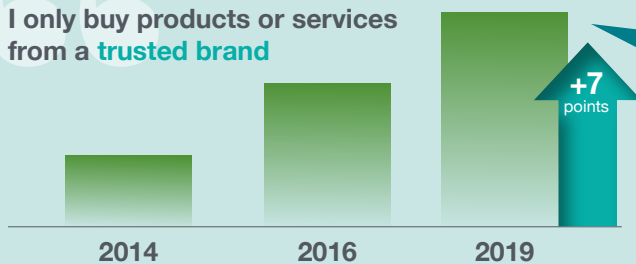
Average of U.S., UK and China



Source: Innova Consumer Survey 2019

I only buy products or services from a trusted brand

Source: GfK Consumer Life Global 2014-2019



69% of global consumers say they only buy products or services from a trusted brand

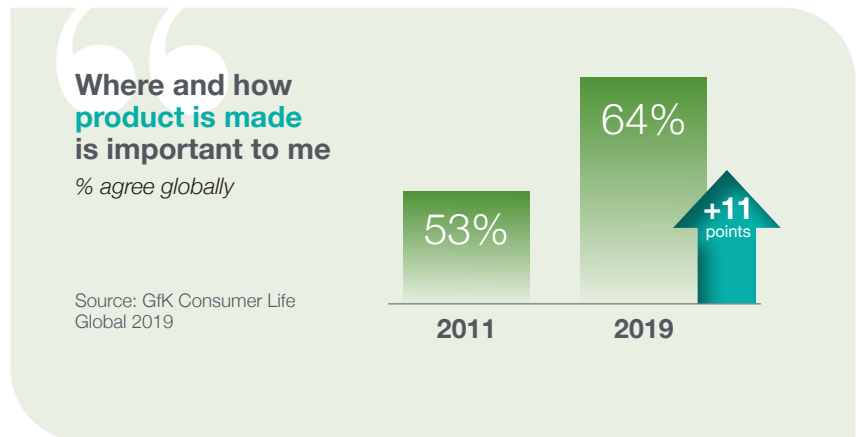
Enabling radical transparency

As consumers' embrace purpose-led purchasing, they expect more information about how products are made, encompassing everything from a brand's business practices to its production processes. For many, ingredient sourcing is a critical consideration. Research from GfK suggests 60 percent of global consumers want to know where and how the products they buy are made. The study found this sentiment was on the rise across all regions of the globe, especially in Asia and Europe.⁵

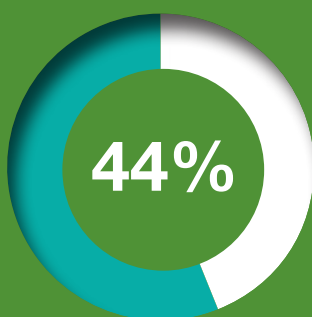


3 in 4 global consumers want to know where the ingredients come from when buying food and beverages.

Source: GfK Consumer Life Global 2019



Cargill's Honeysuckle White turkey blockchain is a good example of how companies can use radical transparency to respond to consumers' demands. Through a simple text or by entering an on-package code, consumers trace their turkey back to the family farm, access the farm's location by state and county, view the family farm story, see photos from the farm and read a message from the farmer. This level of transparency gives consumers the enhanced information they desire, and greater confidence in the food they purchase and eat.



44% of global consumers say food & beverage brand trust is influenced by whether a product is **locally grown**.

Source: HealthFocus International, 2018



Empowering brands to take action



For this new breed of shopper, expectations are high. It's no longer enough for food and beverage products to taste great and be priced right. Now they must align with consumers' personal values and be supported with radical transparency spanning a product's full life – from field to fork. How brands respond to these evolving consumer trends may well determine their future.

First, and foremost, reputation matters. In this area, the food and beverage industry as a whole has something of a checkered story. In its 2019 Trust Barometer, market research firm Edelman found consumers expressed increased levels in overall trust of food and beverage businesses in 21 of 26 countries surveyed. However, the same study also found 65 percent of respondents believed large-scale food and beverage production has harmed the environment and lowered nutritional standards.⁶ Clearly, there is work to be done.

Rather than hide from increased scrutiny, successful brands are choosing to embrace it, helping consumers track products and ingredients from field to fork. Technology helps enable this newfound transparency. Pioneering companies like Danone have introduced solutions enabling consumers to track and trace the ingredients in everything from milk to baby formula.

They're not just giving consumer access to information – companies are using it to build compelling brand narratives. Manufacturers of all sizes are incorporating their food and farmer sustainability stories into brand positioning, promoting them across marketing channels from point-of-sale and product packaging to traditional and social media .

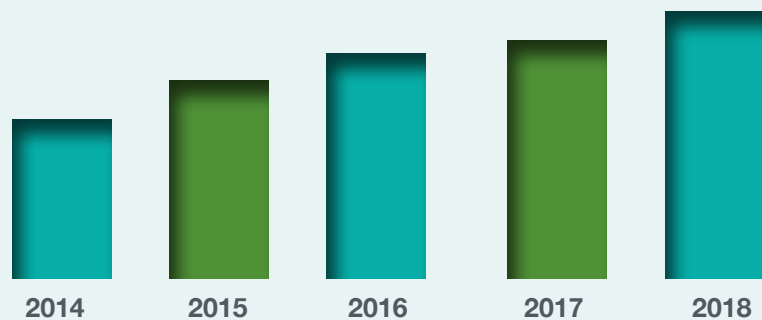
Some brand – brands like Quorn and No Evil Foods are striving to assure shoppers of their environmental credentials with everything from carbon labelling to fully compostable packaging. They're not alone, Innova Market Insights reports the number of new products launched with sustainability claims is up 11 percent CAGR between 2014 and 2018.⁷

Global launches making a sustainability claim

(includes environmental plus additional ethical claims)

+11%

2014-2018 | CAGR



Source: Innova Market Insights

Companies around the world are making bold environmental commitments but delivering on those pledges will require partners with similar values. Supply chains often account for more than 80 percent of greenhouse gas emissions and more than 90 percent of a company's impact on air, land, water and biodiversity.⁸ No wonder carbon reduction in raw material production is a key priority, such that it's becoming part of the ingredient supplier selection process for many brands.

By focusing on their supply chains, consumer companies can have the greatest impact on their environmental footprint. At the same time, these efforts also address supply risks due to climate. Unilever, for one, estimates that it loses some €300 million per year as worsening water scarcity and declining agricultural productivity lead to higher food costs.⁹

Elevating sustainability aspirations



Clearly, today's brands are under mounting pressure to adopt sustainable practices. As a pivotal player in major food and agriculture supply chains around the globe, Cargill can help brands achieve their goals.

It starts with our commitment to transparency at Cargill Starches, Sweeteners and Texturizers Europe, with traceability levels available across the vast majority of our raw material supply chains. Wherever practical, we rely on locally produced raw materials at Cargill Starches, Sweeteners and Texturizers Europe, with the goal of sourcing within 300 kilometers of our factories across our top commodities, wheat and corn. We've also completed raw material sustainability risk assessments for Cargill Starches, Sweeteners and Texturizers Europe products, identifying and removing potential problems before they become an issue.

We recognize that it is the farmers who care for the land that are the key to our success. That's why we are working with more than 5,000 farmers across our global supply chains, providing training in sustainable practices and encouraging continuous improvement to empower farmers and nourish a growing population.

We also understand the importance of industry sustainability verification and have partnered with third-party organizations like the Sustainable Agriculture Initiative Platform (SAI Platform), International Sustainability & Carbon Certification (ISCC), Sedex, CDP Global and EcoVadis to benchmark, monitor and verify our sustainability practices.

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Completing brands' narratives

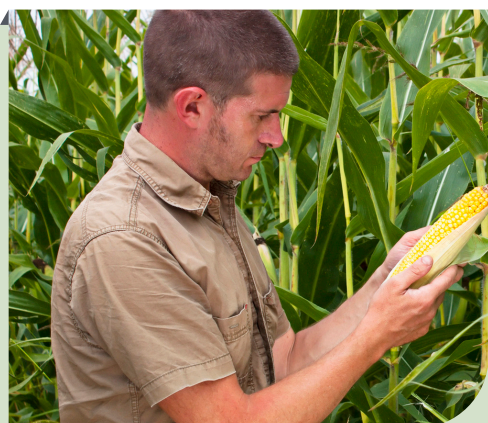


Our ingredients, and the farmers who produce our raw materials, can help brands create the compelling stories today's consumers want to hear. Consider our work with red seaweed, which is used to make carrageenan, a versatile texturizer. About 1 million people worldwide make a living growing and harvesting it. To help them, Cargill partnered with Proforest (a leading not for profit organization, supporting sustainable management) to create the **Red Seaweed Promise**.™ This program verifies best practices for production and harvesting seaweed, promotes gender equality and supports environmental measures that conserve marine biodiversity.

Elsewhere, we're ensuring a sustainable food starch and sweetener supply. Starches made from waxy corn are used in many food and industrial products. To support the farmers who grow this important crop and protect their fertile farmland, Cargill created the **Waxy Corn Promise**,™ a program to promote biodiversity, improve soil and water quality, and optimize water use. It recognizes and builds on the good work that farmers already do and supports their efforts to continuously improve their production practices.

In addition, we source sustainable wheat and corn for our European sweeteners and starches, verified at Silver level according to the SAI Platform's Farm Sustainability Assessment (FSA). This industry recognized system supports good agricultural practices in key sustainability areas, including soil, water and biodiversity.

To reach FSA Silver Level, farmers are independently audited based on standards that go further than European regulations and allow for credible sustainability and responsible sourcing narrative.



Meet François – one of our French Waxy Corn farmers

François knows that soil is part of his heritage. He cares about soil quality and its conservation for the long term. In winter, he ensures that his fields are planted with a winter cover crop to prevent soil erosion, helping to fix nitrogen and improve soil fertility and structure.



Meet Nicolas – one of our British sustainable wheat farmers

Nicolas for many years has helped conserve and enhance biodiversity on his farm from birds to wild flowers. He has established wild flower strips across his farm to provide havens for small mammals and birds. These strips are also boosted by the many hedges and woodlands he has planted over the years across his farm.

Committing to a more sustainable future

Like today's consumers, at Cargill Starches, Sweeteners and Texturizers, we also have a responsible food mindset. We are leading the industry in developing science-based responses to a changing climate and are the only major agri-food company to have carbon-reduction commitments across our entire supply chain and operations.

We can make those commitments because, we continually invest and develop programs with our farmers and supply chain partners designed to improve soil health and reduce carbon emissions in our operations. This means we're able to partner with customers to develop specific programs around carbon reduction supporting their carbon goals.

Creating a more sustainable supply chain benefits us all. Brands can use our transparent, traceable supply chains to provide consumers with impactful narratives on how and where their products are grown. Those stories are backed with measurable results, including farm level data, and verified by credible, independent organizations.



It's been suggested that the global food system is responsible for roughly 30 percent of greenhouse gas emissions.¹⁰ At Cargill, we are committed to partnering with our farmers and our customers to find practical solutions to the world's biggest sustainability challenges. Together, we can nourish the world in a safe, responsible and sustainability way – meeting today's needs and those of future generations.

Cargill Starches, Sweeteners and Texturizers Europe Sustainability Goals 2025



PEOPLE

Partner with farmers to secure sustainable raw materials

75% of our combined volume of raw materials sustainably sourced by 2025



PLANET

Reduce emissions

Reduce by 2025 absolute Green House Gas emissions in our operations by a minimum of 10%, against 2017 baseline



PRODUCT

Deliver innovative products from renewable resources

30% of CSST products by 2025 will contribute to industrial petroleum-based alternatives vs. 2017

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