the market transformation initiative
global food

40 years = 8,000 years
Countries with >5% GDP growth (2010-2011)

Countries where China is a top trading partner

Source: UN Comm Trade
Commodity prices

Source: Grilli and Yang; Stephan Pfaffenzeller; World Bank; International Monetary Fund (IMF); Organisation for Economic Co-operation and Development (OECD); UN Food and Agriculture Organization (FAO); UN Comtrade; McKinsey analysis
Cultivated Systems:
Areas in which at least 30% of the landscape is cultivated

35% for food

Source: Millennium Ecosystem Assessment
> 100 Countries have downgraded parks and PAs or taken them off the books entirely (1990-2013)

Source: WWF PADDDtracker.org
WWF’s 35 Priority Places
Priority commodities

1. China
2. India
7 BILLION consumers

300-500 COMPANIES control 70% trade of each commodity

1.5 BILLION producers
<table>
<thead>
<tr>
<th>Beef</th>
<th>Cocoa</th>
<th>Coffee</th>
<th>Palm Oil</th>
<th>Sugar</th>
<th>Soy</th>
<th>Cotton</th>
<th>Shrimp</th>
<th>White Fish</th>
</tr>
</thead>
<tbody>
<tr>
<td>(JBS)</td>
<td>Mars</td>
<td>Nestlé</td>
<td>Cargill</td>
<td>DADDYS</td>
<td>BUNGÉ</td>
<td>ADM</td>
<td>Louis Dreyfus Commodities</td>
<td>Pacific Andes</td>
</tr>
<tr>
<td>Tyson</td>
<td>Nestlé</td>
<td>KRAFT</td>
<td>Sime Darby</td>
<td>H</td>
<td>Indhusthan Ltd.</td>
<td>ADM</td>
<td>DUNAYANT</td>
<td>Pescanova</td>
</tr>
<tr>
<td>Cargill</td>
<td>OLAM</td>
<td>SMUCKER'S</td>
<td>RGM</td>
<td>Coca-Cola</td>
<td>Cargill</td>
<td>DUNAYANT</td>
<td>Louis Dreyfus Commodities</td>
<td>Unima</td>
</tr>
<tr>
<td>Walmart</td>
<td>ADM</td>
<td>Louis Dreyfus Commodities</td>
<td>ED &amp; F MAN</td>
<td>SQC</td>
<td>OLAM</td>
<td>UNIMA</td>
<td>GLENCORE INTERNATIONAL AG</td>
<td>Walmart</td>
</tr>
<tr>
<td>Kroger</td>
<td>HERSHEY'S</td>
<td>MAXINGVEST AG</td>
<td>COSAN</td>
<td>FLO-SUN</td>
<td>WILMAR</td>
<td>WILMAR</td>
<td>IKEA</td>
<td>Walmart</td>
</tr>
<tr>
<td>Carrefour</td>
<td>KRAFT</td>
<td>OLAM</td>
<td>Starbucks Coffee</td>
<td>AGRO IBERI</td>
<td>(RY)TAL</td>
<td>EV</td>
<td>IKEA</td>
<td>Walmart</td>
</tr>
<tr>
<td>COSTCO</td>
<td>Carrefour</td>
<td>Lavazza</td>
<td>Cargill</td>
<td>Tate &amp; Lyle</td>
<td>GLENCOE</td>
<td>DARDEN RESTAURANTS</td>
<td>GAP</td>
<td>Sysco</td>
</tr>
</tbody>
</table>

The table above lists various companies associated with different commodities, including meat, cocoa, coffee, palm oil, sugar, soy, cotton, shrimp, and white fish. Each company is represented by its logo and name.
25% of demand pulls

40-50% of production
Unilever’s commitment: 100% sustainable ingredients
CGF – Precompetitive approaches

• 57 companies committed
• Deforestation out of supply chains by 2020
• 4 commodities (beef, soy, palm oil, pulp)
• 4 countries
salmon aquaculture
Global Salmon Initiative

- **Who:** CEOs of 15 producer companies
- **How much:** 70% of global production
- **What:** 100% ASC certified by 2020
- **How:** a precompetitive approach
  - One bad actor affects everyone
  - Market access/license to operate
  - Share performance data
  - No premium
Ireland’s Commitment

• Focus—All food exports
• 100% certified by 2016
• No premium
• Government support for learning across producers
Components of S&P 500 Market Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Tangible assets</th>
<th>Intangible assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>1985</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>1995</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>2005</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>2009</td>
<td>19%</td>
<td>81%</td>
</tr>
</tbody>
</table>

Source: Ocean Tomo
waste
1 out of 3 calories
rebuild degraded land

250 M hectares by 2030
performance & results

not practices
Reward the best, or move the rest?

- Government regulation
- Voluntary standards

Performance shift

Number of producers

Worse
Average
Better
“If you don’t know where you’re going, any road will get you there.”
think about it