

# Value(s)

INSIDE THE FOOD REVOLUTION

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## PODCAST EPISODE #2: THE VALUE OF INVESTING IN REGENERATIVE AGRICULTURE

### VALUE(S): INSIDE THE FOOD REVOLUTION

“Value(s): Inside the Food Revolution” is Danone’s ESG-focused podcast series aimed at facilitating the dialogue with our investor community, who we know are increasingly seeking to align the values of companies with the value of portfolios. This series of podcasts, moderated by Nadia Ben Salem-Nicolas, Head of IR and Financial Communication at Danone, sheds light on Danone’s own approach to sustainability – from climate change and plastic packaging to regenerative agriculture, biodiversity protection, and social change.

As Danone is stepping up its efforts to protect biodiversity, this second episode dives into regenerative agriculture, an innovative farming model which protects the health of the planet and supports local farming communities, while creating long term value for investors.

➡ To listen to the podcast episode, please [click here](#).

### SETTING THE CONTEXT: WHAT IS REGENERATIVE AGRICULTURE? with Melissa Ho, Senior Vice President for Fresh Water and Food, WWF-US

As COVID-19 has sparked concern over the robustness and resilience of our global food systems, it has also emphasized the urgent need to rethink our agricultural model, how we produce our food, and how to best support farmers going forward.

Agriculture is today at the crossroads of three major global development agendas: human development, climate change, and nature & biodiversity. Known as a major source of greenhouse gas emissions – accounting for almost a quarter of global emissions – agriculture is also a major cause of land conversion and habitat loss, and the largest consumer and polluter of freshwater.

As a result, agriculture as a sector has the potential not just to be part of the problem for climate change and nature, but also part of the solution. In this context, regenerative agriculture is a mindset and a set of system practices that goes beyond optimizing productivity of farm commodities, by finding a balance with ecosystem services. Its impacts are multiple: it increases biodiversity, protects soil health, and improves water quality and water retention in fields and farms.

By shifting the agriculture paradigm, companies have an essential role to play in making sure that this model is viable not just from the environmental point of view, but from the economic point of view – by creating a positive policy environment, as well as positive market signals to drive the entire supply chain.

➡ In this podcast episode, you will explore how this innovative agricultural model brings value to nature and society.

### DANONE’S REGENERATIVE JOURNEY with Eric Soubeiran, Vice-President Nature & Water Cycle, Danone

As a food company, Danone knows how essential investing in natural capital is. Having engaged on this journey long ago, we understood that rethinking our agricultural model was a great opportunity to leverage, end-to-end, an ambitious farm to fork strategy. Moving away from purely transactional discussions, investing in regenerative agriculture helped Danone start new conversations on key topics such as crop rotation, pesticides, and GMOs.

Regenerative agriculture is a powerful enabler and catalyzer for the business:

- **It future-proofs Danone's business:** It creates a resilient ecosystem, thereby ensuring less volatility and non-predictability.
- **It offers an unprecedented opportunity to create and innovate:** While shifting from a conventional to a regenerative system takes a bit of time, it restores soil fertility and allows farmers to reduce their dependency on chemical inputs, thus bringing down costs and ultimately helping them become more productive.
- **It represents a unique toolbox for brands to connect with consumers:** Blédina, Danone's organic brand in France, is now topping consumer appreciation rankings – this incredible success speaks volumes about the potential of investing in natural capital.

Regenerative agriculture is economically rational. In this context, Danone strongly believes in the unique role of the investor community in helping the company assign a value to externalities stemming from regenerative practices.

➡ In this podcast episode, you will learn more about Danone's commitment to regenerative agriculture and to creating a stable and resilient ecosystem – both for the company and for its farmers.

## THE BUSINESS CASE: HORIZON ORGANIC AND THE NEXT FRONTIER PROJECT with Domenic Borrelli, Head of Premium Dairy, Danone North America

Building on the history and heritage of its pioneering spirit, Horizon Organic introduced the Next Frontier Project early 2020. Committing to being carbon positive across its entire supply chain by 2025, the brand believes in the power of regenerative agriculture to differentiate and grow, and ultimately to drive the business forward by:

- **Helping brands get closer to what consumers want, need, and expect.** Horizon Organic Growing Years – milk specifically designed for children from 1 to 5 – will be the first product to be carbon positive by 2021.
- **Allowing brands to build deeper relationships with their customers.** This includes launching new partnerships based on strong shared values.
- **Ensuring that supply chains are resilient and that farmers receive the support they need.** This will be key to protecting Horizon Organic's historical network of 600 family farms for generations to come.

➡ In this podcast episode, you will hear more about how regenerative agriculture contributes to business growth at Danone North America.

## GOOD FOR THE PLANET, GOOD FOR GROWTH Cécile Cabanis, Executive Vice-President, Chief Financial Officer, IS/IT, Cycles and Procurement, Danone

Danone's commitment to regenerative agriculture is an integral part of its pledge to invest €2bn over 3 years to accelerate progress towards embedding sustainability at the heart of the company's growth model. As the investor community is becoming increasingly concerned about the financial risks stemming from biodiversity loss and the destruction of ecosystems, investing in regenerative agriculture will allow Danone to secure longer-term, profitable growth.

To summarize, regenerative agriculture is not just good for the planet. It drives value for shareholders by safeguarding our future ecosystems to maintain productivity for future generations, creating more resilient supply chains, as well as answering consumer demand for more sustainable products.

➡ Feel free to share your feedback at [finance@danone.com](mailto:finance@danone.com) and stay tuned for our next podcast episode coming in December 2020.

