An industry perspective on F&V food system opportunities

Daniel Sonke, DPM
Director, Sustainable Agriculture
Campbell Soup Company
Seismic Shifts Have Disrupted the Food Economy

Massive Demographic Shifts

Health and Well-being

Technology Advancements

Socio-economic Forces

Retail Landscape
Rapidly Evolving Retailer Environment
Rapidly Evolving Retailer Environment

2025 New Store Addition Estimates

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPERMARKETS</td>
<td>+2,500</td>
</tr>
<tr>
<td>SUPERCENTER</td>
<td>+100</td>
</tr>
<tr>
<td>MASS</td>
<td>+100</td>
</tr>
<tr>
<td>DRUG</td>
<td>+9,000</td>
</tr>
<tr>
<td>CLUB</td>
<td>+300</td>
</tr>
<tr>
<td>DOLLAR</td>
<td>+13,000</td>
</tr>
<tr>
<td>CONVENIENCE</td>
<td>+4,500</td>
</tr>
<tr>
<td>ONLINE</td>
<td>+3,900</td>
</tr>
<tr>
<td>OTHER</td>
<td>+500</td>
</tr>
</tbody>
</table>

Source: Dialogic Group Industry Analysis, 2017; The Nielsen Company
The Future of Retail: An Integrated Marketplace

Retailers of the future will compete city by city, across dozens of transactional channels

Source: Accenture, 2017.
Leading To a Slower Consumer Consumption Environment

Total Edible
- L52: $526B
- % Chg YA: +1.4%
- CY13-17 CAGR: +1.8%

Total Shelf Stable
- L52: $242B
- % Chg YA: +1.2%
- CY13-17 CAGR: +1.4%

Total Perimeter
- L52: $130B
- % Chg YA: +1.1%
- CY13-17 CAGR: +2.9%

Retail Packaged Fresh
- L52: $23B
- % Chg YA: +5.4%
- CY13-17 CAGR: +5.4%

Some factors include:
- Shift to unmeasured channels
- Meal kits
- e-Commerce
- Farmers markets
- Eating fewer packaged goods (UPCs)
- More tap water & leftovers

Source: IRI TUS MULO L52 through 1/28/18
Total Edible defined as UPC based food and beverages & total random weight perimeter food and beverages
Total Perimeter defined as random weight food and beverages; includes bagged/fresh cut salad category
Retail Packaged fresh includes 48 categories to include bagged/fresh cut salad category
Portfolio of Iconic brands with sales of $10 billion
We make real food for real people. They trust us to provide food and drink that is good, honest, authentic, and flavorful—made from ingredients that are grown, prepared, cooked, or baked with care.

People love that our food fits their real lives, fuels their bodies, and feeds their souls.
How We Think About Real Food

• Real food has roots.
  - Recognizable, desirable ingredients

• Real food is prepared with care.
  - Ethical sourcing and sustainable practices

• Real food should be accessible to all.
  - Delicious, safe and available
Sustainable Agriculture Strategy

- Developed Agricultural Practice expectations for all suppliers
  - Embedded in the Responsible Sourcing Code
- New goal launched in partnership with Responsible Sourcing
  - Sustainably source 50% (by volume) of plant-based priority ingredients by 2025

<table>
<thead>
<tr>
<th>Priority Raw Materials</th>
<th>Tomatoes</th>
<th>Carrots</th>
<th>Jalapeños</th>
<th>Potatoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANIMAL WELFARE</td>
<td>Chicken</td>
<td>Seafood</td>
<td>Pork</td>
<td>Eggs</td>
</tr>
<tr>
<td>COMMODITIES</td>
<td>Wheat</td>
<td>Chocolate</td>
<td>Dairy</td>
<td>Sweeteners</td>
</tr>
<tr>
<td>DEFORESTATION</td>
<td>Paper Packaging</td>
<td>Beef</td>
<td>Palm Oil</td>
<td>Soy</td>
</tr>
</tbody>
</table>

Priority raw materials were identified using information including social and environmental risk, volumes, annual spend, existing commitments and importance to key products.
Campbell Agriculture Sustainability Focus

- The Campbell Ag Sustainability Program was launched in 2012 and focuses on tomatoes – an iconic crop for our iconic and innovative products.
Tomato Data Model

- Each year, Campbell tomato field staff work with 50 tomato farms to get data from 400+ tomato fields
While we achieved our water and GHG goals in 2016 with 22% reduction from 2012, weather conditions during planting and subsequent lower yields made it challenging to maintain that reduction, but we continue to make progress.
2016 Sustainability Highlights

This visualization shows how the four data elements from the previous tab are stacked to create a combined rank. The rank of each element is displayed on the bars. See the first page of this report to view the your anonymous grower number, your reported data, and the corresponding rank.

2016 Strategic Tiers

Elements & Largest Rank Value:
- Harvested Yields (ac) = 295
- Delivered Solids % = 382
- Irrigation Applied (ac-in) = 128
- Total N Applied (lbs/ac) = 72
2016 Sustainability Highlights

Irrigation Type: Avg gal/lb

<table>
<thead>
<tr>
<th>Irrigation Type</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreported</td>
<td>8.29</td>
<td>7.45</td>
<td>5.41</td>
<td>5.71</td>
</tr>
<tr>
<td>drip</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>furrow</td>
<td>13.55</td>
<td>12.08</td>
<td>21.12</td>
<td>10.22</td>
</tr>
<tr>
<td>sprinkler</td>
<td>8.79</td>
<td>11.99</td>
<td>10.80</td>
<td>9.36</td>
</tr>
<tr>
<td>Avg. Water gal/lb</td>
<td>0-10</td>
<td>10-20</td>
<td>20-30</td>
<td>30-40</td>
</tr>
</tbody>
</table>

Irrigation Type: % of Total Gallons Applied

<table>
<thead>
<tr>
<th>Irrigation Type</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreported</td>
<td>34.95</td>
<td>43.00</td>
<td>44.35</td>
<td>56.63</td>
</tr>
<tr>
<td>drip</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>furrow</td>
<td>59.78</td>
<td>49.60</td>
<td>47.50</td>
<td>36.43</td>
</tr>
<tr>
<td>sprinkler</td>
<td>5.26</td>
<td>7.10</td>
<td>8.15</td>
<td>7.75</td>
</tr>
<tr>
<td>% of Total Total gallons</td>
<td>0%</td>
<td>50%</td>
<td>0%</td>
<td>50%</td>
</tr>
</tbody>
</table>

N Test prior to first input: N lbs/ton

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreported</td>
<td>4.689</td>
<td>4.311</td>
<td>6.887</td>
<td>4.263</td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>yes</td>
<td>4.464</td>
<td>4.119</td>
<td>3.985</td>
<td></td>
</tr>
<tr>
<td>Avg. N lb/ton</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>
Strategic Foresights Will Inform Where We Make Our Bets

01. Future Commerce
02. My.Moments
03. Limitless Local
04. Better.Me
05. (Bio)Diverse Sources
06. Connected Culinary Experiences
07. Clean AgTech
08. Purposeful Regeneration
Real food that matters for life's moments
Risk Assessment

Source: 2015 World Resources Institute, Aqueduct tool, wri.org