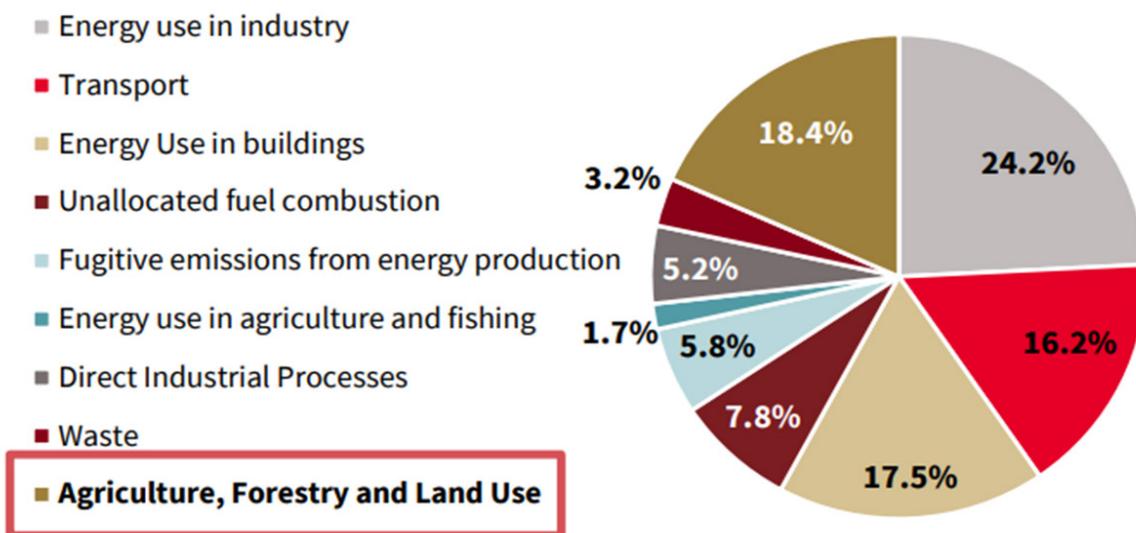


FEEDING EIGHT BILLION PEOPLE SUSTAINABLY

Emilie Pasquier & Roland Kaloyan—Société Générale—Membre Partenaire du GSCGI

When discussing the environment and a sustainable future, we all tend to think about wind turbines, solar panels, or electrical vehicles first. Food systems are also key. How can we feed 8 billion people sustainably and 10 billion by 2050? Agriculture,

forestry and land use are responsible for 18.4% of total GHG emissions, which is more than transport (16.2%). 50% of the world's habitable land is used for agriculture and 70% of global ocean and water eutrophication is caused by agriculture.



Source: SG Cross Asset Research/ESG

Current dietary habits also have adverse health impacts, creating the following issues. 1) Food insecurity: 2.3 billion people experienced severe food insecurity in 2021 and 828 million people were affected by hunger in 2021. 2) Malnutrition: 8.9% of the world's population are undernourished and 149m children under 5 were estimated to have stunted growth and development in 2020. 3) Obesity: 39% of adults in the world are overweight and 1.9 billion adults are obese (13% of the global population).

Current dietary habits are unsustainable in terms of calories. The daily calorie intake has moved from 2,000 calories on average in the 20th century to more than 3,500 in the 21st century.

What is a sustainable food system? According to the United Nations' definition, it is a food system that delivers food and nutrition security for all in such a way that the economic, social and environmental bases to generate food security and nutrition for future generations are not compromised.



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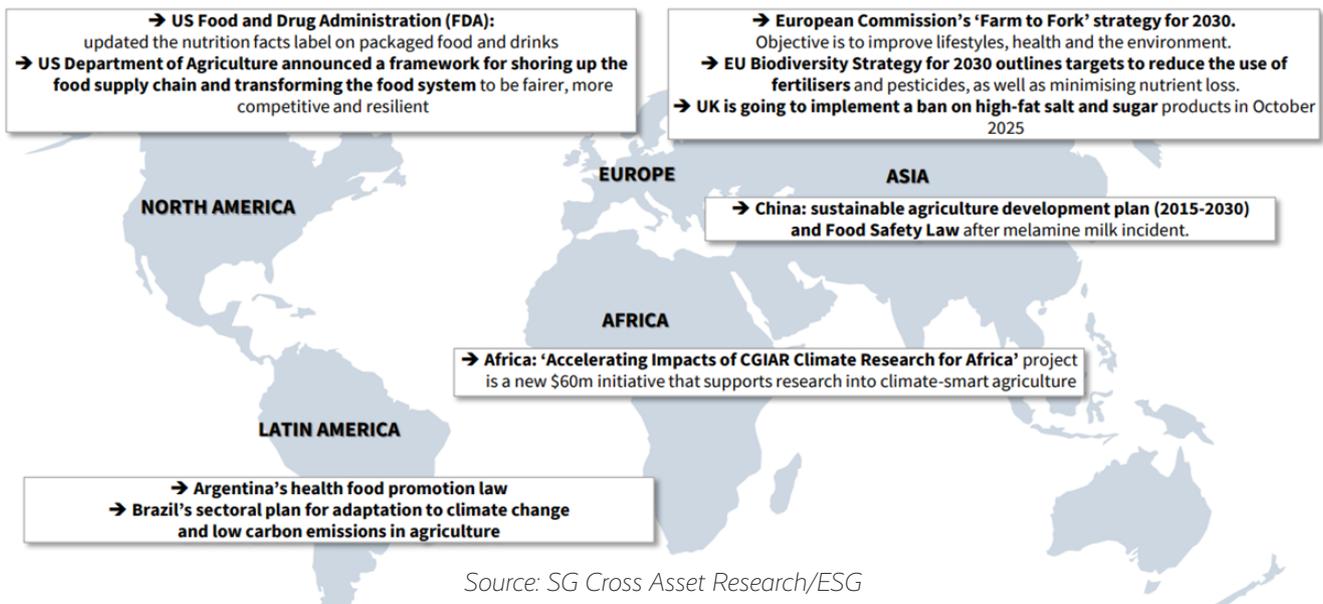
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Among the UN's SDGs (Sustainable Development Goals) aimed at tackling food availability and security, SDG 2 "Zero Hunger" is about creating a world free of hunger by 2030. SDG 3 "Good health and well-being" is about ensuring healthy lives for all. 146 out of 200 countries or areas have already met or are on track to meet the SDG target on under-5 mortality. SDG 12 "Responsible Consumption and production" is about ensuring sustainable consumption and

production patterns, which is key to sustaining the livelihoods of current and future generations.

We have seen also some regulatory push recently such as the "Farm to Fork" strategy from the European Commission, China Green Agricultural and Rural Revitalization Program for Hubei and Hunan (\$345 million loan from the World Bank for the period 2018-2025), and the US Department of

A REGULATORY PUSH



Agriculture announced a framework for shoring up the food supply chain and transforming the food system to be fairer, more competitive and resilient.

diets', 'healthy diets', 'food waste' and 'regenerative agriculture' are now considered as material topics by leading corporates.

This is also seen as a priority for corporates: 'unsustainable product offering and retail model', 'sustainable sourcing', 'adaptation to new planetary

At the same time, despite inflation, consumers are willing to change their dietary habits in the long run. The commitment to conscious eating is



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strong. Since COVID-19 hit, consumers of diverse demographic groups have been experimenting with conscious eating to achieve a range of health and sustainability goals that have become as important to them as traditional food goals like losing weight.

The ESG Research team and the Equity Strategy team have built a global, liquid, equity basket that offers exposure to companies that are involved in

the value chain of sustainable and/or healthy food & beverage products from agriculture to production and distribution. The basket is composed of 30 names, which are well diversified across industries and countries.

ABOUT THE AUTHORS

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Roland has been Head of European Equity Strategy since 2014. Prior to that, he was part of SG's Global Asset Allocation team (ranked No.1 in Extel). He joined SG Research in 2005 after graduating from Ecole Centrale Marseille with an engineering degree in statistics and finance. Roland also holds the Certified International Investment Analyst qualification (CIIA).



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