

FARMING FOR THE FUTURE



THE PROBLEMS WITH CRYSTAL BALLS TODAY



THEY CANNOT KEEP UP WITH REALITY



Black Swans are appearing too often



Natural Disasters

A large-scale photograph of a volcanic eruption. A thick, dark grey plume of ash and smoke billows upwards from a mountain, filling much of the sky. The foreground shows a rural landscape with green fields, some trees, and a few small buildings. The overall scene is dramatic and powerful.

Avalanches

Heat waves

Tornadoes

Epidemics

Drought

Volcanic Eruptions

Cyclones

Tsunami

Wildfires

Earthquakes

Flooding

Hailstorms

Blizzards

And what about

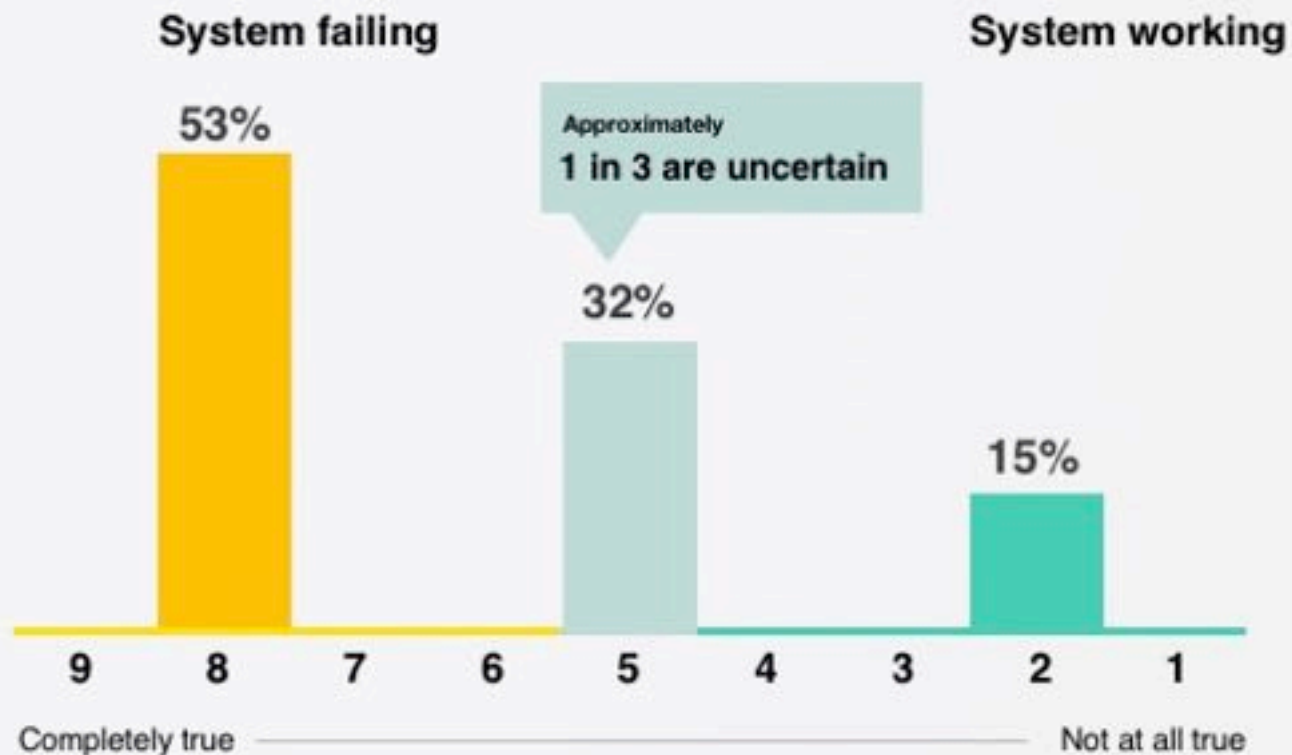
A 3D rendering of the year '2016' in a bold, sans-serif font. The numbers are light gray with a slight shadow and are reflected on a white surface below them.

?

Majority Believe the System is Failing Them

How true is this for you?

Sense of injustice
Lack of hope
Lack of confidence
Desire for change



Source: 2017 Edelman Trust Barometer Q672-675, 678-680, 688-690.
For details on how the "system failing" measure was calculated, please refer to the Technical Appendix.



RODRIGO ROA DUTERTE

16th President of the
Republic of the Philippines

BREXIT





**AND
FINALLY**

4 Principle Drivers of Change

Consumers

Companies

China

Technology

And what that means for us!

4 Principle Drivers of Change

1. Consumers

Millennials

Family

Tough Times

**Health &
Wellness**

Freshness

Today's
consumer
realities

**Quality Products
& Experience**

**Brands that
Resonate**

Convenience

“Always on” World



Deciding
Factor

**Social
Purpose**

Design Innovation

Brand Loyalty

The Consumer Decision



86%

Equal weight on
societal and
business interests

80%

Critical to make
consumers aware of
their social efforts

64%

Companies must
integrate social causes
into everyday business



The Global Consumer

Edelman 2010 Goodpurpose study



89% UK

Consumers expect
business should
support charities

**80%
India, China,
Mexico &
Brazil**

Consumers expect
business should donate
portion of profits to good
causes

53%

Global

“When quality and price are the
same social purpose is the most
important purchase factor”

+100% Japan

+79% China

Since 2008

Food What's in it?

Where does it come from?

How is it made?



Not like this-----

INGREDIENTS: ENRICHED FLOUR (WHEAT FLOUR, NIACIN, REDUCED IRON, THIAMIN MONONITRATE [VITAMIN B₁], RIBOFLAVIN [VITAMIN B₂], FOLIC ACID), CORN SYRUP, SUGAR, SOYBEAN AND PALM OIL (WITH TBHQ FOR FRESHNESS), CORN SYRUP SOLIDS, DEXTROSE, HIGH FRUCTOSE CORN SYRUP, FRUCTOSE, GLYCERIN, CONTAINS 2% OR LESS OF COCOA (PROCESSED WITH ALKALI), POLYDEXTROSE, MODIFIED CORN STARCH, SALT, DRIED CREAM, CALCIUM CARBONATE, CORNSTARCH, LEAVENING (BAKING SODA, SODIUM ACID PYROPHOSPHATE, MONOCALCIUM PHOSPHATE, CALCIUM SULFATE), DISTILLED MONOGLYCERIDES, HYDROGENATED PALM KERNEL OIL, SODIUM STEAROYL LACTYLATE, GELATIN, COLOR ADDED, SOY LECITHIN, DATEM, NATURAL AND ARTIFICIAL FLAVOR, VANILLA EXTRACT, CARNAUBA WAX, XANTHAN GUM, VITAMIN A PALMITATE, YELLOW #5 LAKE, RED #40 LAKE, CARAMEL COLOR, NIACINAMIDE, BLUE #2 LAKE, REDUCED IRON, YELLOW #6 LAKE, PYRIDOXINE HYDROCHLORIDE (VITAMIN B₆), RIBOFLAVIN (VITAMIN B₂), THIAMIN HYDROCHLORIDE (VITAMIN B₁), CITRIC ACID, FOLIC ACID, RED #40, YELLOW #5, YELLOW #6, BLUE #2, BLUE #1.

**“Clean”
Labels**

**“What’s
in It?”**

Sodium

Allergens

Food Additives

**Nutritional
Values**



A group of people are seated in rows of wooden chairs outdoors, clapping their hands. They are positioned behind a field of large, dark green leafy plants, possibly kale or chard. The background consists of a dense line of trees. The scene is captured in a slightly blurred, candid style.

“Where does it
come from?”

Farm to Fork

Increasing scrutiny of the upstream supply chain

“How is it made?”

**Animal and Employee
Welfare
Environmental Impact**



A close-up photograph of a vibrant green leaf, likely from a tree, positioned diagonally. A single drop of water is falling from its tip, creating a series of concentric ripples on a blue surface of water. The background is a soft, out-of-focus blue.

Sustainability

**The capacity to
endure, or to last or
continue for a long
time**

No longer this -----



“Who Cares Wins”

Rationale connection

What consumers **think**
about the brand

Emotional connection

How consumers **feel**
about the brand



Consumer Expectations

I'm hungry for
chicken nuggets
raised without
antibiotics.

Activist
Consumers

The Food Babe

Vani Hari



A close-up shot of a person's hands holding a silver smartphone. The person's thumb is touching the screen. The background is a blurred grocery store aisle with shelves of various products. The text "Analog Food, Digitally Powered" is overlaid in white, sans-serif font across the upper middle of the image.

Analog Food, Digitally Powered

Transparency



i'm lovin' it

US
ANYTHING.

Ever wanted to ask us about the food in our Canadian restaurants? Now's your chance.

McDonalds.ca/YourQuestions

"Does McDonalds use Halal meats?"
-MARTIN S.

"What fish do you use in the Filet-o-Fish?"
-BOB C.

"Does McDonalds use animals that are treated ethically by the suppliers?"
-BOB C.

"Do you use food in the warmers?"
-BOB C.

"Do you use the fries?"
-BOB C.

"Are we supposed to believe your burgers are 100% beef?"
-BOB C.

"Why don't we offer organic selections?"
-BOB C.

"Are your fries made out of plastic?"
-BOB C.

"Do we use Halal meats?"
-BOB C.

"Does McDonalds use animals that are treated ethically by the suppliers?"
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"What fish do you use in the Filet-o-Fish?"
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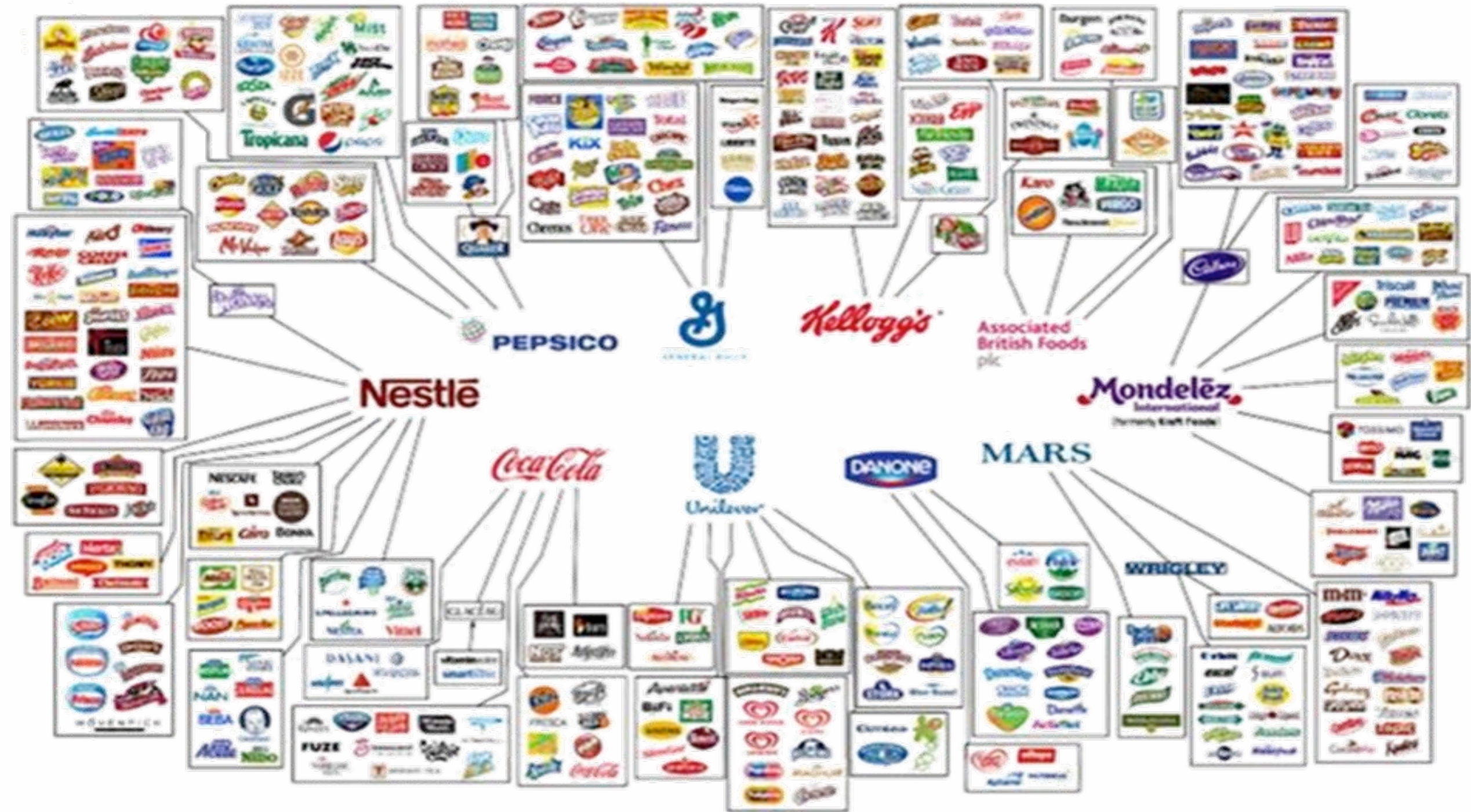
"Why don't we offer organic selections?"
-BOB C.

"Are your fries made out of plastic?"
-BOB C.

"Do we use Halal meats?"
-BOB C.

4 Principle Drivers of Change

2. Companies



New Zealand F&B companies have attracted investment from a wide range of global leaders

EUROPE										
										
AMERICAS										
										
AUSTRALIA										
										
ASIA										
										
										

New global companies continue to invest in New Zealand Food and Beverage companies

2010	2011	2012	2013	2014/15
				
				
				
				
				
				
				
				
				
				

Sadia and Perdigao
merged as a
consequence of Lehman
Brothers collapse in
2008



In 2004

revenue was only

\$800

million

In 2015

revenue was over

\$50

billion



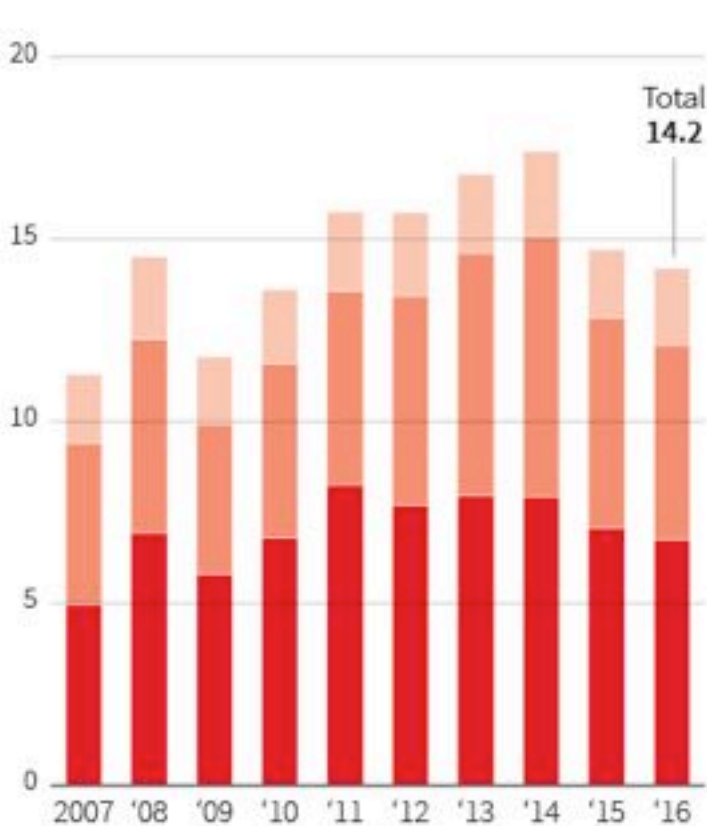
Scandal threatens Brazil's meat exports

Brazil's meat exports are threatened after police, in an anti-corruption probe criticized by the government as alarmist, accused inspectors in the world's biggest exporter of beef and poultry of taking bribes to allow sales of rotten and salmonella-tainted meats.

BRAZIL'S MEAT EXPORTS

2007 -2016, in billion US\$

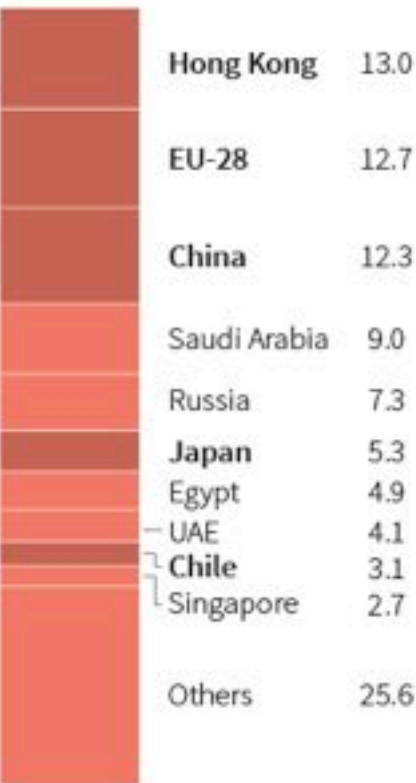
■ Chicken meat ■ Beef ■ Others



MAIN EXPORT DESTINATIONS

2016, as percentage of total

■ With partial or full import ban*



Note: Canada, Mexico, Switzerland and South Africa have also restricted meat imports from Brazil.

Sources: Ministry of Agriculture, Livestock and Supply, AgroStat, Reuters. *As of March 22.

Staff, R. Carrera, 20/03/2017

REUTERS





Horsemeat found in 'fresh beef'
as tests overwhelm laboratories

Warning: Beef found to contain horse meat could be harmful to health

DAILY EXPRESS

The EU is in charge of our food hygiene regulations

EU officials are under pressure to get answers to the Government's burning questions of government meat from slaughterhouse and it is far from clear to what



Sun COPS KILLER STANDS TRIAL

IT'S SHENAN & PAITA

99% HORSE IN FINDUS LASAGNE

And it may have animal poisons

Mirror

GIANT THRILLER
PLUS

HORSE MEAT IS FOUND IN

The Daily Telegraph

Horse meat in burgers for years



whisper

HORSE MEAT IS FOUND IN

The Daily Telegraph

Horse meat in burgers for years



2 DAY DIE
NOW IT'S BRITISH HORSE MEAT IN BURGERS

Sun

HORSE 'IN SCHOOL DINNERS'





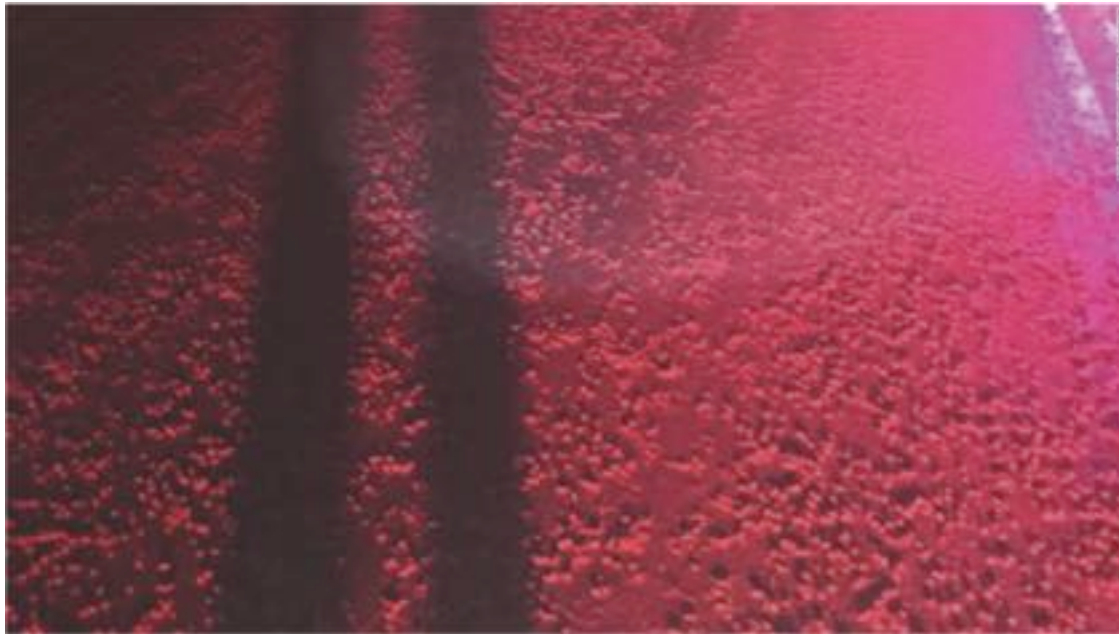
Thousands of Skittles end up on an icy road. But that's not the surprising part



By **Doug Criss**, CNN

@ Updated 11:41 AM ET, Thu January 19, 2017

08000



Spilled red Skittles litter the road in rural Wisconsin.

Story highlights

The spill was actually helpful

We've been feeding candy to our cows

(CNN) - This story starts out about Skittles but ends up being about cows.

A rural county in southeast Wisconsin had a sweet, sticky mystery along a highway earlier this week.

Hundreds of thousands of red Skittles were found spilled

Top stories



Little Caesars founder quietly paid Rosa Parks' rent for years



Steve Bannon 'livid' over Breitbart report

News and Buzz



Judge orders mother to avoid more pregnancies



Mom in tears after she is denied stay in US

Paid Content

by **utbrain**





The State of Big Food



- “ We understand that increasing numbers of consumers are seeking authentic, genuine food...and we know that they are skeptical of the ability of large food companies to deliver them.”
- Denise Morrison
- Campbell’s CEO



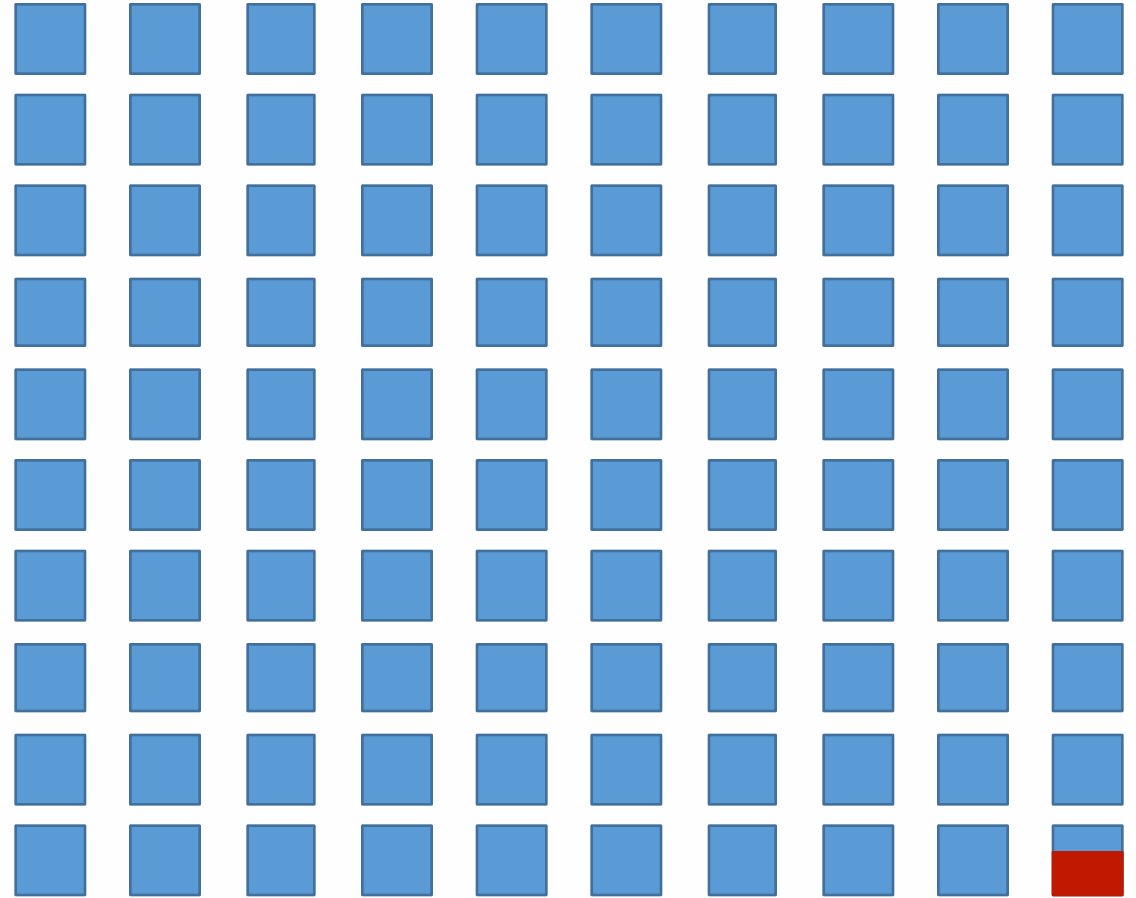
Distrust of
the System

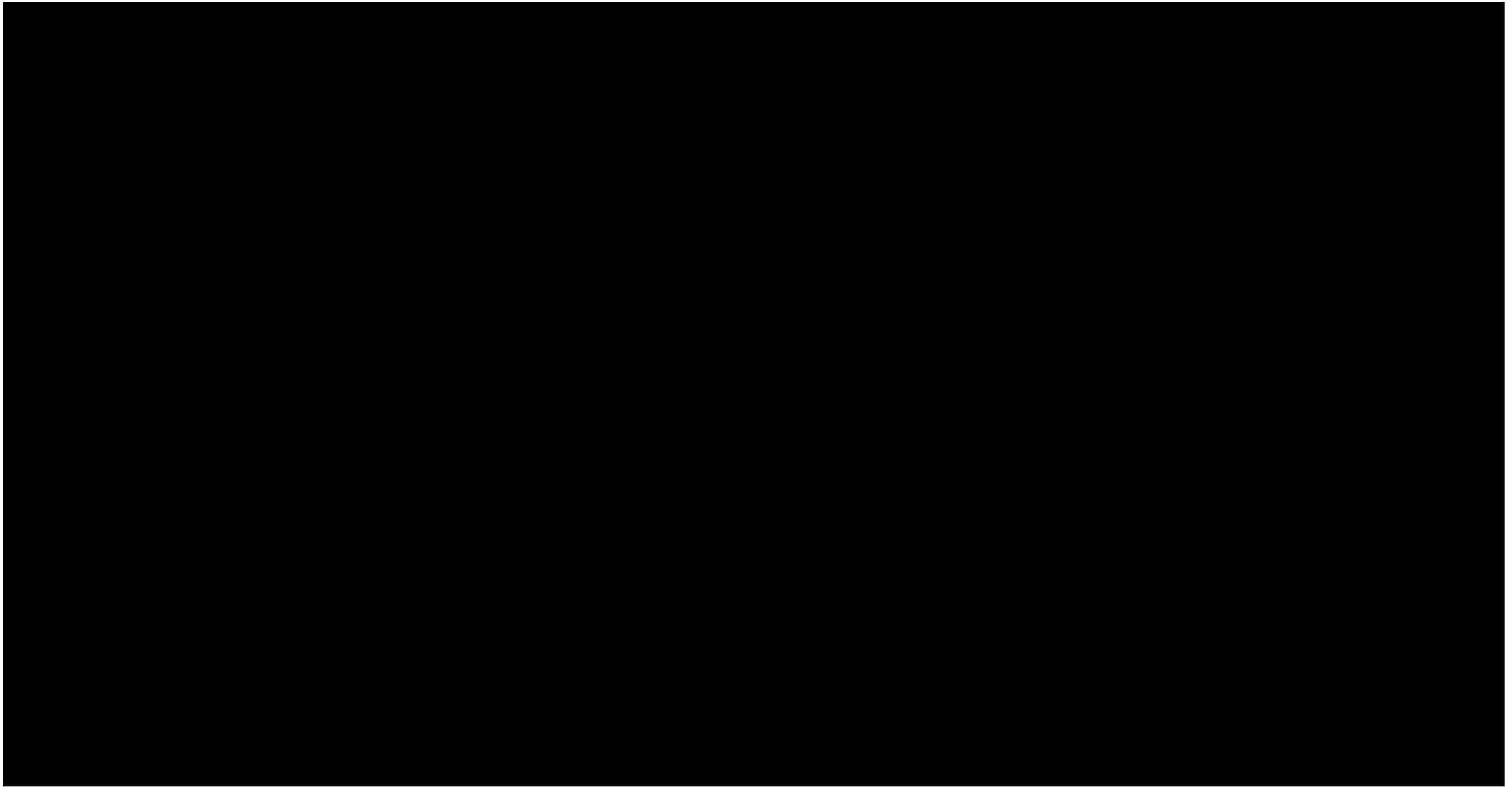


The Green Revolution



US Market Share





Consumer Demand

The search for authenticity has led organic food sales to more than triple over the past decade and increase 11% last year alone to \$35.9 billion.

The Organic Trade Association



BUT DO NOT FORGET



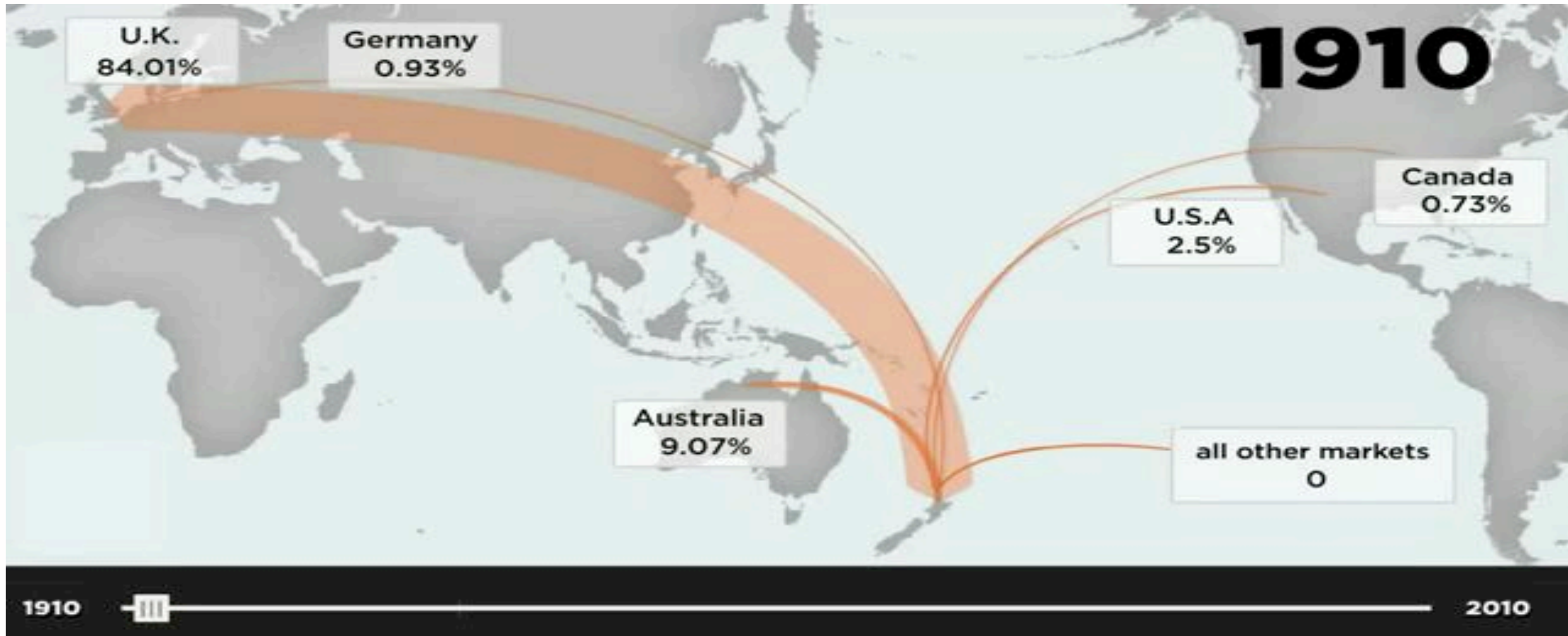
MANY CONSUMERS JUST
NEED SOMETHING
AFFORDABLE TO EAT!



4 Principle Drivers of Change

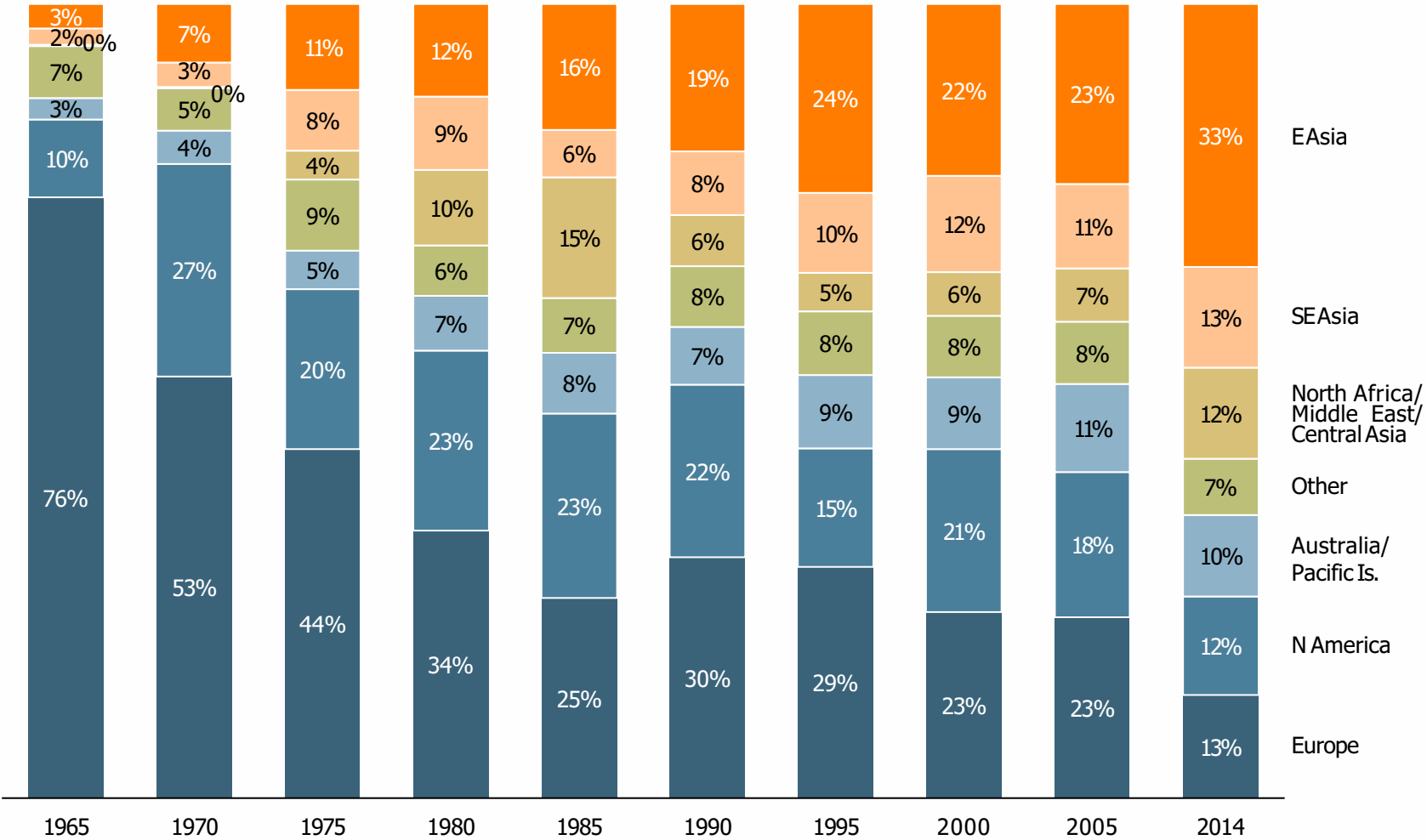
3. China

100 years of New Zealand exporting in 60 seconds



New Zealand is fast transitioning from feeding Westerners to feeding the Asia-Pacific region

SHARE OF TOTAL NEW ZEALAND F&B EXPORT VALUE BY DESTINATION REGION
% of value; 1965-2014



Source: UN Comtrade database; Coriolis analysis

Global growth engines

440 emerging cities will drive 60% of all global growth 2025



Key focus areas

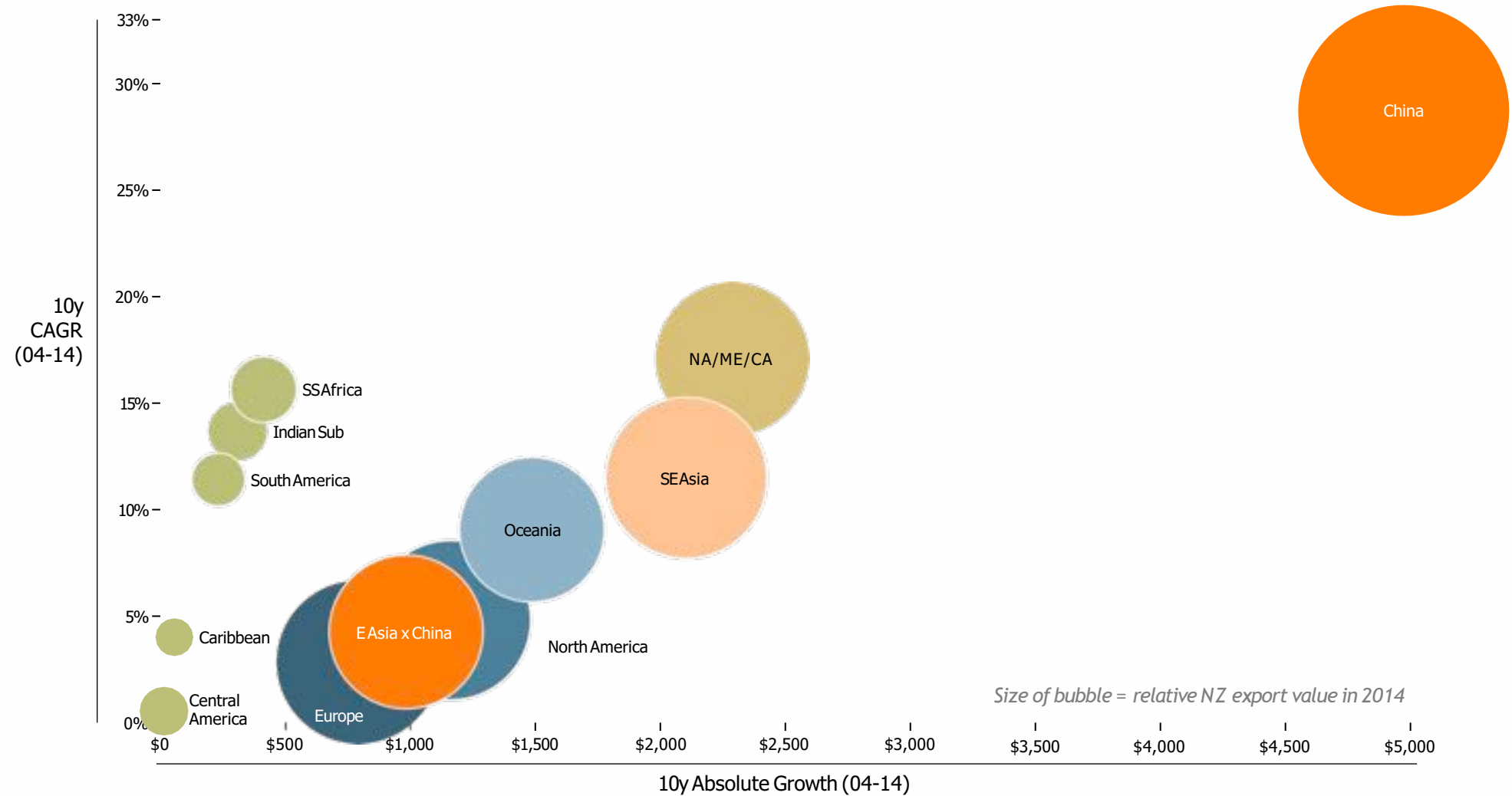
- China 242
- Latin 53
- Africa ME 37
- India 28
- Other 80

Mega 20 : Shanghai, Mexico City, Sao Paulo, Beijing, Mumbai, Delhi, Chongqing, Dhaka, Kolkata, Karachi, Buenos Aires, Manila, Rio de Janeiro, Moscow, Tianjin, Guangzhou, Cairo, Istanbul, Lagos, Shenzhen

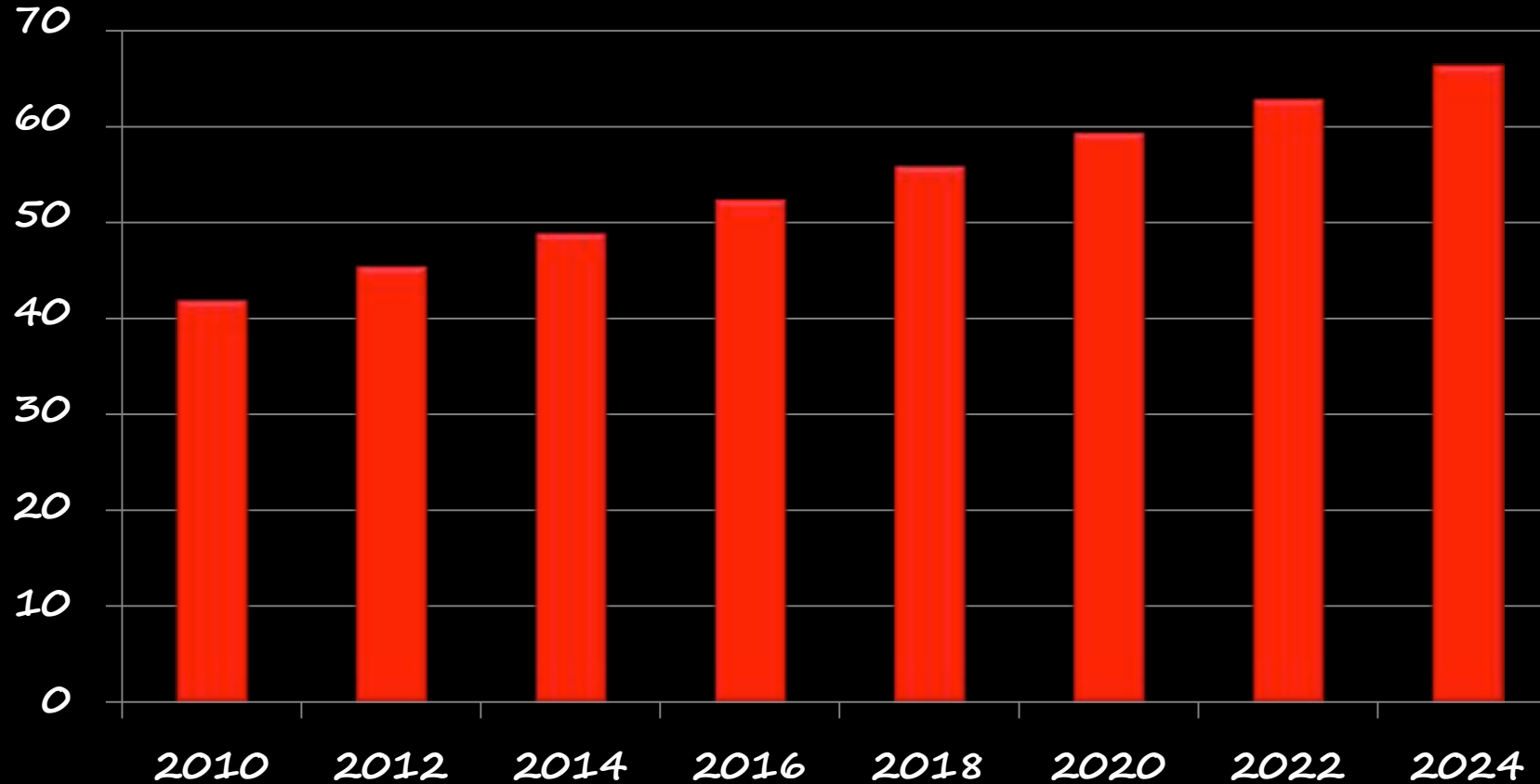


Developing markets – particularly China – are driving New Zealand food & beverage export growth

TEN YEAR NEW ZEALAND F&B EXPORT VALUE BY REGION GROWTH MATRIX
US\$m; %US\$; 10y ABS; 10y CAGR; 2004 vs. 2014



URBANISATION – “1” AUCKLAND A WEEK



- +2 billion live in urban Asia
- 144,000 people a day moving to the cities

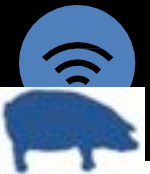


Not one China – perception of protein drives base demand

In China, especially when dining out, consumers order ALL 4 (including seafood) animal proteins!



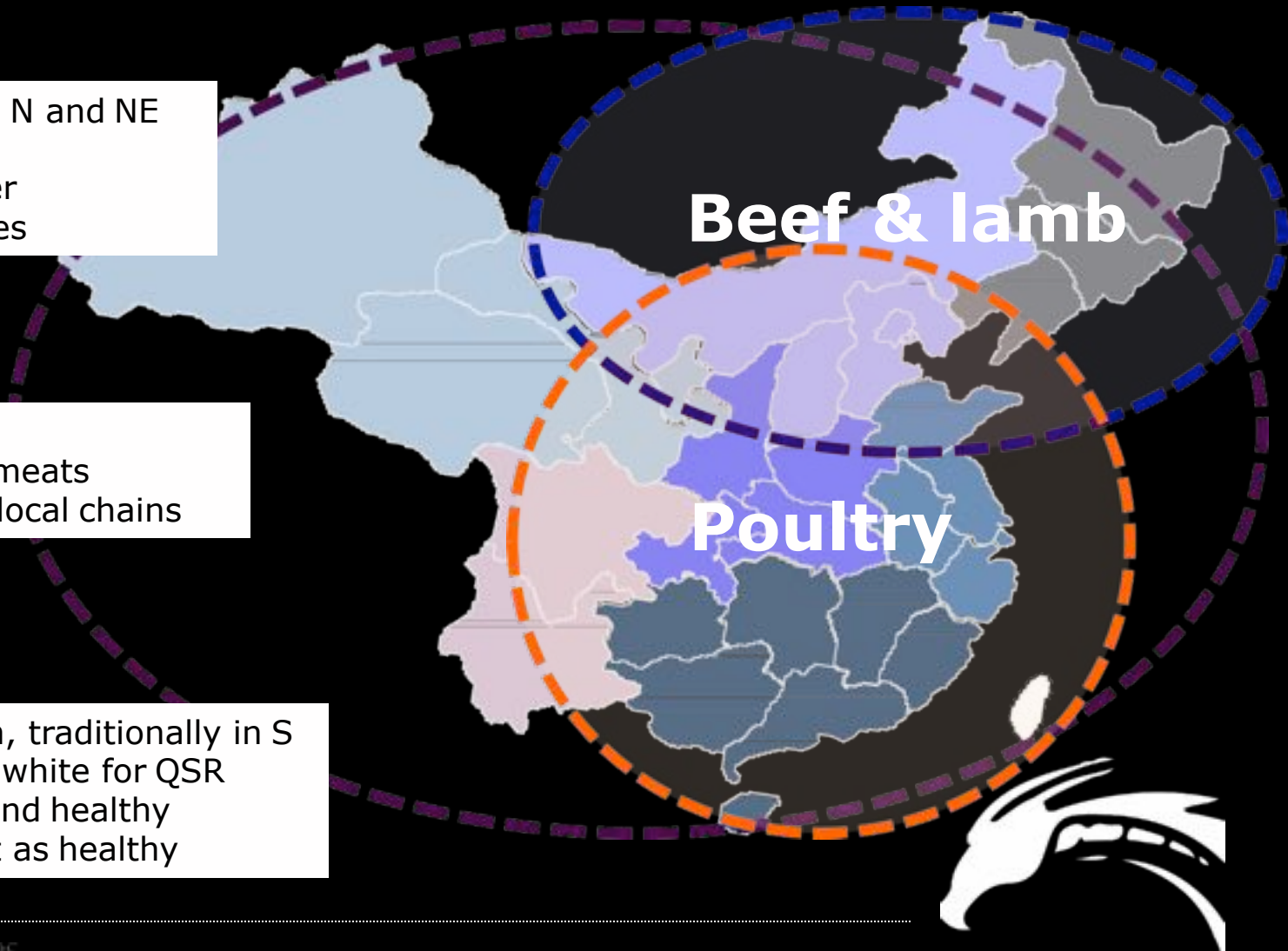
1. Most preferred in N and NE
2. Most expensive
3. Leaner & healthier
4. Consumed in slices



1. National “staple”
2. Most branded of meats
3. QSR channel via local chains



1. Preferred bone-in, traditionally in S
2. Yellow for home, white for QSR
3. Most affordable and healthy
4. Fast growing, not as healthy



XI XINPING IS ON A MISSION....

Theme 1: Government by Law

→ Instead of “rule by man”

Theme 2: Balanced Development

→ Changing from “growth at all costs”

Theme 3: The New Four Modernizations

→ Industrialization, urbanization, agricultural modernization, and informatization

Food safety reform at the top of the political agenda

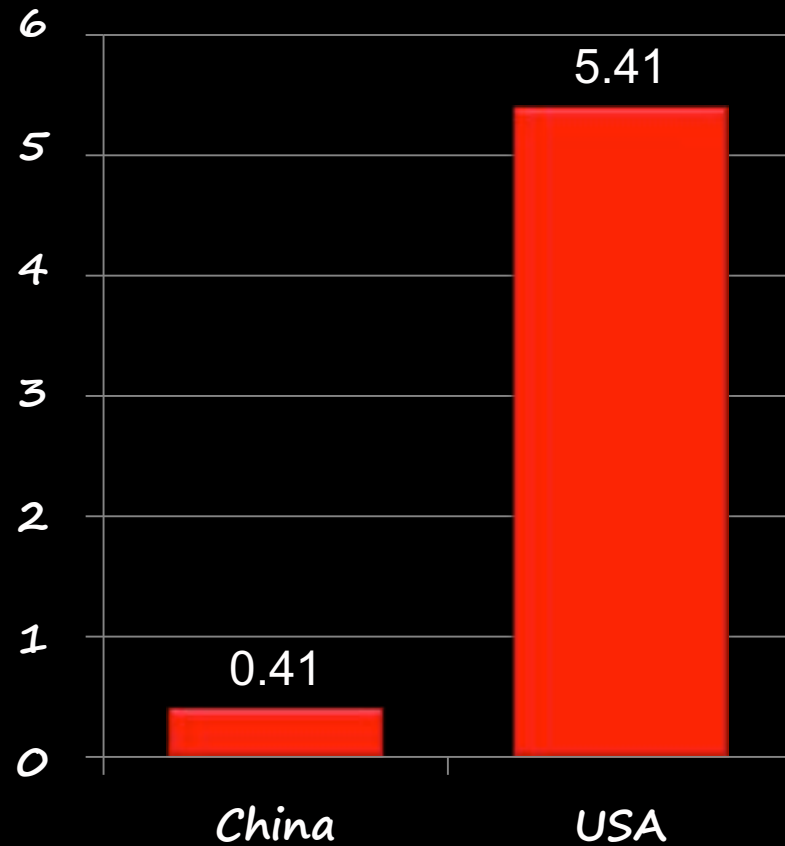


A new ministerial-level General Administration of Food and Drugs will replace the State Administration of Food and Drugs, and will take over food safety functions from the Ministry of Agriculture, the General Administration of Quality Supervision, and the State Administration for Industry and Commerce.

- Aimed at streamlining oversight and eliminating duplication
- Elevated to State Council level led by Premier Li Keqiang
- Now a factor in the State Council's annual assessment of local government performance
- Partly a public demonstration of movement



Warehouse network – total sqm per capita



DETERMINING QUALITY AT POINT OF SALE



Wet market in modern retail
现代零售市场的菜市场



4 Principle Drivers of Change

4. Technology

China Social Media Landscape 2011







4 Principle Drivers of Change

Finally

What this means for us.



Food Used to be Hard to Come By

Food Stories Are Human Stories





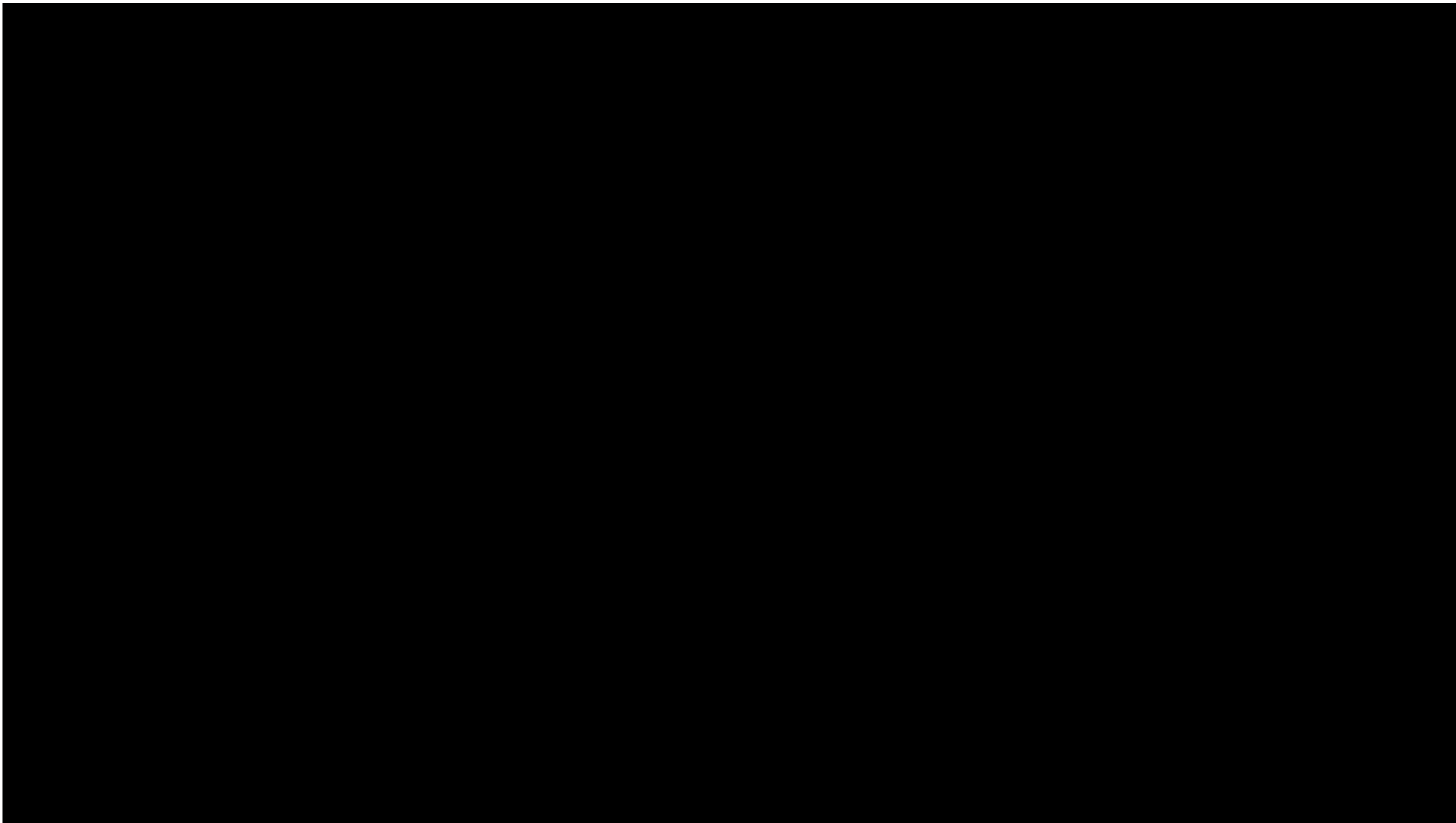


Our Story Connects the Food
System with the Human Experience



Today, it matters less what you say.

It matters more what others say
about you.



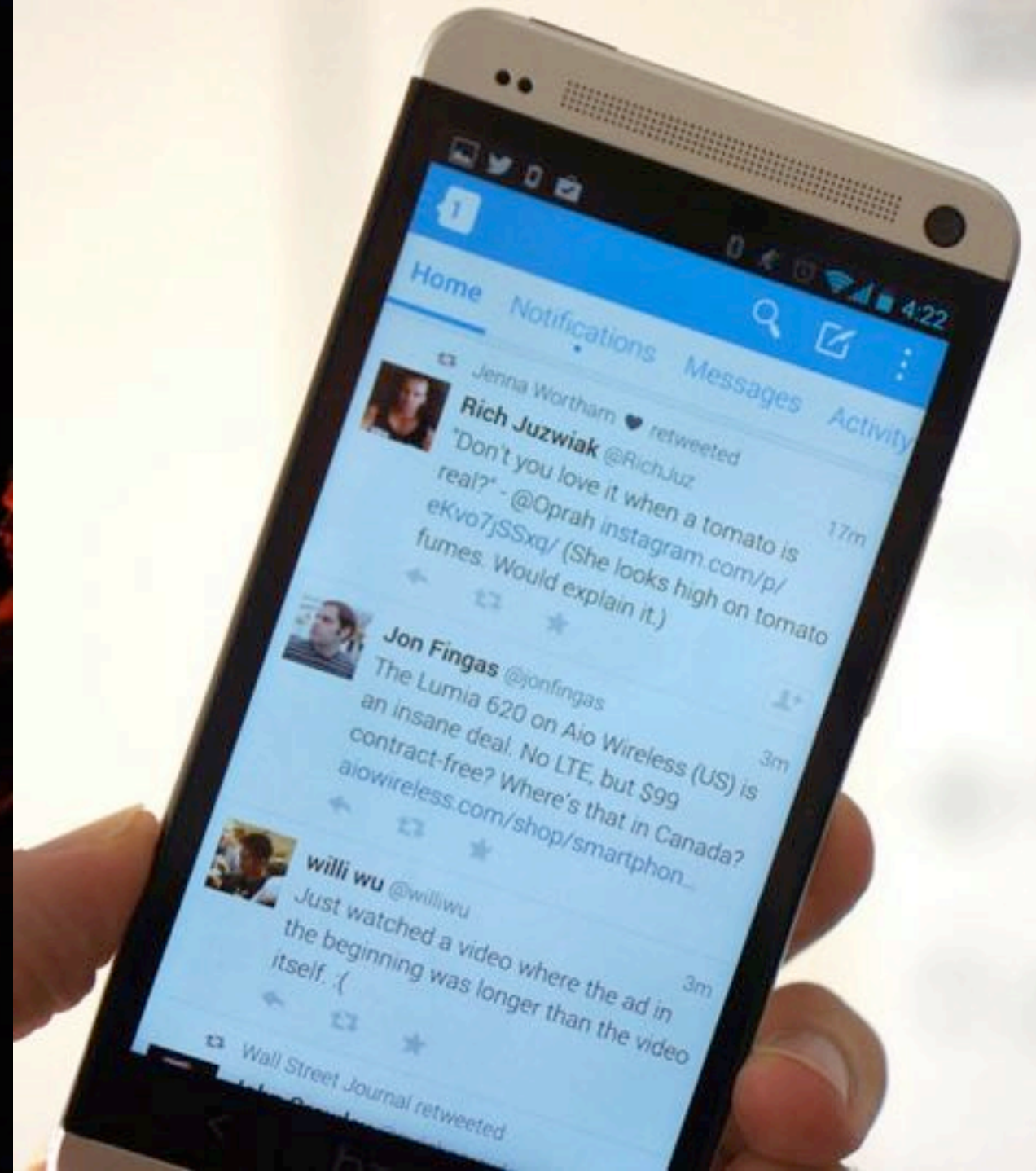
Food Stories Create Trust



“If it’s not on my
phone, it doesn’t
exist.”



The Digital Campfire



New Zealand Farm Environment Trust

New Zealand is the trusted global leader in stewardship of productive land through balancing the needs of animals, humans and the environment.



