



Tina Owens, Director of Agriculture, Danone North America, PBC

“Solving the Climate Crisis: Opportunities in Agriculture”

The Select Committee on the Climate Crisis

October 30, 2019

Chair Castor, Ranking Member Graves, and members of the Committee; thank you for holding this hearing and putting a spotlight on the climate crisis—one of the greatest challenges before us as a society.

My name is Tina Owens and I am honored to be here on behalf of Danone North America as its Director of U.S. Agriculture.

Danone is a global food company that has been in the dairy business for 100 years and employs 100,000 people around the world. As the largest part of that global business, Danone North America employs approximately 5,000 employees in the U.S. and buys directly from more than 700 American farms across the country for our most important ingredient – milk. Most U.S. consumers know us by our yogurt brands: Dannon, Oikos, Activia and Wallaby Organic to name a few. Within our family of brands, we are proud to own one of the original pioneers in organic dairy, Horizon Organic. We are also industry leaders in plant-based brands and products such as Silk (soy, almonds and oat milks), So Delicious (frozen desserts) and Vega (nutritional products). We aim to bring health through food to as many people as possible by providing a wide variety of healthy and affordable everyday food choices.

Danone has a history of thinking differently about the role of business and valuing social progress alongside business growth. We believe that we have a responsibility to use business as a force for good and are proud to be the largest Certified B Corporation® and largest public benefit corporation in the world. Danone’s overarching vision of “One Planet. One Health” drives our sense of purpose and responsibility toward not only our shareholders, but also the many other stakeholders of our business, including our suppliers, our customers, our consumers and our farmer partners.

My role is to lead and coordinate Danone North America’s investments with our farming partners who supply the ingredients essential to our products. Simply put, our business cannot exist without the individuals and families who are willing to take on the daily work and personal risk that is farming in America. Their success is our success. Therefore, as we consider the risks and volatility that climate change presents for us and our farming partners, it is not only the right thing to do, it is also good business sense. As you know from your important work on the farm bill, robust policy related to agriculture can make a world of difference in the amount of risk borne by individual farmers on a daily basis. It is precisely for this reason that we come before this Committee today to discuss the potential for new paths forward in advancing agriculture in the face of climate change.

As a major food company, we can plainly see that the climate crisis adds an immense, additional layer of risk to the network of producers across the country that we rely on for our food system. We have all heard about or felt extreme weather impacting us – be it through record hurricanes, droughts, or heavy spring rains. Our farms and food businesses are among the first to feel the impact of this extra volatility, which also significantly impacts federal budgets. For example, this past year, farmers were unable to plant more than 19 million acres due to severe spring rains—a record number cited by USDA.¹ For a dairy, that may mean higher input costs at a time when farmers already cannot afford any surprises.²

Various recent reports are clear that to reduce the most extreme risk associated with climate change, the land sector, including agriculture, must be a central part of the equation.³ To meet this challenge, Danone North America is actively pursuing new models of working with farmers that incentivize the adoption of new farm management practices that can address climate change. For instance, we have long-term contracts with dairies to help alleviate the short-term volatility of the market and allow farmers to consider new ways of farming, and are searching for new, innovative ways to finance social impact with farms and suppliers. We are encouraged that the Committee is reviewing the potential for agriculture to contribute to climate change mitigation, and we look forward to working with the Committee as it prepares to issue policy recommendations in 2020.

Global commitments:

Similar to actions taken by 285 companies, Danone globally has adopted a Science-Based Target which for Danone means a 30% reduction of greenhouse gas (GHG) emissions by 2030.⁴ This target includes our entire footprint from our supply-chain at the farm level to the end of life of our packaging.⁵

During Climate Week this year, we were also one of 87 companies that acknowledged the recent science by committing to carbon neutrality by 2050 in order to help prevent a rise in temperatures of more than 1.5 C degrees.⁶

And to complement these commitments, at the United Nations Climate Action Summit in September, Danone's global CEO, Emmanuel Faber, announced a new business coalition, One Planet Business for Biodiversity—alongside 18 other major agriculture-driven companies with more than \$500 billion in total annual revenue. Together these companies will work to develop nature-based solutions for the climate crisis,⁷ in three ways: advancing regenerative agriculture and soil health, boosting cultivated

¹ <https://www.fsa.usda.gov/news-room/news-releases/2019/report-farmers-prevented-from-planting-crops-on-more-than-19-million-acres>.

² Increased and sustained heat can also exacerbate dairy inefficiencies and costs, for example, see <https://www.canr.msu.edu/news/summer-s-hot-weather-will-cause-heat-stress-in-dairy-cattle>.

³ For example, see Intergovernmental Panel on Climate Change (IPCC) latest report acknowledging exacerbated risks to land sector by climate change and the need for the land sector, including agriculture to provide mitigation solutions.

⁴ The 30% reduction is based on a 2015 baseline. For a full explanation of science-based targets and what other companies are taking similar action, please see <https://sciencebasedtargets.org/companies-taking-action/>.

⁵ <https://www.danone.com/impact/planet/towards-carbon-neutrality.html>.

⁶ <https://www.wemeanbusinesscoalition.org/press-release/87-major-companies-lead-the-way-towards-a-1-5c-future-at-un-climate-action-summit/>.

⁷ <https://op2b.org/>.

biodiversity and resilient food and agriculture models within our product portfolios, and eliminating deforestation in our supply chains.

U.S. Soil Health Initiative

In 2018 Danone North America launched a five-year, \$6 million Soil Health Initiative to help our farmer partners to restore the ability of soil to capture carbon and overcome common obstacles to building soil health management systems. We believe that this program, which targets both economic resilience and environmental impact, is a strong starting point for Congress to develop complementary policy options to incentivize and assist farmers and their partners for lasting impact at a nationwide scale. Our approach has the following pillars:

- *Start with soil science*—While there is ample research on soil and its capacity to capture and sequester carbon, understanding the variables and nuances that come with regional differences in growing regions and farm management is key. Danone North America has worked with university partners from the Ohio State University and Cornell University to help provide a scientific baselines, economic analysis, soil sampling and overall advice as we implement our program. In the U.S., we have arguably the strongest agricultural research institutions in the world, including the U.S.D.A. climate hubs. Similarly, a coordinated approach between government and research institutions for improving soil health would allow all stakeholders, particularly the private sector, to better understand the potential and variances for different farming systems to capture carbon and reduce net GHG emissions.
- *Improve the use of data in farm planning and measuring results*—Data is vital for tracking and verifying progress in improving the ability of soil to capture and sequester carbon. Danone North America partners with Sustainable Environmental Consultants and its EcoPractices platform to help us and our farmer partners understand two main issues: the economic return on investment for the farms of improving the health of their soil, and the environmental impacts of soil health practices using a variety of measurement tools.⁸ Working with a trusted third party like EcoPractices also allows us to ensure farmers' privacy in data collection and provides "boots on the ground" to assist farmers with creating a continuous improvement plan for soil health practices. When new activities are implemented, farms then have the data to understand the impact of their change in management practices. We are exploring ways to leverage this work with USDA technical assistance funding so that we can scale-up with additional farms.
- *Provide incentives for most impactful practices*—While we have initial findings that practices to improve soil health can provide a return on investment to farms, the short-term costs of implementing these practices often stand in the way of their adoption. Since improving soil health takes a systems approach, we need to help farms financially to build-in new practices so that the benefits to soil, input efficiency and yields can be developed quickly in the fewest number of crop cycles. We work directly with farms to understand the financial support they need to implement new practices like reducing tillage, adding cover crops, enhancing crop

⁸ Danone North America relies on EcoPractices to establish application program interfaces (APIs) with various measurement tools such as Field to Market, COMET-Farm, and Cool Farm Tool. We remain flexible to improve and adjust our measurement tools should any become more widely accepted.

diversity, improved manure management, ensuring irrigation efficiency, and adding vegetative field buffers to help prevent water running off fields. We are also working with USDA to incentivize these practices for soil health and ideally would create contracts that cover multiple practices over multiple years so farmers know they will still be profitable while restoring the soil. It is essential, however, that financial incentives – whether they come from our company or from USDA – be simple, straightforward and have low transaction costs with clear paths of access for the farms. Finally, while there are more than 100 NRCS-approved conservation practice standards, depending on the farming system, we generally need to prioritize fewer than 10 or so practices, and in many cases 3-4 core practices will begin to achieve real benefits.⁹

Importance of Public Policy

Public targets and strategies like those that Danone North America has made with our farmer partners are critical to foster U.S. innovation and leadership, but we cannot just tout our own commitments. We also support and advocate for state and federal actions to ensure that as a society, we are able to meet the science-based need to prevent a rise in global temperatures of more than 1.5 degrees. As an example, we have joined forces with three other like-minded food companies to form the Sustainable Food Policy Alliance to advocate for policy action to address challenges such as climate change.¹⁰ We supported policies, for example, in the Farm Bill last year to help food companies deliver conservation with U.S. farmers through programs such as the Regional Conservation Partnership Program. And we will continue to be a voice for how food and agriculture can and must be part of the solution to the climate crisis.

Conclusion

The climate crisis may be felt first by those who are closest to the land, but its impact will eventually touch everyone who produces, sells, buys, and eats food. It has already begun. While there is no single solution when it comes to our complex agricultural systems, building new and lasting soil health management systems holds promise for the climate benefits we need as a society. These systems must be scalable relative to the size of the climate crisis, and they must consider and support the livelihood of the farmers on which we all rely.

Danone North America is committed to combatting climate change for the sake of not just our own business but our entire agriculture and food sector. While we know the work of one company cannot bring all the climate solutions we need, our scale and our partnerships have the power to show that the impact of soil health on the climate crisis is real, measurable, and replicable. We must act together, now, to scale similar impact through policy and investment in American farms.

Thank you for the opportunity to appear before you today. I would be happy to answer any questions you may have.

⁹ See NRCS's description of the four tenants of soil health, <https://www.nrcs.usda.gov/wps/portal/nrcs/main/soils/health/mgmt/>; and similarly Soil Health Institute, <https://soilhealthinstitute.org/resources/best-practices/>.

¹⁰ Sustainable Food Policy Alliance has taken many policy positions to advocate for policy related to combatting climate change, see <https://foodpolicyalliance.org/issue/environment/>.