



**DIALOGUE DATE:** November 28, 2023

**DIALOGUE TITLE:** The Solutions On Our Plate: Mission-Driven Food Companies Aren't Waiting To Act On Climate

**CONVENED BY:** Food Tank; Oatly

### **WHY WAS THE DIALOGUE CONVENED?**

As global leaders convene at COP28 in the United Arab Emirates, the urgency of issues around food, agriculture, and the climate crisis is greater than ever.

More than 130 countries signed on to COP28 Declaration on Resilient Food Systems, Sustainable Agriculture, and Climate Action, signaling that a desire to adapt and transform food systems is growing. The first of its kind, the Declaration emphasizes the need for collective climate action.

“Today signals a turning point, embedding sustainable agriculture and food systems as critical components in both dealing with climate change and building food systems fit for the future. Together we will deliver lasting change for families, farmers and the future,” said H.E. Mariam bint Mohammed Almheiri, UAE Minister of Climate Change and Environment and COP28 Food Systems Lead.

The private sector plays a critical role in food systems transformation. In partnership with other food systems stakeholders, food companies and retailers can leverage their resources, innovation, expertise, and capital to find ways to provide support and resources to farmers, lift the standard of sustainable practices, and improve diets and food access for consumers.

Already, private sector leaders are demonstrating their potential for impact.

This year, Hilton achieved a 61-percent reduction in food waste across three major hotels in the Middle East during Ramadan festivities, in partnership with food technology company Winnow and the U.N. Environment Programme West Asia. And last year, DoorDash announced a partnership with 18 mayors across the U.S. to help reduce food insecurity by supporting local food banks, food pantries, and other community organizations through delivery, technology, data, and gift cards to serve vulnerable populations. Sysco, Danone, Unilever, Pepsico, Nestlé, and other major food companies have partnered on a new initiative called the COP28 Presidential Action Agenda on Regenerative Landscapes, co-chaired by COP28, the World Business Council for Sustainable Development, and Boston Consulting Group.

Meanwhile, small and medium-sized enterprises (SMEs) globally are pioneering new technologies, developing blueprints and best practices, and making an impact within their communities and supply sheds. Many companies, from Aleph Farms in Israel to SipSmith in the United Kingdom, have set goals to become carbon neutral by 2030. This year, Patagonia Provisions launched a new brewery partnership program to produce beer made from the climate-friendly perennial grain, kernza. The initiative will also help to scale the production of Regenerative Organic Certified crops. And Numi Organic Tea recently adopted fully compostable, plant-based tea wrappers to eliminate plastic waste.

But too often, SMEs are left out of important conversations like the COP. Food Tank and Oatly convened this event to give voice to the small and medium-sized, mission-driven food companies that are carrying out important work to contribute toward food system transformation. A select group of mission-driven companies of various sizes that are dedicated to providing food system solutions via sustainable practices shared their challenges, success stories, insights, and recommendations for accelerating the impact that the private sector can have on food systems transformation.

### **WHAT WAS THE MAJOR FOCUS?**

This roundtable discussion focused on ways that small companies can have an outsized, positive impact on people and the planet. It consisted of three sections: production and sourcing; processing and food preparation; and distribution and food service. Food Tank President Danielle Nierenberg moderated the discussion by asking a few panelists questions about the challenges they face and/or solutions they have found, followed by time for questions from the rest of the group.

The conversation focused on both what has worked and what has not worked. The goal was to provide recommendations for paths forward and share impact success stories with the broader private sector community present at COP28.

### **MAIN FINDINGS**

The discussions covered a broad range of topics, and participants emphasized that a broad range of solutions will be necessary to drive food systems transformation.

In the production and sourcing discussion, participants emphasized the need for participatory models of food systems transformation. Projects and research that include farmers and make sustainable transitions more accessible result in more effective solutions. And sharing data throughout the journey, with both farmers and consumers, cultivates trust that is critical to success in the long term.

In the processing and food preparation discussion, participants agreed that power and leadership in the food system must be shared more equitably, and more resources should be devoted to sustainability teams. Homogenization in the food system—not only in crop types but in ideas, leadership, and the flow of capital—has resulted in deep inequities and serves as a major barrier to change.

In the distribution and food service sector, participants shared that a lack of sustainable packaging options and inadequate recycling collection infrastructure at the commercial scale continues to be a barrier to improving sustainability. Developing innovations like natural material packaging in addition to national governmental policies and standards can help move the sector toward sustainability at scale.

Finally, throughout the discussions, participants agreed that mindset shifts among company leadership are essential to progressing toward and meeting sustainable outcomes. Companies should integrate sustainability into core, overarching business objectives, rather than treating it only as a special department or initiative. Companies should also view better outcomes as a spectrum—rather than binary, such as achieving certification or not—and avoid letting perfect be the enemy of improvements.

#### **OUTCOMES FROM EACH DISCUSSION TOPIC: PRODUCTION & SOURCING**

Participants agreed that a farmer-led approach is critical to ensuring production and sourcing solutions are effective and equitable. Participatory relationships and commitments to research and development alongside farmers can be beneficial for both farmers and companies. However, it remains a challenge to connect these results to company performance, which is necessary to bring more stakeholders to the table.

Collaborating with local farmer groups and co-ops is important to ensure that production and sourcing decisions for companies are made locally. Participants recommended that companies first identify what kinds of practice changes their farmer partners would make if given the resources, such as measurement capabilities or capital, and invest their support there. Suggested farmer support mechanisms include paying a premium to the farmers, developing farmer knowledge through education, and supporting crop diversification through funding and other resources.

The complexity and number of tiers involved in the supply chain is a barrier to food system transformation, particularly for animal products. Participants recommended bringing regenerative and sustainable practices directly into sourcing agreements to make sustainability a part of the contractual relationships between buyers and sellers.

According to participants, accessibility is a barrier to bringing more farmers into regenerative management systems or becoming Regenerative Organic Certified. Setting the bar too high can reduce smallholder farmers' access to markets, as many lack the resources to take on the risk involved with practice change or achieve certifications. A supplier-driven approach, where companies cultivate long-term relationships with suppliers and build bespoke solutions by looking at what the available options are for those particular suppliers, can help to build incentives and meet farmers where they are.

Participants also emphasized that companies should view sustainable outcomes as a spectrum, rather than binary (e.g. Certified Organic or not). Multiple participants shared that perfect cannot be the enemy of improvements. Because the supply chain can be complex and overwhelming for sustainability leaders, who often lack sufficient resources from companies, it is better to start with actionable changes than to wait for action until a robust, comprehensive strategy is in place.

Participants also said that companies should disclose data and promote transparency throughout their sustainability journeys—both the wins and the losses—to build consumer trust. Companies creating premium products should also communicate to the consumer base about where their money is going—e.g. back into producers' local communities.

Finally, participants emphasized that consumers cannot be entirely responsible for food systems change. While consumer demand is necessary, it must be met with policymaker leadership.

### **OUTCOMES FROM EACH DISCUSSION TOPIC: PROCESSING & FOOD PREPARATION**

Participants agreed that power and leadership in the food system must be shared more equitably. Homogenization in leadership and ideas in the food system has impacted the flow of capital for food and agriculture technology, in particular. Less than 3 percent of total Venture Capital U.S. dollars spent globally go to women, while black and brown founders receive less than 1 percent. According to participants, too often, funding and capital are going to people who are interested in food system trends but don't know much about processing and preparing food.

Participants agreed that company sustainability teams also need better resources. Often, there is only one person in a company working on sustainability, and this capacity gap is a barrier to progress in sustainable outcomes. Participants recommended breaking silos between departments, so sustainability is seen as an over-arching goal, rather than just a separate, individual department. Sustainability must be tied to companies' core business objectives like brand value, employee engagement, etc.

Participants said that improving on processing and food preparation is an easy starting point for companies to increase efficiency. Improvements like reducing food waste are win-win solutions that can help motivate teams—improving efficiency while reducing carbon footprints and kick-starting sustainability messaging.

However, participants also recommended reframing sustainability as a standard company practice, as opposed to a special initiative. Sustainable practices are tied to better economic outcomes, so requirements for zero waste, for example, can be built into procurement agreements and food preparation protocols to encourage financial benefits. This can help ease resistance from company leadership about sustainability projects associated with buzzwords.

According to participants, company-wide adoption of sustainability is much easier when it is baked into the company's mission from the beginning, but young companies lack the resources to build sustainable protocols from their inception. Participants say that a common framework for the sector would be helpful. However, it is difficult to get a business excited about an outside party's framework—participants recommended adopting a general guidance that is not too rigid or complex, so it can be personalized to each company.

#### **OUTCOMES FROM EACH DISCUSSION TOPIC: DISTRIBUTION & FOOD SERVICE**

Much of the discussion around distribution and food service centered on packaging. The plastic industry accounts for 3.4 percent of the world's total greenhouse gas emissions, which is more than the global aviation sector. Ninety percent of these emissions occur in the production phase, meaning that solutions should look not just at recycling but the entire lifecycle of plastic.

According to participants, a major challenge is the lack of availability and accessibility for sustainable packaging solutions at the commercial scale needed for most companies. Participants shared innovations that use natural materials—such as processing residues, algae, and mycelium—to produce natural plastic alternative material for short-used packaging. Participants said that streamlined materials, rather than streamlined packaging, would allow companies to develop creative solutions that meet their individual needs.

Participants agreed that governmental policies and standards that allow and are inclusive of both existing, scaled, and proven technologies (such as recycling) and novel material innovations can help solve the plastic pollution challenge. These policies and standards can incentivize the generation of natural and plastic-free material innovations. In addition, a national recycling strategy and extended producer responsibility policies would help push the private sector toward more sustainable packaging.

Participants also identified consumer knowledge as an area for improvement, as many consumers lack an understanding of the functional intent of packaging, such as for food safety. Cultivating deeper relationships with consumers can help companies to educate about the complexities of the supply chain. For example, because of volatile demand and supply chain, sometimes food service companies must buy worse, more expensive packaging to meet their needs.

Participants say there is an opportunity to create a robust public campaign around regenerative agriculture, sustainable packaging, and other issues facing food companies. This will help to put pressure on the large food companies that have a substantially larger social and environmental impact than SMEs.

Finally, participants discussed binary thinking as a major barrier to addressing food system sustainability. Sustainability issues are interconnected, and companies must address social and environmental factors together. Participants recommended using language that is inclusive of a variety of solutions, such as “climate-smart agriculture” rather than focusing exclusively on “regenerative” or “organic.”

## **KEY RECOMMENDATIONS**

There is no silver bullet that will drive food systems transformation, but there are actionable steps that companies can take to ensure that they are contributing to change in a meaningful and impactful way. Below is a summary of key recommendations for food businesses:

1. Identify the practice changes that farmer partners would make if given the resources, such as measurement capabilities or capital, and invest support there.
2. Center a supplier-driven approach grounded in long-term partnerships that consider the needs of suppliers and meet farmers where they are.
3. Diversify leadership and capital flows.
4. Frame sustainability as a core business objective that is integrated into the practices of every department.
5. Build sustainability requirements into procurement agreements and preparation protocols.
6. Increase capacity by investing in the expansion of sustainability departments.
7. Disclose data and promote transparency whenever possible.
8. Embrace inclusive approaches that value a variety of solutions and shift away from binary thinking.
9. View sustainability as a spectrum. Do not let a desire for perfection get in the way of positive change.

10. Cultivate deeper relationships with consumers to educate them about supply chain complexities.

Small and medium sized mission-driven companies will continue to lead on changing the food system, but for that change to be systemic, governments must also play a critical role. Below is a summary of key recommendations for policymakers to enable this food system transformation:

1. Enable citizens to make sustainable, nutritious food choices by incorporating sustainable options into public food procurement and dietary guidelines.
2. Support farmers, food processors and food companies shifting toward regenerative agriculture by removing barriers, such as imbalanced price supports, missing infrastructure, missing public research on innovative methods and crops, and lack of up-to-date public technical assistance.
3. Facilitate public knowledge on sustainable food systems, supporting efforts like on-pack climate footprint labeling and public corporate reporting on emissions (scopes 1-3) and other environmental impact.
4. Follow through on the Leaders Declaration - set national food system and agriculture emissions targets and incorporate these into National Adaptation Plans, Nationally Determined Contributions, Long-term Strategies, National Biodiversity Strategies and Action Plans, and other related strategies before the convening of COP30.