

# A GOOD APPETITE:

# HOW CAN PENSION FUNDS BOOST A SUSTAINABLE AND HEALTHY PROTEIN PRODUCTION?

# FAIRR: supporting investors with over \$46 trillion of assets



**ICGN**

2021 Excellence in Stewardship Award



Short-listed, ESG Research of the Year



Best Sustainable Investment Research



# FAIRR produces research, practical tools & facilitates engagements

## BENCHMARK TOOLS & ANALYSIS



## SECTORAL & THEMATIC REPORTS



## CONSUMER-FACING ENGAGEMENTS



Sustainable Protein in the Supply Chains



Working Conditions in Meat Processing



Sustainable Meat Sourcing



Animal Pharma & Antibiotics

# Shining a light on the material investment risks



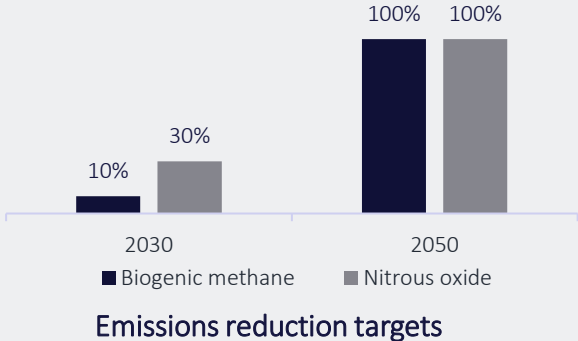


# An inevitable policy response is building to tackle food sector emissions

## Northern Ireland Food Vision

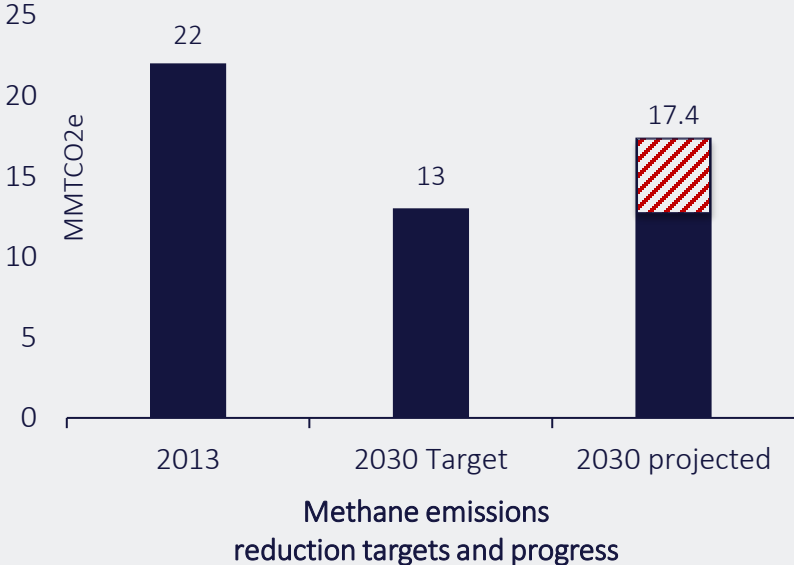
### A Climate-neutral food system by 2050

Aims to cut **10%** of biological methane and **30%** of nitrous oxide from fertiliser by 2030 and become **climate neutral** by 2050



## California Senate Bill 1383

Reduction in methane emissions in dairy and cattle production by 40% until 2030 compared to 2013 levels.



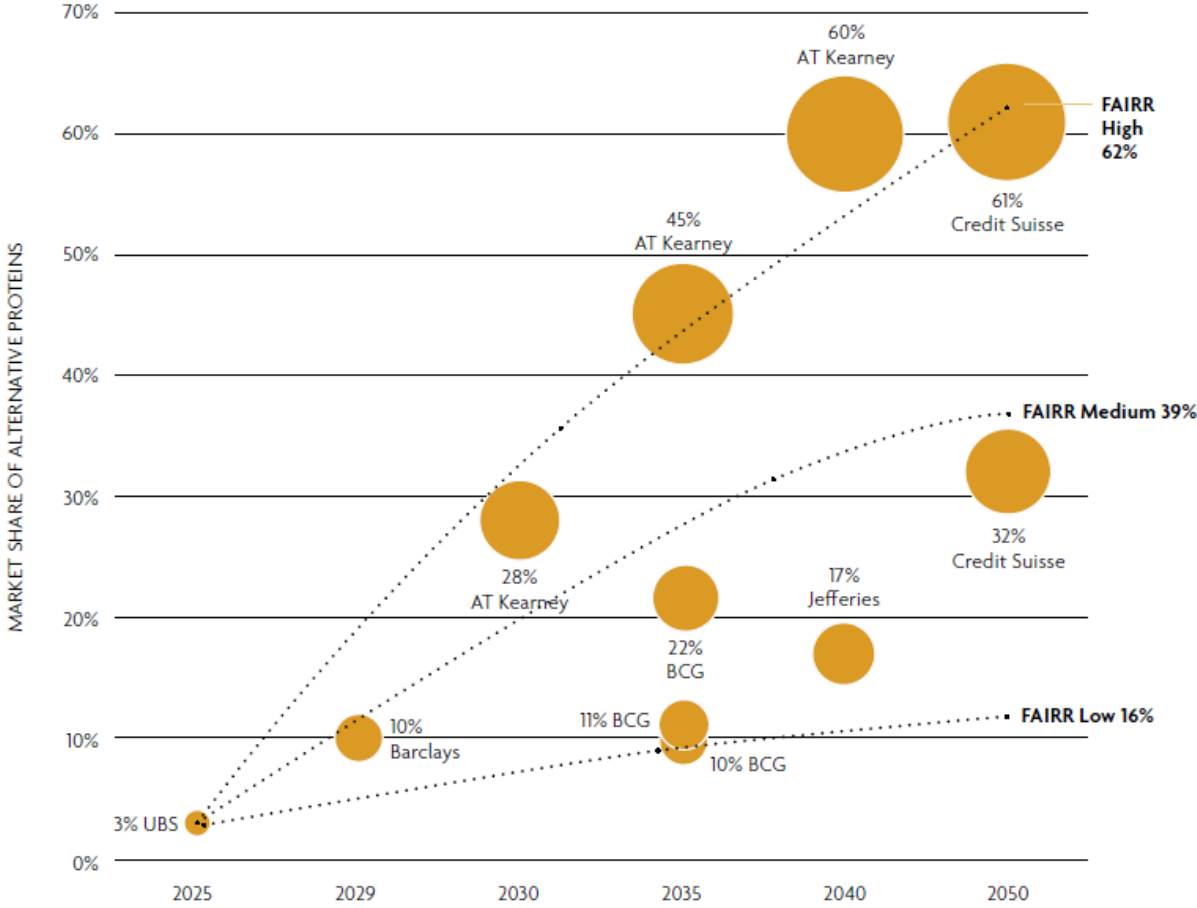
## Dutch Law

Reduction in half nitrogen emissions by 2035

By July 2021, 278 pig farms had requested the subsidy to end their farming operations, leading to a 6.7% reduction in the pig sector

# Growth scenarios for the global alternative protein market

- Currently, the market is about 1% of the total protein industry.
- By 2030, alternative proteins are predicted to take between 10 to 28% of overall market.
- By 2050, it could be between a conservative 16% to a bullish 62% of the market.

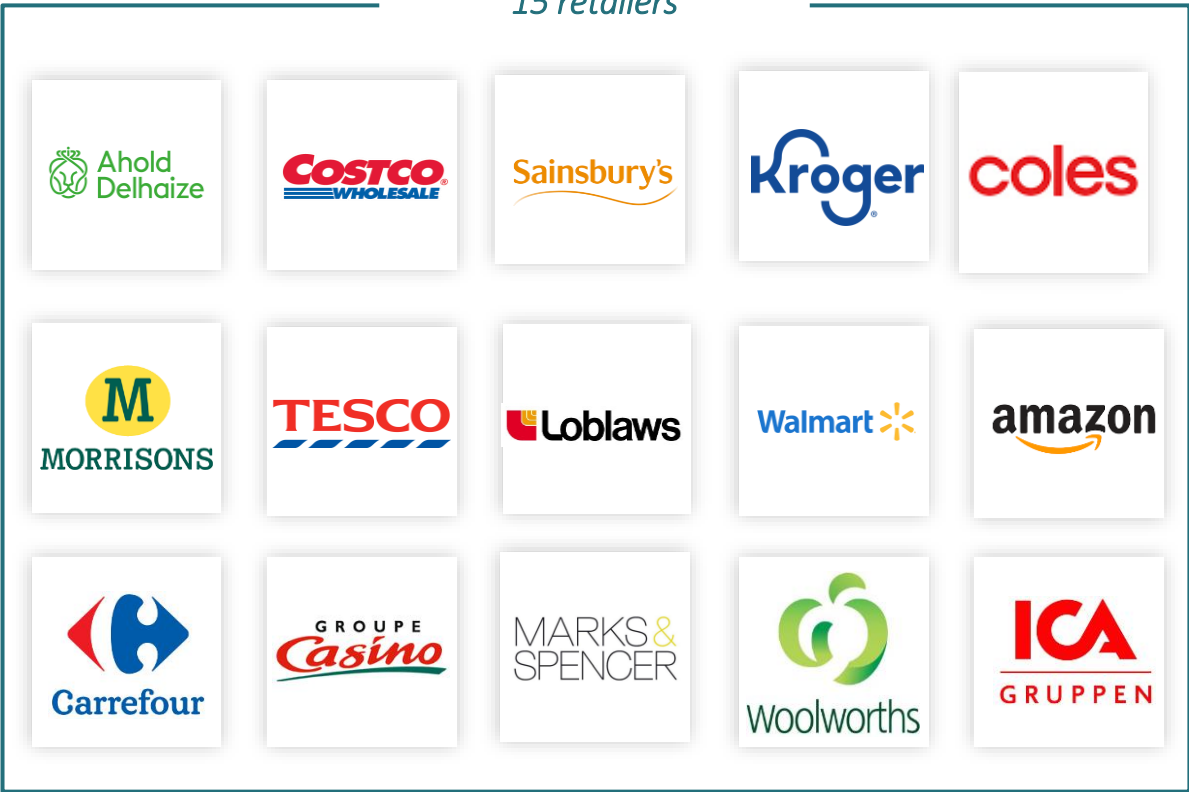


Source: FAIRR 2021

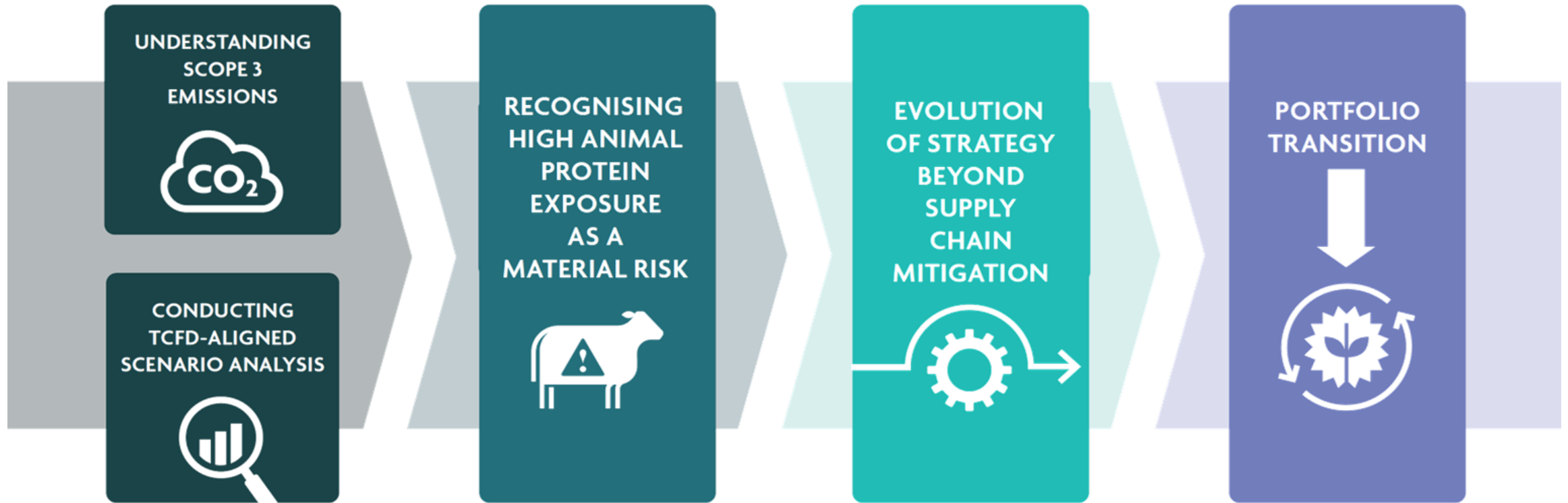
# Engaging 25 global food companies

15 retailers

10 manufacturers



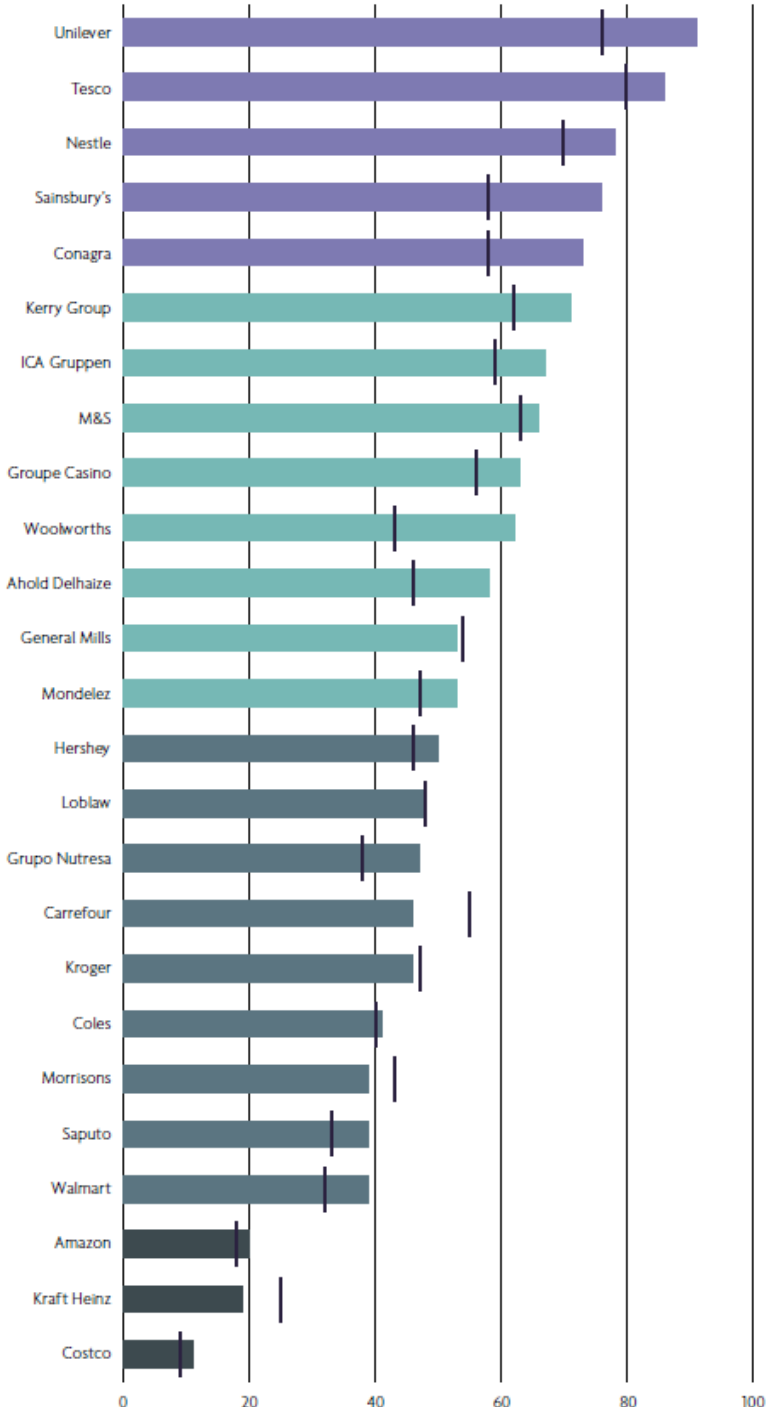
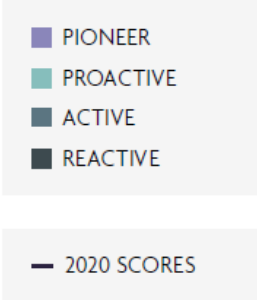
# Pathway to action: from understanding impacts to diversifying protein sources





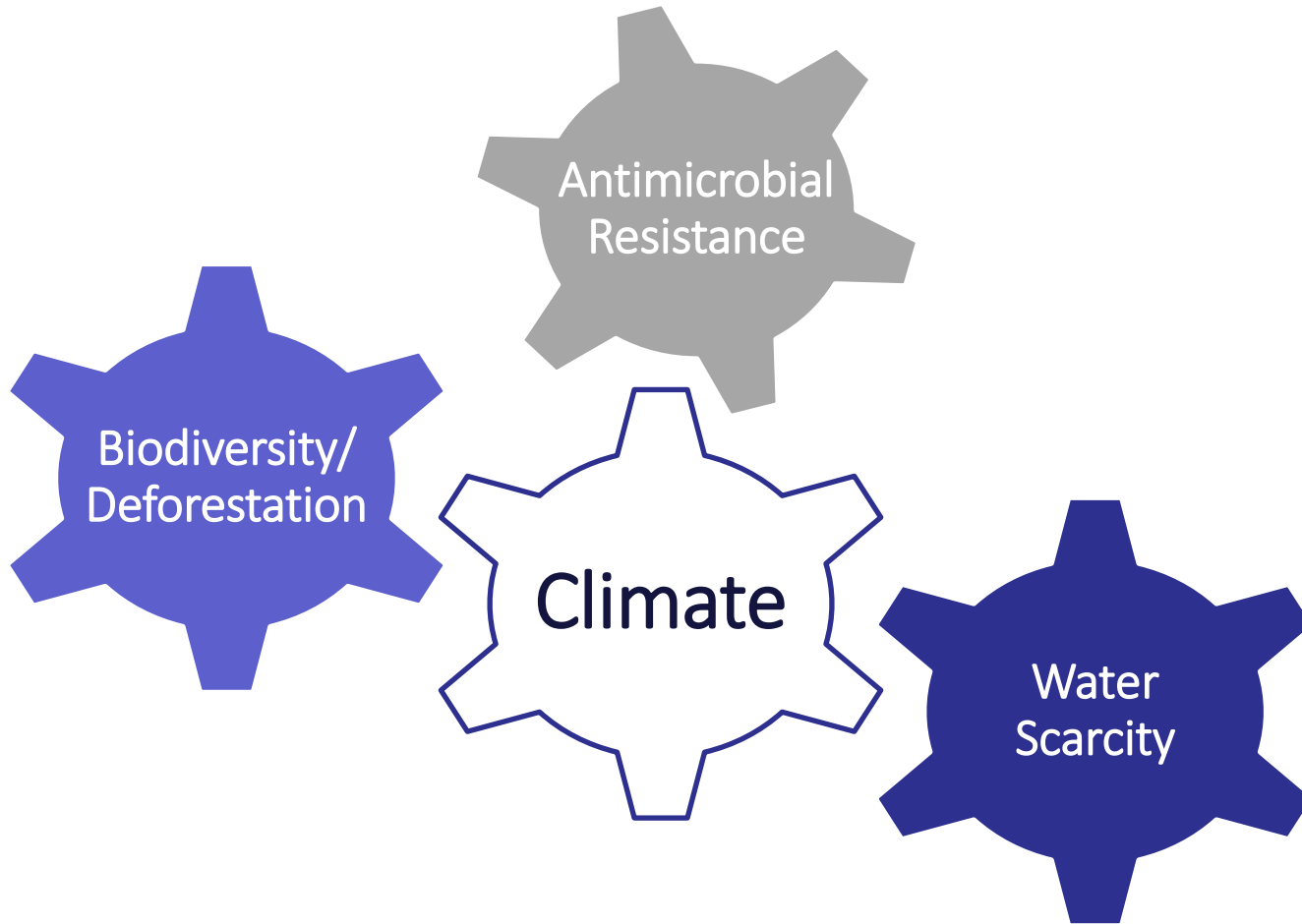
# Benchmarking company progress

- Pioneer - demonstrates a fully engaged protein diversification strategy
- Proactive - acknowledges the materiality of the issues but does not demonstrate explicit board-level support to undertake such a transition
- Active – actively working to expand its plant-based and alternative protein portfolio
- Reactive - reacting to consumer demand for alternative and plant-based protein products



# A holistic approach is required to address material ESG issues

---



- Tackling climate has positive knock on effects on other issues, including **AMR, biodiversity and deforestation loss and water scarcity**
- Investors must take a holistic approach to tackling the issues in the intensive factory farming industry



# What needs to change?



Dirk-Jan Verdonk, PhD, World Animal Protection Netherlands





The nature  
of the problem

---



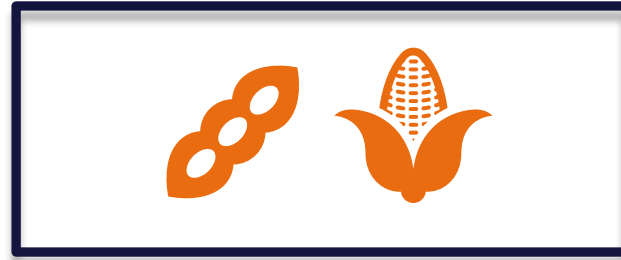
# System change

- Is not (just) about optimizing production.
- It is not (just) about lowering the environmental footprint per unit of production.
- It is not about improving business as usual.
- It is about transforming the food system
  - This includes consumption.
  - This includes interlinkages within the system
- It requires rethinking the food system.

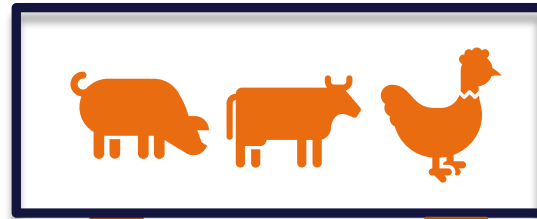
## Current industrial food system

- Resource intensive (pesticides, fertilizers, fossil fuels, water)
- Large environmental footprint, including through deforestation
- Business model based on exploitation of economies of scale and externalizing societal/environmental costs
- Fully integrated in (global) commodity supply chains
- Concentration/consolidation corporate power
- Heavily geared towards animal products:  
Animal products provide 18% of calories and 37% of protein, and uses 83% of farmland and

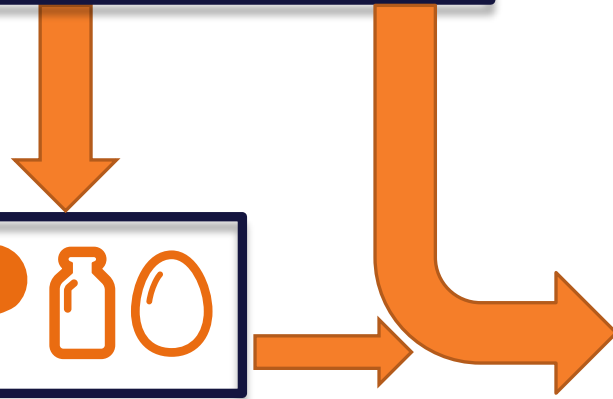
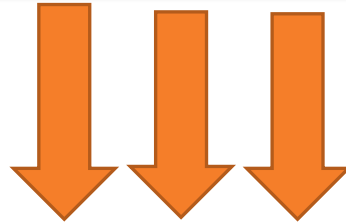
Brazilië, VS,  
Oekraïne,  
Argentinië



Europa



Europa  
China  
Midden-Oosten





# The circular food system



Closing and shortening cycles at local/ regional/trophic level:

- Use of regenerative resources
- Minimise the input of finite resources
- Prevent leakage (carbon, nitrogen, phosphorus, water)
- Recycle inevitable resource losses in a way that adds the highest possible value to the food system

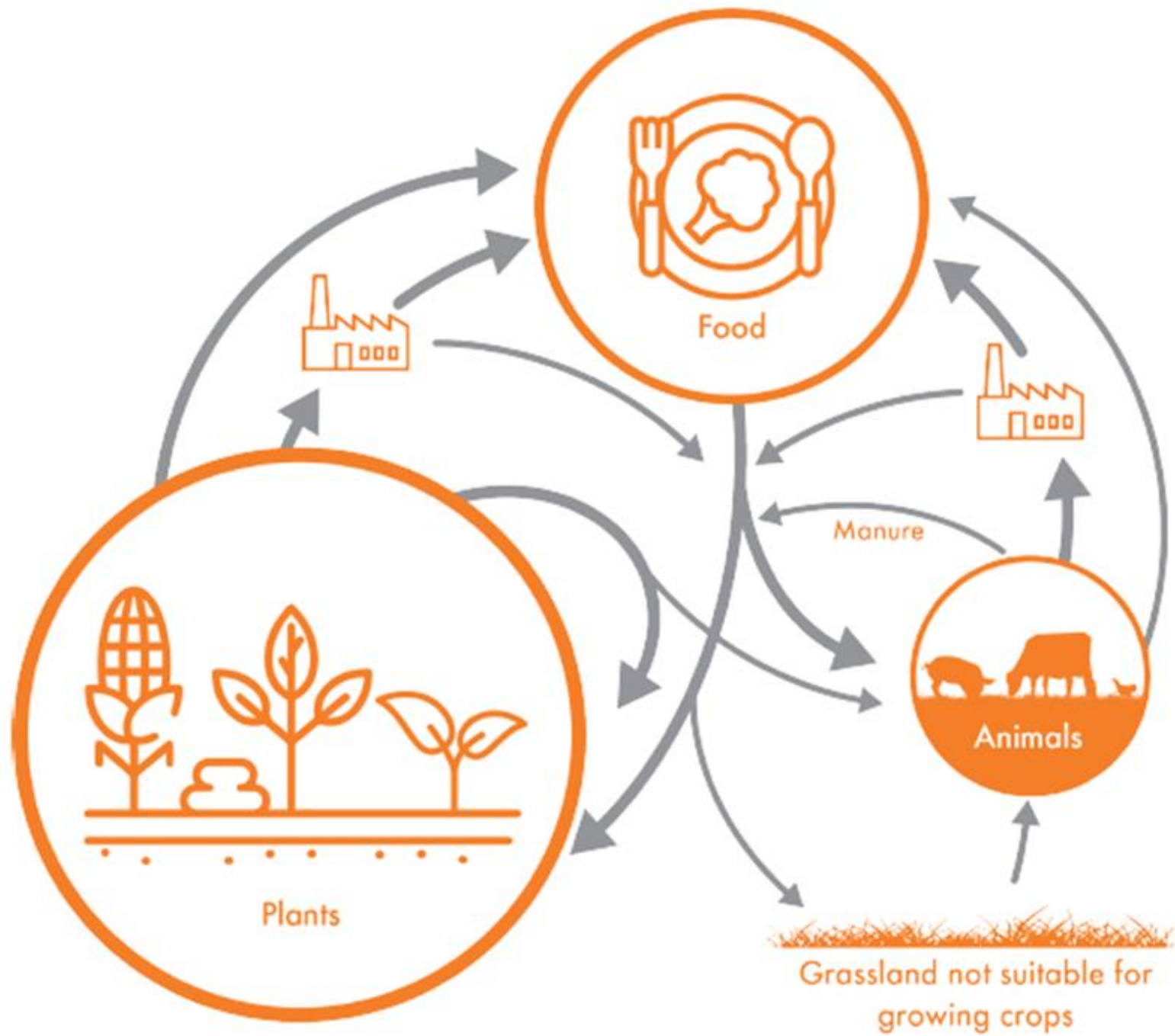
Plants are the basic building blocks of food. Plants should be used by people for food first.

The role of animals should be limited to:

- grazing on lands not suitable for growing food.
- converting streams of by-products not of immediate use for human consumption and unavoidable food waste into food

Crop diversity (in time and space) increases resilience against pests.

---

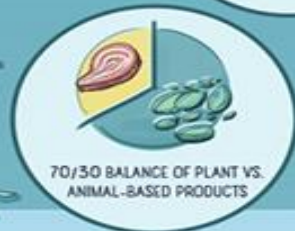




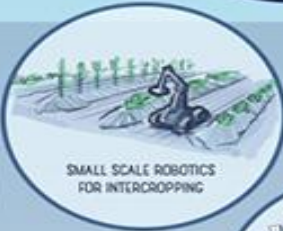
# RE-ROOTING THE DUTCH FOOD SYSTEM

## FROM MORE TO BETTER

### ECONOMY



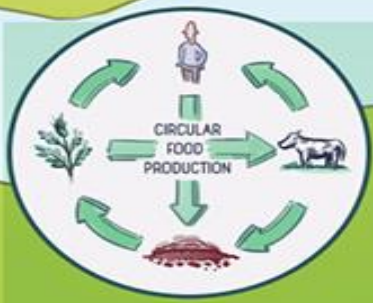
### DIET & HEALTH



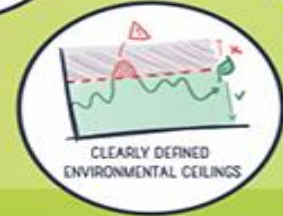
### TECHNOLOGY



### CULTURE



### ENVIRONMENT



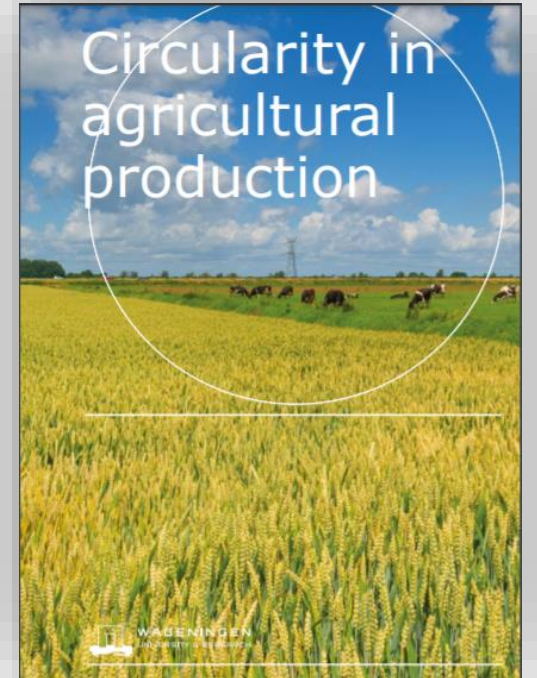
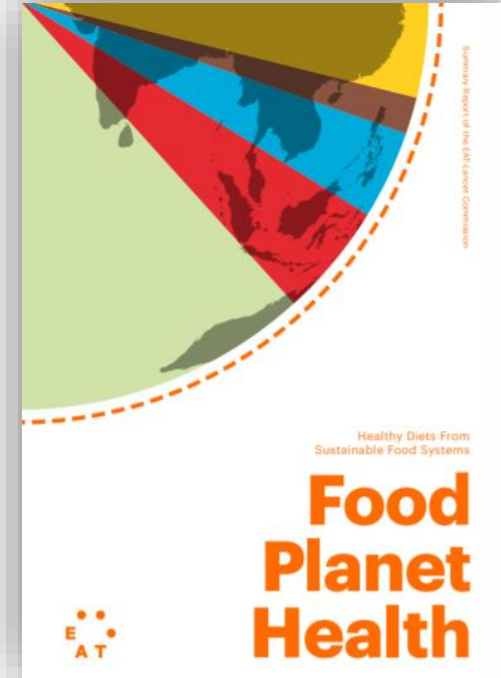
### POLICY



# Direction of travel



- Protein transition: (at least) halving animal protein by 2040
- Phasing out of soy as animal feed.  
*Need for different breeds of animals*
- Put social/ethical values centre stage.



# Where to start?



1. Commit: to zero tolerance for deforestation and to a transformation of the food system
2. Adopt a robust policy, including KPI's on the protein transition, sustainable and circular agriculture (including the phasing out the use of monocrops like soy as feed) and on respecting social/ethical values.
3. Communicate expectations and formalize requirements
4. Screen companies
5. Exclude clear offenders
6. Engage, engage, engage
7. Monitor and act
8. Use voting rights
9. Take collective action
10. Ensure effective grievance mechanisms
11. Provide transparency and disclosure



# Where to start?



## Collective engagement

1. Engagement biodiversity RBC sector agreement insurers Nexus biodiversity – protein transition Focus: three European food multinationals

2. Partnership VBDO & FARMS-initiative Nexus animal welfare/protein transition and public health (antimicrobial resistance)

Focus: big producers in South-America and Asia





# Thank you!



Contact me at: [dirkjanverdonk@worldanimalprotection.nl](mailto:dirkjanverdonk@worldanimalprotection.nl)