

FOOD SYSTEMS DIALOGUES for INVESTORS ONLINE
CO-ORGANIZED BY WBCSD and COLUMBIA CENTER ON SUSTAINABLE INVESTMENT
11 SEPTEMBER, 2020

Introduction

On 11 September, 2020, the World Business Council for Sustainable Development and the Columbia Center on Sustainable Investment convened a Food Systems Dialogues for Investors.

Fifty individuals participated online from investment firms, investor networks, philanthropic foundations, banks, food companies and agribusiness. Work roles of attendees included CFOs, Chief Risk Officers, Investor Relations executives, asset management professionals, program officers, ESG directors, and others. While the regional focus of the Dialogue was on Europe, the topic of global food systems transformation drew participants from the EU, UK, Scandinavia, Asia, India, and the United States.

The six key discussion themes or “prompts” of the Dialogue were:

- *Investment opportunities and risks in the protein sector*
- *Transparent reporting and communication between food/ag companies and investors that supports improved selection of investment opportunities*
- *New financial instruments that allow investors to hedge risk and enable food and agriculture companies to be rewarded for their performance*
- *Food systems policies that facilitate the transition to more sustainable production and consumption of food and agriculture products*
- *Lessons learned from Covid-19. Creating food value chains that are resilient to future shocks*
- *Debt and equity valuations that consider long term value creation including the value of intangible assets.*

After brief opening remarks attendees spent time in facilitated small group discussions focused on one of the six themes/prompts. Each table then did a report-out to all attendees focused on high-level takeaways, including areas of alignment and disconnect, plus proposals for action.

Key observations and action items:

1. There is a clear need for improved clarity and cohesion between investors and food/ag companies. Attendees want collaboration across actors (investors and companies) that leads to improved business decision-making for all.
2. Investors lack useful data and information to accurately evaluate risk and opportunity in food and ag value chains. This inhibits identification and elimination of risk within portfolios and can lead to missed opportunities for growth.

3. Institutional investors and retail investors play different roles in markets and this applies to influencing the future of the protein space. Given these differences we need to identify common goals across investor types and work with food and ag companies to achieve them.
4. Transparency of data and visibility into supply chain practices is essential. New data and new tools may not be the answer given the abundance of information already available. Instead, we need standardization and agreement on what is truly material to food and ag companies and then get that information measured and reported.
5. Investors and corporations need to keep talking. The opportunity to build trust 'across the aisle' is real and there was a call to action to continue dialogue and discussion through the FSDs and through pre-competitive collaborations.
6. There is an opportunity for investors to reduce cost of due diligence through the appropriate pre-competitive sharing of knowledge and information. This could include establishing standardized information and reporting to decarbonize portfolios, reduce water risk and stress across holdings, and require food companies to certify agricultural land (in their key supply chains) as sustainably managed.
7. There is agreement between companies and investors to build an improved food system that mitigates future shocks and creates increased resilience across the value chain.
8. Many food and agricultural policies subsidize unsustainable production and consumption and create additional and/or hidden costs. Investors and companies must work collaboratively on policies that reward transparency and incentivize sustainable production and consumption practices.

The next Food Systems Dialogue for Investors will be on 27 October, 2020. The event will be co-organized by WBCSD and the investor initiative Transformational Investing in Food Systems and connected to the GreenBiz Verge Food Conference in the United States. Participants will include impact investors, ag/food venture capital, pension funds, philanthropic foundations, family offices, and food and agricultural companies.

A third FSD for Investors will be held in early December 2020 focused on Asia and the rapid growth of ESG investing.

For information on either upcoming event, please contact David Bennell at bennell@wbcsd.org.