PLATING UP PROGRESS

INVESTOR BRIEFING

Analysis of data sources and gaps in food industry reporting for a transition to healthy and sustainable diets




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AUTHOR
Will Nicholson,
Project Lead &
Environment Lead

The Food Foundation

Key messages

This investor briefing provides an overview of the data sources (benchmarks, indexes, scorecards and disclosure platforms) available to investors who want to understand the risks and opportunities related to their investments in the food and agriculture sector. It identifies the major sources of data that focus on key food-related issues such as nutrition, environmental impacts (such as climate change, biodiversity, water use) and human rights.

It also provides an analysis of the biggest gaps in data availability in terms of food issues, sector coverage, and overall lack of reporting by companies and suggests how investors can improve the quality of reporting and data availability across the food industry. The suggested ways to do this are:

- relevant stakeholders (including investors and data providers) need to agree the metrics that the food industry should be reporting,
- investor engagement should be coordinated to increase expectations on corporate disclosure across the full range of food system issues,
- investors should engage with policy makers and governments to push for mandatory food industry reporting of key metrics.

FOOD SYSTEM CHALLENGES

The food system challenges we face are complex (**see Box 1**), but not insurmountable. We need a transition that involves the protection and restoration of natural habitats, the widespread adoption of sustainable farming practices, the tackling of food waste and, crucially, a consumption shift to healthy and sustainable diets. The food industry has a key role to play in this transition.

BOX 1: FOOD SYSTEM IMPACTS

- **Between 702 and 828 million people were affected by hunger in 2021[1], while two billion people are living with obesity or overweight[2] and one in five deaths are associated with poor diet[3]**
- **The food system contributes 37% of greenhouse gas emissions, with agriculture representing 23%[4]**
- **Agriculture is responsible for 80% of global deforestation[5] and 70% of freshwater withdrawals[6]**
- **One third of all food produced is either lost or wasted[7]**

This list is only a snapshot of food system issues, with food and agriculture being a key sector responsible for multiple additional concerns such as soil health, antimicrobial resistance, chemical use, plastics use, human rights violations, and animal welfare issues.

In 2019, The Food Foundation's Plating Up Progress reports summarised the physical risks and the transitional risks and opportunities (potential policy interventions and shifts in consumer demand) that investors should be aware of (**see Figure 1**). Many of the risks go beyond individual investments and represent more systemic risks that should be of concern to all investors. In order to understand exposure to such risks and how investments can capitalise on opportunities, investors need to understand more about where food businesses are in their transition to supporting healthy and sustainable diets.

FIGURE 1: EMERGING RISKS AND OPPORTUNITIES IN THE FOOD SECTOR, BASED ON PLATING UP PROGRESS PART 1: INVESTOR BRIEFING (2019)

PHYSICAL RISKS OF INACTION

Supply & price volatility for:

- crops, animal feed & livestock due to extreme & chronic weather events, such as flooding
- crops, animal feed & livestock due to water scarcity
- wild-catch fish due to overfishing
- crops due to pollinator deficit

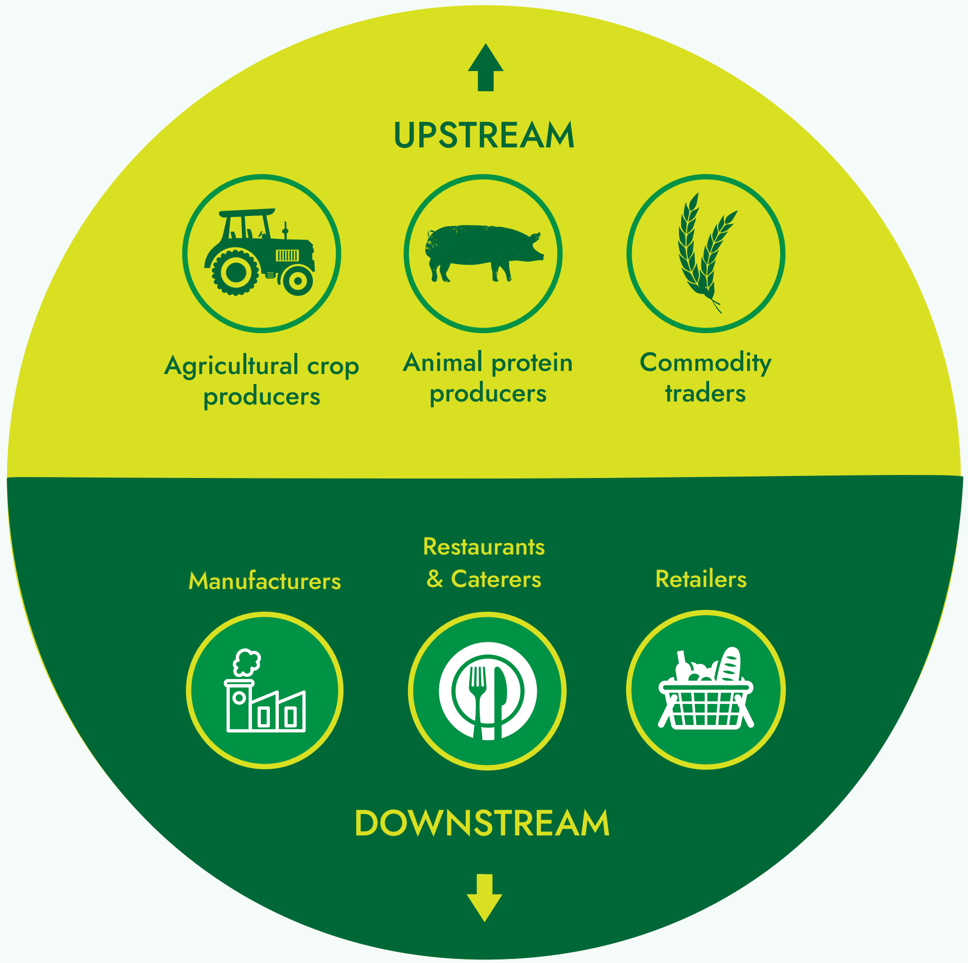
TRANSITIONAL RISKS AND OPPORTUNITIES

Potential policy interventions	Mandatory reporting on food sales (as per the National Food Strategy). Taxes on sales of unhealthy food and drinks. Labelling for nutritional and environmental impact of food and drinks. Regulation on food waste. Regulation on deforestation and land use conversion in supply chains. Reporting on greenhouse gas emissions (to include Scope 3).
Consumer demand	Demand for healthier products & plant-based foods. Demand for greater transparency and traceability.

With so many issues to consider, and different risks and opportunities across sectors in the food value chain (**see Figure 2 for a categorisation of food and agriculture sectors**), understanding investors' cumulative exposure to these numerous risks can be challenging.

This briefing is to help investors understand the different data sources available, what food system issues these data sources focus on, and which sectors in the food value chain are included. Key gaps in data and disclosure are identified and opportunities for filling these gaps are proposed.

FIGURE 2: FOOD AND AGRICULTURE SECTOR GROUPINGS



DATA SOURCES AND DATA GAPS

In this section we outline the main benchmarks, indexes and data sources available to investors. We exclude proprietary ratings services (provided by organisations such as Sustainalytics and MSCI) because their data is, in the main, only available to paying customers. For simplicity, in the rest of this briefing we will refer to the various different data sources (often referred to elsewhere as benchmarks, scorecards, indexes, disclosure platforms, accountability mechanisms, league tables, rankings, ratings) simply as "data sources".

Food issues and food industry coverage

Some data sources focus on one main issue (for example nutrition or deforestation), whereas others cover multiple issues.

Data sources that focus on one main issue tend to do a deeper dive into that issue, whereas those covering multiple issues tend to provide a broader analysis of what food businesses are doing simply because they cover more topics but have fewer metrics or indicators per topic. The two approaches combined can provide a clear picture of what food companies and sectors are doing across issues and within specific topics.

Data sources also cover a range of sectors within the food industry, from upstream (such as producers and growers) to downstream (such as retailers and restaurants) and can vary in whether they focus on food companies from a global perspective or provide a national spotlight on the food industry.

There are also data sources available to investors that are not specifically focused on the food system, but that include assessments of food and agriculture companies. Examples of this include the Net Zero Benchmark from Climate Action 100+, Corporate Human Rights Benchmark, and Forest500 where specific issues are addressed across wider industries of which food and agriculture is just one. Finally, there are voluntary reporting mechanisms such as CDP where data on food and agriculture companies can be found, relating to climate change, land-use (forests) and water.

Table 1 shows the main data sources available, their coverage of food system issues and which food and agriculture sectors they assess. It also indicates whether the data source is global or focused on certain countries, and approximately how many companies are assessed.

Data source	Food system issue			Sector coverage						Geographical coverage		Notes & links
	Nutrition	Environ-ment	Human rights							Global	National	
Data sources specific to food & agriculture												
Access To Nutrition Initiative (ATNI) Global Index	●						●			●		25 of the world's largest food and beverage manufacturers. Uses published and confidentially provided information. *https://accesstonutrition.org/index/global-index-2021/*
ATNI UK Retailer Index	●							●			●	11 major UK retailers. Uses published and confidentially provided information. *https://accesstonutrition.org/the-indexes/uk-retailer-index-2022/*
ATNI India Spotlight Index	●						●				●	16 major India-operating manufacturers. Uses published and confidentially provided information. *https://accesstonutrition.org/index/india-spotlight-2020/*
ATNI US Spotlight Index	●						●				●	10 major USA-operating manufacturers. Uses published and confidentially provided information. *https://accesstonutrition.org/app/uploads/2020/02/Spotlight_Index_US-Index_Full_Report_2018.pdf*
ATNI Breast Milk Substitute Index	●						●			●		7 major baby food companies. Uses published and confidentially provided information. *https://accesstonutrition.org/the-indexes/bms-cf-marketing-index-2021/*
Business Benchmark on Farm Animal Welfare (BBFAW)		●			●		●	●	●	●		150 companies assessed on animal welfare and antimicrobial resistance. Relevant as both environmental & social issues. *https://www.bbfaw.com/benchmark/*
CERES Feeding Ourselves Thirsty		●		●	●	●	●			●		38 companies assessed on sustainable water use. *https://feedingourselvesthirsty.ceres.org/*
Farm Animal Investment Risk & Return (FAIRR) Protein producers		●	●		●					●		60 of the world's largest animal protein producers assessed. Includes antimicrobial resistance and workers' rights in addition to environmental focus. *https://www.fairr.org/index/*
FAIRR Sustainable Proteins		●					●	●		●		25 of the world's largest retailers and manufacturers assessed on their shift to sustainable proteins. *https://www.fairr.org/sustainable-proteins/*

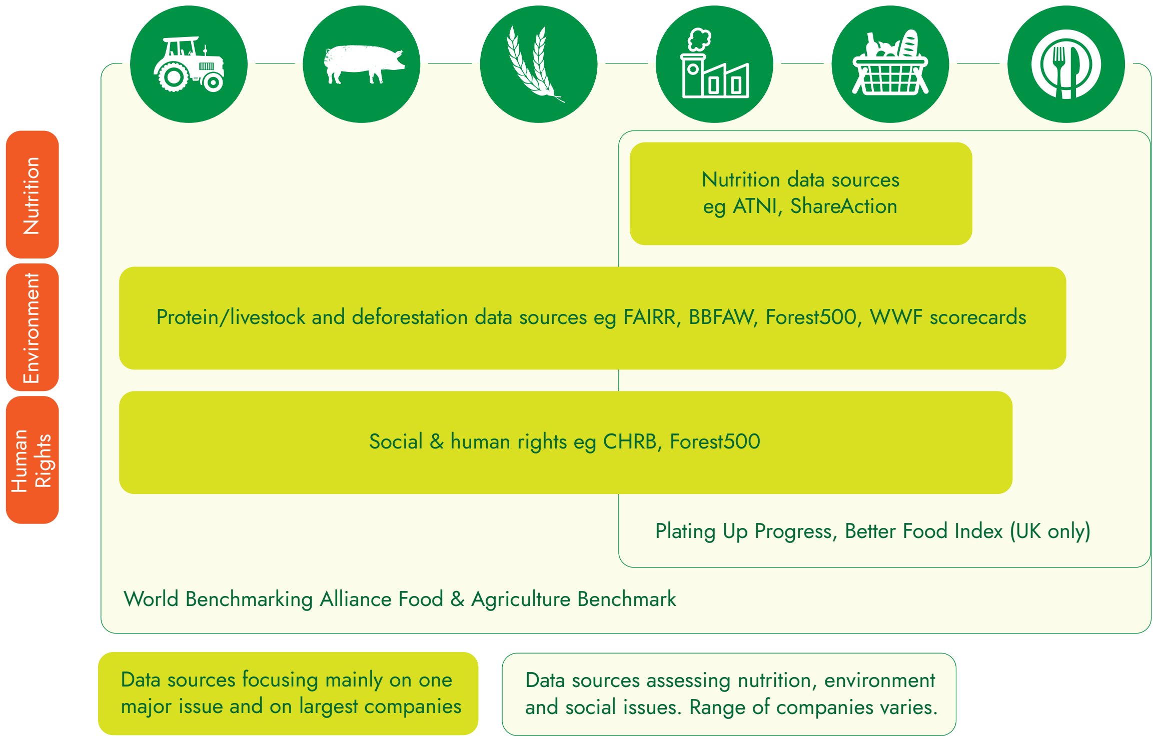
Data source	Food system issue			Sector coverage						Geographical coverage		Notes & links
	Nutrition	Environ-ment	Human rights							Global	National	
Data sources specific to food & agriculture												
Oxfam Behind The Barcodes			●					●		●	●	Global retailers and country focused reports. *https://indepth.oxfam.org.uk/behind-the-barcodes/* *https://policy-practice.oxfam.org/resources/behind-the-barcodes-2022-supermarket-scorecard-and-data-621358/*
The Food Foundation Plating Up Progress	●	●	●					●	●		●	29 major UK-operating companies assessed from retail, restaurant, catering and wholesale sectors. *https://foodfoundation.org.uk/initiatives/plating-up-progress*
Tortoise media Better Food Infdex	●	●	●		●		●				●	30 major UK-operating producers and manufacturers. *https://www.tortoisemedia.com/intelligence/better-food/*
World Benchmarking Alliance (WBA) Food & Agriculture Benchmark	●	●	●	●	●	●	●	●	●	●		350 companies assessed across the food & agriculture value chain. *https://www.worldbenchmarkingalliance.org/food-and-agriculture-benchmark/*
WWF Palm Oil Scorecard		●					●	●	●	●		227 palm oil buyers, many of whom are also food manufacturers, retailers and restaurants/caterers. *https://palmoilscorecard.panda.org/#/home*
WWF Soy Scorecard		●				●	●	●	●	●		22 soy traders, plus wide range of soy buyers including food manufacturers, retailers and restaurants/caterers due in 2022 (total number to be confirmed). 2016 scorecard : 133 companies across these all sectors but data is old. 2022:*https://soyscorecard.panda.org/* 2016: *https://wwfint.awsassets.panda.org/downloads/wwf_soy_scorecard_2016_r6.pdf*
Data sources NOT specific to food & agriculture												
Climate Action 100+ Net Zero Benchmark		●				●	●	●		●		8 global food companies from the manufacturing and retail sectors assessed. *https://www.climateaction100.org/*
Corporate Human Rights Benchmark			●	●	●	●	●	●	●	●		57 food and agriculture companies assessed on human rights. *https://www.worldbenchmarkingalliance.org/publication/chrb*
Forest 500		●	●	●	●	●	●	●	●	●		220 of the companies assessed are from the food and agriculture value chain. Assesses deforestation and related social issues. *https://forest500.org/rankings/companies*
Voluntary disclosure platforms												
CDP		●		●	●	●	●	●	●	●		Voluntary disclosure platform for all sectors and industries, focusing on climate change, forests, and water. *https://www.cdp.net/en/*

GAPS IN DATA SOURCE COVERAGE OF ISSUES AND SECTORS

This briefing does not include a complete list of the different companies assessed through each data source, but it provides investors with a good starting point to understand what risks and opportunities might be relevant for them, and where to look to understand the progress being made by many of the world's largest and most influential food and agricultural companies. Most of these data sources look for both commitments and reported data (including reporting on performance data and whether companies are setting quantitative targets) and there has generally been a greater emphasis in recent years on targets and reporting against those targets. The next section identifies where gaps in data exist, either through a lack of official data sources for investors, or through a broader lack of disclosure from food and agriculture companies.

In terms of actual gaps in the issues and sectors covered by the different data sources, **Figure 3** maps the main data sources identified against different food and agriculture sectors and food system issues to indicate where the most obvious gaps exist. To give this some context, WBA's global Food and Agriculture Benchmark includes the broadest range of companies (350 in total, ranging from upstream companies producing agricultural inputs to downstream global retailers and restaurants) – **see here** for their latest insights on coverage across the global value chain.

FIGURE 3: COVERAGE OF ISSUES AND SECTORS



IMPLICATIONS FOR INVESTORS

Upstream sectors and nutrition

There are very few data sources that assess upstream companies (agricultural crop producers, protein producers or commodity traders) on their role in improving global nutrition. The main available source is the World Benchmarking Alliance's Food and Agriculture Benchmark which assesses upstream companies on nutrition alongside environmental and social issues (**see here** for a summary of their findings on nutrition across all sectors).

The challenge for assessing upstream sectors is primarily one of understanding what good looks like – whether upstream companies should be focusing on sustainable agricultural practices to improve the nutritional quality of their produce or using biofortification. Or alternatively taking a more macro perspective and simply converting their agricultural production systems to produce more of the foods that would make up a healthy and sustainable diet, rather than producing crops that are primarily ingredients for unhealthy or processed foods. Understanding and agreeing what good looks like, and what should be expected of upstream companies, is important if we are to develop effective data points for investors. While this is more obvious with environmental issues such as land-use conversion, climate change and water stress, it is less clear-cut for nutrition and upstream food companies. The connections between demand drivers (how the food we eat incentivises production) and production drivers (how the food produced by major agricultural companies influences our food choices) is complex and requires more attention.

Deep dive data on environmental issues beyond climate change and deforestation

There is a lack of deep dive data sources for a number of environmental issues especially concerning chemical use in food production and soil health. Other issues such as antimicrobial resistance are a focus area for example in **FAIRR's** work but this is less well covered elsewhere. While food waste and use of plastics are topics that most people recognise to be important, there are not many investor-focused specific data sources on either topic. For insights into these topics investors can however see different **industry league tables** on plastics and collaborative initiatives such as **WRAP** in the UK.

Deep-dive data sources that show clearly where companies are making progress on specific topics are important because they add the extra detail needed for investors to go beyond the high-level assessments provided by, for example, World Benchmarking Alliance's global Food and Agriculture Benchmark and The Food Foundation's UK-focused Plating Up Progress. For example, where these data sources can highlight if companies have commitments, set targets and report data across a range of topics, understanding the nuance within a complex topics such as soil health can only really be done by a deep-dive data source on that topic. The broad assessments and the deep-dives need to go hand-in-hand.

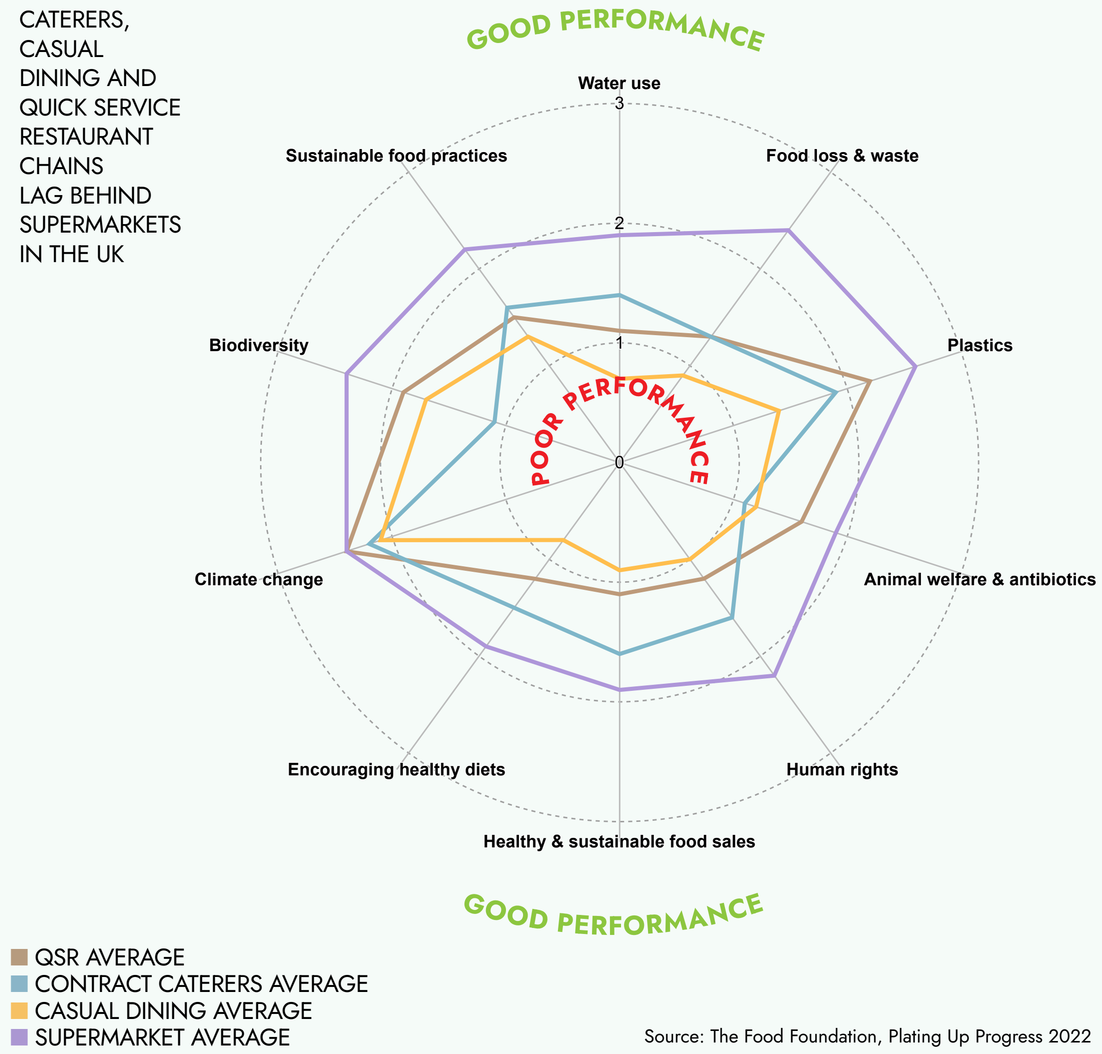
Restaurants and caterers

There is currently a lack of data sources that assess the restaurant and catering sector, although both the World Benchmarking Alliance and The Food Foundation include companies from these sectors in their broad assessments on nutrition, environmental and social issues. The Business Benchmark on Farm Animal Welfare also assesses companies from these sectors, but there is a current gap in data sources providing a deep dive into these companies on nutrition. A focus on restaurants and caterers is important as it represents a key sector that can influence our shift to healthy and sustainable diets and according to The Food Foundation's Plating Up Progress assessment on the UK industry, it currently lags significantly behind the retail sector on most food system issues (**see the comparison between sectors based on average UK company performance in Figure 4**). In the future, this gap may start to be filled by ATNI who are now working on a new research project, funded by ShareAction, focusing on the out-of-home sector. They are aiming to better understand the role and impact of this sector in the UK and to explore the ways in which the sector can contribute to healthier diets for consumers in the country.

National spotlights

Change often happens at a national level although currently there are not many data sources that focus on the food industry in specific countries. The Food Foundation's Plating Up Progress is one example of a data source that does in fact do this, assessing UK- operating companies that are influential on UK food system outcomes. ATNI has also produced national spotlight indexes for food sectors in the UK, USA and India in the last few years that provide a deep dive into nutrition and the companies most influential in those countries. National-level data on supermarkets and obesity can also be found from **INFORMAS**. Investors can expect the number of national spotlights to grow in the years to come, with the development of the ***International Benchmarking Coalition***, a coalition of organisations working to benchmark the food industry in different countries.

FIGURE 4: CATERERS, CASUAL DINING AND QUICK SERVICE RESTAURANT CHAINS LAG BEHIND SUPERMARKETS IN THE UK



Source: The Food Foundation, Plating Up Progress 2022

GAPS IN ACTUAL REPORTING IDENTIFIED BY DATA SOURCES

While the identified data sources are covering many of the issues and sectors of the food and agriculture industry, this does not necessarily mean that the relevant data is in fact being reported by these companies. Despite the presence of such benchmarks, indexes and company scorecards, understanding risk and opportunity requires companies to actually report relevant data in the first place. The reality is that this is patchy and inconsistent. See **Boxes 2 and 3** in this section for World Benchmarking Alliance and The Food Foundation summary data on the current levels of disclosure across the industry.

The World Benchmarking Alliance's Food and Agriculture Benchmark from 2021, assessing 350 companies across the value chain, finds significant gaps still exist across most food system issues (**see Box 2**).

BOX 2: KEY GAPS IN REPORTING FROM FOOD AND AGRICULTURE COMPANIES ACROSS THE VALUE CHAIN

- Only 5% of companies involved in food and beverage manufacturing have targets to increase the proportion of healthier options.
- Over 80% of restaurant and catering companies are not disclosing a commitment to improve the nutritional quality of their menus.
- Only 26 of the 350 companies have greenhouse gas emission reduction targets aligned with the Paris Agreement.
- 189 companies (over 50%) do not have targets to achieve deforestation and conversion-free supply chains for their high-risk commodities.
- Only 8% of companies could demonstrate having a full human rights due diligence mechanism in place.
- 58% of companies do not explicitly require their supply chain to prohibit child labour.
- Only two companies have fully committed to setting targets for paying living wages in their business activities and supply chains.

Source: World Benchmarking Alliance, Food and Agriculture Benchmark 2021.

The Food Foundation's Plating Up Progress UK assessment finds major gaps in reporting, let alone in setting targets, for the shift towards healthy and sustainable food sales, as well as gaps in supply chain data (**see Box 3**). Setting targets for, and reporting on, a shift in sales towards healthy and sustainable food is crucial for downstream sectors such as retailers and restaurant chains as they act as the gatekeepers to our diets. Without a shift in the balance of what they sell, we are unlikely to see a shift in people's diets.

BOX 3: REPORTING FROM SUPERMARKETS AND MAJOR RESTAURANT CHAINS AND CATERERS IN THE UK

- **<20%** of businesses assessed are reporting on sales of healthy or healthier food (45% of supermarkets but no restaurant chains or caterers).
- **22%** of businesses assessed are reporting on sales of fruit or vegetables (18% of supermarkets and 25% of restaurant chains and caterers).
- **7%** of businesses assessed are reporting on sales of animal-protein vs plant-based proteins (18% of supermarkets but no restaurant chains or caterers).
- **40%** of businesses publicly report data on food waste, although not all consistently and not all to the standard recommended by WRAP's Food Waste Reduction Roadmap.
- **70%** report some data on certifications of sustainable fish and seafood (wild catch or farmed).
- **26%** are ranked in the top two tiers in the Business Benchmark on Farm Animal Welfare.
- **>60%** report some data on certified soy in animal feed in their supply chains or include soy in their deforestation-free commitments.

Source: The Food Foundation, Plating Up Progress 2022

More complete data on these and other metrics used in our Plating Up Progress analysis are available online on our **Plating Up Progress dashboard** for UK-operating supermarkets, caterers, quick service restaurant chains and casual dining chains.

OPPORTUNITIES TO FILL DATA GAPS

This briefing highlights some key areas where there is a lack of data, implying a need for more deep-dive assessments into key issues. The broader assessment at a global level is being performed by WBA, which can work in tandem with deep-dive assessments to provide investors with a more complete picture. Funding will undoubtedly be needed to fill the deep-dive gaps identified here.

However, a bigger concern for investors should be gaps in the actual reporting of material data by companies, irrespective of their inclusion in benchmarks, indexes or other reporting platforms. The quality of reporting on (and setting targets for) so many issues such as sales of healthy and sustainable food, greenhouse gas emissions, biodiversity, water use, human rights, and antimicrobial resistance will need to be improved. The job of the various data providers would then be to present the data in ways that allow investors to act on the data, rather than focus on explaining what companies are *not* reporting. The following opportunities for solving this could be:

1. Agree the metrics that need to be reported
At the moment, stewardship tends to happen in pockets, for example investor coalitions brought together by the same organisations that produce the benchmarks, or coalitions of investors engaged in wider issues such as those involved in Climate Action 100+. Reporting standards through for example the International Sustainability Standards Board need to work closely with the data source providers to ensure that metrics used in various benchmarks, the reporting standards set by standards bodies, and expectations of investors, are all aligned. There is a need for investors to unite around food system transformation and for an organisation (or group of organisations) to act as the coordinator of this united action so that the "must have" metrics are agreed and that investor engagement across issues can be coordinated.

2. Make reporting on key metrics mandatory
Investor pressure on companies and voluntary agreements on metrics and reporting standards will not suffice on their own. Benchmarks and data sources can present investors with comparisons and insights into industry leadership, the risks and opportunities, and the dependencies and impacts of their investments, but currently too much of this work revolves around pointing out what companies are *not* doing. Despite investor engagement, as shown in this briefing, companies are still failing to set clear targets and to report on performance for key issues. There is a need for the entire food and agriculture industry to shift and this requires that all companies report on key data and set appropriate targets, not just a select few. This will allow investors to understand their direct investment risks and opportunities, and companies' impacts and dependencies, as well as the overall system risks and opportunities associated with the industry as a whole. One way to achieve industry-wide disclosure and reporting is of course to make it mandatory (see the previous investor briefing on **the case for mandatory food industry reporting in the UK** and find out more on that initiative **here**). The case for mandatory reporting needs to be made beyond the UK and investors can play an important role by engaging with national governments to show why a lack of reporting from the industry is putting a hand-brake on progress. Given the urgency of the situation, investors should be insisting on mandatory reporting for key metrics.

To find out more about The Food Foundation's investor briefing series and the Investor Coalition on UK Food Policy,
please email us at office@foodfoundation.org.uk

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The Food Foundation

The Food Foundation CIO
International House, 6 Canterbury Crescent, Brixton, London SW9 7QD
foodfoundation.org.uk | +44(0)20 3086 9953 | @Food_Foundation