

XXXXXX

[Title]

[Company Name]

[Address]

CC: [Include company contacts which FAIRR has corresponded with]

XXth January 2020

Dear XXX,

Re. Sustainable protein supply chains: investor engagement letter

Thank you for [Company Name's] letter, dated [X Month 2018], and we appreciate your team meeting with the investor coalition on [X Month Year], in response to our request seeking information on the company's plans to build a strategic approach to protein diversification.¹

The IPCC special report, Climate Change and Land, published in August 2019, argues that current land use and global food systems are exacerbating climate change, land degradation, biodiversity loss and other environmental threats. The report further notes that efforts to mitigate the impacts of climate change will fall short without significant change to agriculture practices and diets. Balanced diets that include plant-based foods are described as a major opportunity for mitigating and adapting to climate change, with an estimated mitigation potential of 0.7-8 Gt CO₂e per year by 2050.

In 2019, analysts at J.P. Morgan and Barclays have predicted that the market for plant-based foods will be worth between \$100 and \$140 billion in the next 10-15 years and capture approximately 10% of the the total meat market.^{2 3} AT Kearney expects conventional meat supply to drop by 33%, and for alternative proteins to capture 60% of the market share by 2040.⁴

As an investor coalition with **XX members collectively representing more than \$XX trillion in combined assets**, we believe that it is crucial for companies to adopt a comprehensive, global, evidence-based approach to diversifying their protein offerings in order to mitigate supply chain risks and to capitalize on changing consumer preferences.

We are encouraged by [include assessment information]. We also recognise that [include any recent relevant updates]. However, we believe it is critical to articulate more detailed information on your approach to transitioning protein portfolios towards lower impact and more sustainable sources that

¹ We define sustainable proteins as protein rich food sources that are consistent with nutritional requirements, produced to high environmental and ethical standards including the avoidance of deforestation, and are diversified in their sourcing.

² Reuters, 2019, UPDATE 1- Beyond Meat to Start Plant-Based Meat Production in Europe Next Year. Available online at: <https://af.reuters.com/article/commoditiesNews/idAFL4N2343BG>

³ Market Watch, 2019, Beyond Meat is a 'Disruptor' as Plant-Based Meat Industry Sales Poised to Reach \$100 billion. Available online at: <https://www.marketwatch.com/story/beyond-meat-is-a-disruptor-as-plant-based-meat-industry-sales-poised-to-reach-100-billion-2019-05-28>

⁴ AT Kearney, 2019, How Will Culture Meat and Meat Alternatives Disrupt the Agricultural and Food Industry?. Available online at: <https://www.atkearney.com/retail/article/?/a/how-will-cultured-meat-and-meat-alternatives-disrupt-the-agricultural-and-food-industry>

include plant-based and/ or alternative proteins to support a dietary transition in line with a 1.5-degree world.

To that end, we respectfully ask [Company X] to publicly disclosing information within the next financial year on your intention and long-term approach, including Board-level support, to transitioning your protein portfolio in line with climate science.

We also ask that you respond to the below investor questions:

Strategy

1. Does [Company X] agree that protein diversification is a material issue for its business? Please be specific in your response:
 - a. To what extent has the business had discussions with the company's Board on the need for a more strategic approach?
 - b. Are efforts driven by consumer demand, competitive pressure, market opportunities, adherence to environmental goals, or another factor?
2. Have you undertaken, or are you in the process of undertaking, scenario analysis in line with TCFD recommendations to assess the resilience of your organization's agricultural commodity sourcing strategy to alternative warming scenarios, including a 2°C scenario?
 - a. How do your climate-related scenarios integrate your company's protein portfolio and what are the conclusions from the analysis?
3. What steps is your company taking to capitalise on the growing market for plant-based and alternative proteins, which is predicted to capture between 10% to 60% over the next 10-20 years?⁵ Please provide examples of specific interventions to demonstrate how your company is looking to capitalise on these developments, including:
 - a. **Goals** or targets related to shifting to diversified protein sources
 - b. New **product development in own-brand products**, R&D, reformulation programmes and/or collaborations in alternative proteins
 - c. **Acquisitions, investments and expanded external brand offerings** to increase alternative protein portfolios
 - d. **Consumer engagement** including naming and labelling, pricing and positioning of plant-based and/ or alternative protein products.

Tracking and reporting

1. How is your company tracking and measuring its exposure to animal and plant-based proteins? What sort of data is your company collecting? Please refer to the attached addendum for further information and guidance on possible metrics.

⁵ J.P. Morgan and Barclays predict that plant-based meat will capture around 10% of the meat market in the next 10 and 15 years respectively, replicating the market shift in dairy, and do not consider cultured meat in their analysis. AT Kearney expects alternative protein to capture 60% of the market share by 2040.

2. Please provide detail on how you assess and report on scope 3 emissions. What percentage of your current emissions (total value chain and scope 3) are a result of animal agriculture (including feed production)?

A response to these points by **6 March 2020** would be welcome. We would appreciate it if you could respond in the first instance to Aarti Ramachandran, Head of Research & Engagement at the FAIRR Initiative, the organisation coordinating this engagement on our behalf. FAIRR will also follow up with you to organize a meeting with your company's representative to discuss these responses with members of the coalition.

By email: jo.raven@fairr.org

By phone: +44(0) 207 0799419

By mail: FAIRR Initiative, 116 Park St, Mayfair, London W1K 6AF

Yours sincerely,

[INCLUDE SIGNATORIES]

Addendum

FAIRR hosted a roundtable discussion on the 15th October in London with the purpose of identifying potential metrics for tracking and measuring a company progress towards a protein product portfolio. The session was the first formal collaborative discussion to take place on this issue and brought together investors, retailers and brand manufacturers.

Some of the key outputs from the discussion related to the following potential metrics:

- **Adopting a category-driven approach** – companies could disclose the raw materials sourced for their Top 20 or 100 products alongside their share of revenues. Companies should focus on relevant categories and products that have the greater potential for diversification and driving a transition. A metric to measure progress can then be used in these key categories e.g., percentage split between plant-based and animal-based products.
- **Company-wide metric** – for example, assessing and disclosing the percentage split between sourcing of animal and plant-based commodities to provide a high-level indication on company exposure to protein.
- **Barometer products** – this refers to tracking high-impact and low-impact products that are considered by the company to be indicator products, meaning that these products provide some indication on consumption dynamics. Within a product category, barometers SKUs across low, mid and premium price positioning could be used to collect more granular data on changing purchasing and consumption patterns following certain company interventions relating to sustainability, product expansion, and consumer engagement.