

[To: CEO, CC: Head of Sustainability]

January 24<sup>th</sup>, 2020

Dear [CEO name],

Subject: **Managing Animal Protein Sourcing Risks**

Thank you for your letter, dated X XX 2019, and for meeting with the investor coalition on X XX 2019, in response to our request seeking information on [company name] plans to address environmental risks associated with meat and dairy supply chains.

The production and consumption of animal proteins have significant environmental impacts and risks across three key areas: greenhouse gas (GHG) emissions, water and land-use. In turn, these impacts are associated with increasingly material reputational, operational and market risks for the companies buying and selling animal protein-based products.

In August 2019, the IPCC published a special report on climate change and land arguing that the global food system both contributes to global GHG emissions and is vulnerable to climate change impacts. It estimated that the global food system is responsible for 21-37% of total net anthropogenic GHG emissions,<sup>1</sup> with the majority (18-22%) attributable to crop and livestock activities as well as land use change.<sup>2</sup> Livestock alone contributes over half of total anthropogenic N<sub>2</sub>O emissions from agriculture.<sup>1</sup> The report reiterates the adverse effects of rising temperatures on livestock systems, including declining feed/forage quantity and quality, poor animal health outcomes, lower productivity, higher mortality and reduced water availability.<sup>2</sup> It also stated that the total mitigation potential of dietary changes to balanced diets featuring plant-based foods is estimated to be 0.7-8 Gt CO<sub>2</sub>e per year by 2050.<sup>1</sup>

Recent analyses from FAIRR, Ceres and others have found that meat and dairy suppliers, including those in your own supply chain, are not managing these risks sufficiently. For example, the meat sector was the lowest performing industry in Ceres' 2019 Feeding Ourselves Thirsty ranking, with all seven companies scoring below the overall food sector average.<sup>3</sup> FAIRR's Protein Producer Index in 2019 found that meat and dairy companies scored an average of 15% and 13% on the management of climate and water-related risks respectively.<sup>4</sup> We believe the poor management of risks by suppliers will present operational risks for [company name] to address. Engaging these meat and dairy suppliers will be critical to achieving the climate- and water-related goals set by [company name].

We are encouraged by your [add individual company assessment]. We applaud your plans to [add individual company plans]. However, we believe it is critical to articulate more concrete plans on [add

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<sup>1</sup> IPCC (2019) Special Report on climate change, desertification, land degradation, sustainable land management, food security and greenhouse gas fluxes in terrestrial ecosystems. Available online at: [https://www.ipcc.ch/site/assets/uploads/2019/08/Edited-SPM\\_Approved\\_Microsite\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2019/08/Edited-SPM_Approved_Microsite_FINAL.pdf)

<sup>2</sup> IPCC (2019) Special Report on climate change, desertification, land degradation, sustainable land management, food security and greenhouse gas fluxes in terrestrial ecosystems. Chapter 5: Food security. Available online at: [https://www.ipcc.ch/site/assets/uploads/2019/08/2f.-Chapter-5\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2019/08/2f.-Chapter-5_FINAL.pdf)

<sup>3</sup> Ceres (2019) Feeding Ourselves Thirsty. Available online at: <https://feedingourselfsthirsty.ceres.org/industry-scorecards/meat>

<sup>4</sup> FAIRR Initiative (2019) Collier FAIRR Protein Producer Index. Available online at: <http://index.fairr.org>

individual company assessment]. As a coalition of institutional investors with over USD X.X trillion in combined assets, we respectfully recommend that [company name] consider the below recommended objectives:

- [individual company objective 1]
- [individual company objective 2]
- [individual company objective 3]
- [individual company objective 4]

We would like a response from your executive team detailing how the company plans to address the above points with key milestones. The attached addendum, developed by FAIRR and Ceres, can provide guidance as you develop your plans.

We would appreciate it if you could send this response in the first instance to Aarti Ramachandran ([aarti.ramachandran@fairr.org](mailto:aarti.ramachandran@fairr.org)), Head of Research & Engagements at the FAIRR Initiative, one of the partner organisations coordinating this engagement on our behalf, by **March 1<sup>st</sup>, 2020**.

We hope to follow up on your response with an investor dialogue to discuss your plans and progress on these issues.

Yours sincerely,  
Investor list