

Solutions for A Harmless Food Economy

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Everyone knows that the meat industry has a terrible carbon footprint. While your diet is a personal choice, could financing vegetarian products be the game changer needed to move the dial on changing our consumer habits? Vegetarian-related investing has moved from a fringe idea into unicorn territory; once the domain of impact investors only, it is now going mainstream with the development of the FoodTech sector, a structural investment theme that investors cannot ignore.

Vegetarianism has gained popularity for altruistic reasons. However, aside from animal ethics and environmental degradation, it can also create more equitable food distribution, protect long established rural communities and can also direct food resources towards disadvantaged societies. Data shows that the production of vegetarian goods supports a more efficient use of resources, as well as reducing environmental damage.

Animal-based food production and farming is well-known for being one of the worst contributors to climate change. [Replacing the average American's beef intake with plant-based alternatives would reduce their food-based carbon footprint by a whopping 96%](#). If the whole world were to enact that shift, it would free up a quarter of the Earth's ice-free land and [up to 15% of global fresh water usage](#). [The amount of water used to produce one kilogram of fruit is equivalent to one fifteenth of that required to produce the equivalent weight of meat](#). Tragically, we

make enough food for everyone in the world to eat well, but our dietary habits lead to an over production and over consumption of meat and its related foodstuffs in rich countries which in turn crowds out our ability to provide the grains and pulses needed for healthy nutrition in emerging markets. Global agri-supply chains are also increasingly lengthy; the components of many products we consume travel hundreds of miles, further adding to pollution globally.

The food industry is big business, not easily messed with. It is in the major agri-businesses' interest to persuade consumers in rich countries to consume as many calories as they can. Our diets are addictive. Business models conflict with our social needs and have led to increasing obesity in the developed world and a resultant health care crisis. The cost to society of our eating habits is only just now being calculated.

Our bodies need nutrition in order to survive and stay healthy. But food consumption often lacks real nutrition, instead containing highly addictive processed ingredients creating the craving for more.

Often, we blame ourselves for our food addictions, and our need to consume products that harm our health and the world in which we live. We struggle to choose the healthy and socially responsible options.

The [OxyContin drug scandal](#) in the US provides a useful comparison to the food supply chain. Like opioid-addicted patients, many consumers are addicted to over-eating junk food. Food retailers and

outlets are the equivalent of doctors incentivized to write prescriptions and the large agri-businesses to the drug manufacturers. The OxyContin scandal illustrates the perpetuated harm from over-prescription, its contribution to encouraging addiction, and the ensuing costs to society.

Is it possible in the future to imagine the main stream agri-industry and food retailers facing the same regulatory scrutiny as the sugary food and drinks industry? The crack down on high sugar-content goods was led by government reviews which in turn influenced consumer demand. The meat industry is beginning to experience a similar process.

The agri-business is made up of large, well-capitalized companies that together [control over 65% of all seed and grain production, and over 80% of all final animal products](#) globally. A powerful oligopoly that controls what we eat and how we eat it.

[These large companies dominate our global resources and heavily influence government policy.](#) Their sheer scale determines where products are produced and where they are consumed, typically creating an enormous gap between developed and emerging countries.

The pursuit of profit without the inclusion of all of the societal and environmental costs of production leads to short-term decision-making, with poor consequences for our natural resources and for workforce health and safety. The use of fertilizers and pesticides is well-known to increase the harvest yield. Yet they can lead to the deterioration of the surrounding ecosystem. Crop yields decline as soils are damaged. The knock-on consequence of focusing only on short term growth, can lead to less developed countries facing depletion of their regional resources, deterioration of public health and greater impoverishment.

What can we do about it? Well, it turns out quite a lot! The consumer has real power to change this game permanently for the good. We need to educate ourselves on the origins and on the resources required to produce the food we eat. We need to cut down (not necessarily cut out) on foods that cause both us and the environment harm. Eating less meat (especially beef), or if possible, no meat at all, and sourcing more

of our food from local suppliers would be a big step in the right direction.

However, this also feels like a 'chicken and egg' moment. If there were more products available, then more people would make the transition to vegetarianism or veganism. We are seeing the green shoots of this change emerging. Change follows the money. The money will come when we get to scale. The more flexitarians, vegetarians and vegans that there are in the world the more innovation there will be in the industry, helping to reduce costs and so improve the accessibility of non-animal food alternatives to more consumers.

This culture change will take time. The investment community has a big role to play. Agri businesses make up a substantial part of retirement portfolios. Fund managers have real power and need to make sure that this sector is held to account. At the very least, to demand good governance and transparency on company policies surrounding carbon emissions, workforce practices and consumer health and well-being. Ideally, championing Board level focus on sustainability and a clear roadmap to a less destructive, healthier and more equitable food supply chain.

In order to reduce the environmental impact of food production, investment ideally needs to flow towards more environmentally-friendly production systems. However, accessing such investments has historically been difficult. Given this industry is still nascent, it is typically the domain of Venture Capitalists and Private Equity, however there are companies that are forging a pathway ahead for investors looking to align their investing with their values, such as [Invest Vegan](#).

Changing our eating habits can complement the green transformation we are seeing in our energy supply and in our waste management. The investment community can act as a catalyst encouraging Agri-businesses globally to up their game. These changes will help speed up the food revolution that is so sorely needed.