

Food giants appointing teams to focus on plant-based products

Forty percent of "leading" food firms, including Kroger, Tesco, Nestle and Unilever, now have dedicated teams focused on plant-based products, according to new research from collaborative investor network the FAIRR Initiative.



Credit: Polina via Pexels

The figures were published following a four-year investor engagement programme between the FAIRR Initiative and 25 large food retailers and manufacturers. FAIRR's Sustainable Proteins Engagement network includes a coalition of 88 investors, which work with 15 retailers and 10 food manufacturers including Nestlé, M&S, Sainsbury's, Carrefour, Costco, Amazon and Walmart. The network aims to encourage major food firms to diversify their protein sources to drive growth following the surge in demand for plant-based products.

FAIRR's research found that two in five global food giants with combined annual revenues of \$459bn now have dedicated teams to develop and sell plant-based alternatives to meat and dairy, with Tesco and Unilever ranked top.



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5 Feb 2020



Tesco and Unilever were praised by investors for their commitment to shift food portfolios to more sustainable protein sources, demonstrating board-level support for a climate-aligned protein transition (the shift away from animal proteins towards plant-based and new protein sources), and completing a climate 'scenario analysis' on their commodity supply chains.

Costco and Kraft Heinz were said to be "falling behind" their rivals, while Amazon, which continues to expand its presence in the grocery market, remains silent on its approach to enabling a climate-aligned protein transition.

In total seven of the 15 retailers now sell, or plan to sell, plant-based meat alternatives "on the meat aisle".



Fry's joins new global plant-based food collective The Livekindly Co.

12 Mar 2020



Watershed year for plant-based market capitalisation

The data comes from the new online [Sustainable Proteins Hub](#) for investors and '*Appetite for Disruption: A Second Serving*' report, launched recently by FAIRR. The report highlights new research that shows over \$1.1bn of venture investment has flowed into alternative proteins in the first half of 2020, more than double last year's total investment (\$534m). The alternative protein market is expected to grow to \$17.9bn by 2025.

According to FAIRR, global food giants are responding to alternative protein growth by growing specialist teams to accelerate the development of plant-based technologies and products:

- Kroger, Coles, Marks & Spencer, Sainsbury's and Tesco all have dedicated human resources focused on plant-based product development.
- Half of the engaged manufacturers (Conagra Brands, Kerry Group, Nestle, Saputo, Unilever) said they have dedicated individuals or teams focused on alternative protein development, such as new product development or new protein sources.
- 10% of all Nestlé's R&D employees are now dedicated solely to the development of plant-based products, while Unilever has invested \$94m in a new innovation centre housing 500 employees with a focus on plant-based innovation for brands like Knorr and Hellmann's.



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Investors also welcomed a 57% increase from 2019 to 2020 in food companies with Scope 3 emissions targets including emissions from animal agriculture. Despite agriculture accounting for around 30% of global greenhouse gas emissions along with forestry and other land-use, corporate targets have historically failed to address the emissions footprints of animal agriculture and its supply chains.

Jeremy Coller, founder of FAIRR and chief investment officer at Coller Capital, said that big food brands are vying for their slice of the plant-based pie.

"They are drastically scaling-up and skilling-up their capacity to research and develop plant-based alternatives to meat and dairy. Tangible goals for a protein transition are being put in place. The post-Covid landscape has made 2020 a watershed year for the sustainable protein market: the sector has attracted double the investment of last year in just six months," Coller said.

Pandemic exposes fragility of supply chains

Amidst public concern over the link between meat production and the ongoing Covid-19 and African Swine Fever crises, retailers and manufacturers are facing a surge in demand for plant-based products, said FAIRR.

This has been felt most acutely in China where pork consumption is estimated to drop by 35% this year, while plant-based pork brand OmniFoods saw record growth across China and other Asian markets. Brands like Impossible Foods and Oatly have set their sights on the region and Nestlé is to build a \$100m plant-based centre in China.



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"The Covid-19 crisis has exposed the fragility of supply chains, and illuminates the need for innovative and alternative proteins to be explored as a potentially more resilient solution to the issue of soaring global protein demand," said Julia Kochetygova, head of EMEA Stewardship at Northern Trust Asset Management.

Nina Roth, director of responsible investment at BMO Global Asset Management, added: "Changing consumer attitudes, food tech innovation, environmental and health risks – also for workers – are set to reshape the protein production industry as we know it, with the alternative protein market expected to grow to \$17.9bn by 2025. This brings sizable opportunities for companies that implement strategic goals for managing a robust protein transition."

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