DEEP DIVE

Transforming the food system



Why do the Living Planet Report's findings matter?

Recent years have demonstrated how the physical effects of climate change and biodiversity loss have moved from forecast to commercial reality. Record heat, drought and flooding have hit harvests at home and abroad, driving price spikes and shortages in market staples from cauliflower to cocoa.

- Food businesses are increasingly facing nature-related risks that can affect long-term performance and resilience, including increased input costs, supply chain disruption, regulatory and disclosure requirements, and investor and consumer expectations.
- Transforming food systems is therefore not only an environmental imperative but also a strategic business opportunity.

WHAT FOOD BUSINESSES CAN DO AND QUESTIONS FOR BOARDS

The critical first step for any business is to understand its nature dependencies and material risks across its value chain. Specifically for the agri-food sector, three interconnected pathways can help create a food system that benefits both people and nature.

1 Nature-positive production:

Eliminate deforestation and ecosystem conversion from supply chains, ensuring all operations and suppliers are aligned with Accountability Framework initiative guidance.

- With the EU Deforestation Regulation entering into force on 30th December 2026, and the UK equivalent nearing consultation, getting ahead of regulatory compliance protects your company from severe fines, border seizures and operational bans.
- Investing in the scaling of regenerative and nature-positive production practices can reduce dependencies on costly and volatile inputs such as fertiliser, which have seen an average increase of 25% since the conflict in the Middle East began this year. Collaborating to support landscape or seascape resilience will be critical to share the cost of delivering sustainable production regions and reduce exposure to supply shocks and resource scarcity.
- Improving the traceability of supply chains to understand risk hotspots within your sourcing can enhance business resilience. The UK imports 40% of the food it consumes from overseas, and a quarter of those imports – worth £17 billion in 2025 – come from regions most vulnerable to climate change impacts, soon to be exacerbated further by El Niño.

WHAT FOOD BUSINESSES CAN DO AND QUESTIONS FOR BOARDS (continued)

2 Healthy and sustainable diets

- Expanding plant-rich product portfolios and aligning commercial, health and sustainability objectives can help food companies capture the opportunities from the transition.
- For retailers and food service providers, protein diversification is becoming a commercial resilience strategy. Companies with a heavy reliance on animal-protein supply chains face growing exposure to climate-driven volatility in animal feed, fertiliser, land and water costs, while a more diversified protein portfolio can reduce supply-chain risk.
- There is also evidence to show these strategies pay off. For example, Lidl reported a 700% increase in sales of own-label plant-based products, surpassing their 400% target, demonstrating a ready customer base. Setting targets on protein splits (plant: meat: seafood), disclosing against them, and developing costed plans for delivery is a win-win strategy.

3 Food loss and waste reduction

- Setting targets, measuring performance, and using data to identify and reduce waste across operations and supply chains can drive performance and improve profitability.
- Evidence shows that businesses typically achieve a 14:1 return on investment from food waste reduction activities through buying, handling and discarding less food, with environmental gains associated with more circular systems delivered as a co-benefit.



Questions for boards:

1. Where have yields, quality or availability already deteriorated, and are there any areas the company has moved away from because of a lack of water?
2. What percentage of products sold are sourced from places where there is high confidence that supply will not be disrupted by climate change and nature loss?
3. How are contract length, pricing and supplier–investment decisions helping farmers adapt and maintain productive capacity?
4. How does the company ensure that urgent adaptation spending does not displace the emissions reductions needed to limit future physical risk?
5. Where does the company expect switching sourcing regions to remain a viable response, and where could correlated climate impacts make that strategy ineffective?

BASKET ITEMS ON THE BRINK

Excessive heat and shifting rainfall patterns caused cocoa prices to surge 136% between 2022-2024. Key **cocoa** growing regions are set to become unsuitable for production.

Record summer heat in 2026 contributed to an unprecedented impact on UK **milk** production, costing farmers over 240 million litres in losses due to heat stress, worth over £83 million.

With feed crop producing countries like Brazil facing increasing risk of droughts and water stress, costs could push UK **pork** prices up by £59m by 2050.

Global **coffee** prices increased by 40% in 2024 due to extreme weather. Rising temperatures projected to reduce the area suitable for Robusta coffee growing by 50% by 2050.



Northeast Atlantic **mackerel** population remains in a critical state, with updated catch recommendations continue to warn of collapse and fishing rates exceeding scientific advice by an average of 39% since 2010.

93% of **bananas** imported into the UK come from climate-vulnerable regions in Latin America and West Africa. New Fairtrade analysis found that during the 2023-24 El Niño, banana productivity fell by 22% in Ecuador and 13% in the Dominican Republic. This year's intensified El Niño event is anticipated to drive further production losses.

Within the last year, global **sugar** prices rose 28.8%, largely due to extreme weather events disrupting harvest and operations in Brazil. Major sugar producing regions in Brazil, India, and Thailand will be hard hit by the incoming extreme El Niño event.

Global **rice** prices have increased by 14.1% in the last year as harvest delays, extreme weather and rising production costs tightened supplies. Rising climate-related pressures on rice production have become so significant that some major cereal brands have begun reformulating products to use alternative ingredients.