



Sustainable Food

The United Nations Environment Programme (UNEP) estimates that the world's population will reach 10 billion by 2050 and projects a global food shortage by the same year owing to a water, land and energy shortages. The food system is, therefore, the focus of many of the United Nations' sustainable development objectives; a set of challenges does, however, need to be overcome.

KEY MESSAGES

Food security is one of the biggest challenges in the next three decades on account of the rapid rise in the world's population.

The challenges of our food system

Food sustainability, a term that has acquired increasing importance in recent years, does not just relate to food in the strict sense of the word, but also includes a set of factors such as the way in which food is produced, distributed, packaged and consumed. Sustainability generally refers to the ability of the Earth (with all its resources) and the human race to co-exist successfully. In other words, sustainability means meeting our needs without compromising the ability of future generations to meet their own and without depleting the Earth's natural resources.



Source: [MeteoWeb](#)

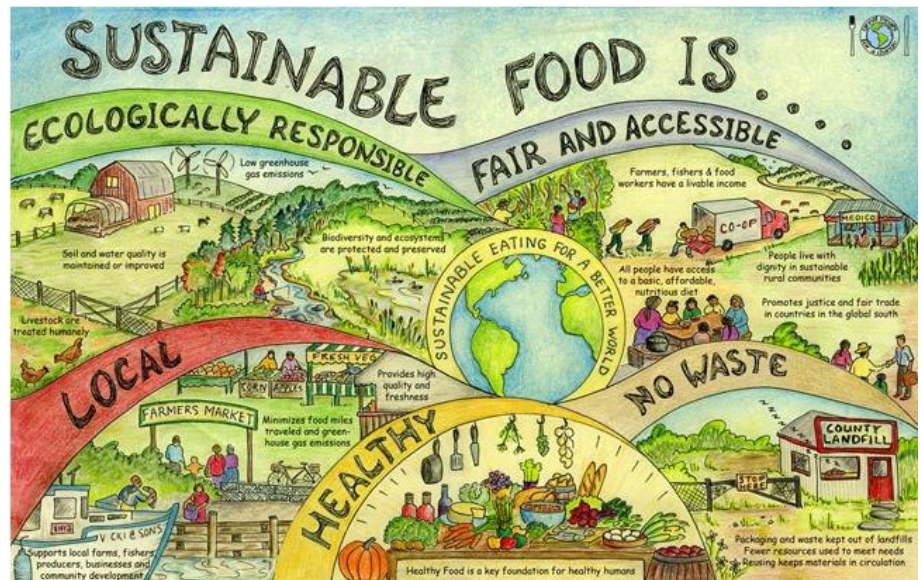
We are currently unable to feed the world's population. As this is projected to reach the 10 billion mark by 2050, food production would have to increase by 60-70% to meet the needs of the rising population: that is why food security is one of the priority challenges to be tackled over the next three decades. It is vital to ensure that this growth takes place responsibly without jeopardising the future of our natural resources. Suffice to say that the entire transport industry (including road, aviation and sea transport) currently produces less greenhouse gases than the agricultural industry. Increasing the size of the latter by more than 50% would be devastating for the environment. Furthermore, considering that food production currently represents 70% of the planet's fresh water use, an expansion to meet growing demand in this context would put already scarce resources under increasing pressure.

To add even more complexity and delicacy to this situation, there is an excessive consumption of food by many populations and, by extension, a considerable amount of food waste. This exerts further unnecessary pressure on the food system, which is already precarious in itself. Around one in three people suffers from some form of malnourishment (wasting, stunting and underweight), lack of micronutrients but also overweight, obesity and non-communicable diseases associated with food – such as heart disease and diabetes.

The supply chains through which most goods we consume on a daily basis pass have become increasingly complex over the years: it is, therefore, vital that we guarantee their integrity. Nowadays, in fact, the supply and transport of raw materials/products

through multiple countries using multiple players as well as their processing and retail sale, make it extremely tough to monitor any fraudulent behaviour.

Finally, there is a dual relationship between food and the climate: on the one hand, agriculture and the entire food sector are among the primary causes of climate change which, on the other, compromises the operation of foods systems, constituting one of the main factors in the increase of world hunger in recent years.



Source: [The Nutrition Guru](#)

The recent IPCC (Intergovernmental Panel on Climate Change) report confirms that extreme climate and meteorological events will reduce food production with wide-ranging effects on crops, livestock and fish, and will alter the prevalence of pests in crops. These consequences will be more serious in poorer countries and will cause food crises such as famine and poverty. That is why it is necessary and important for every player involved in food production to adopt sustainable food practices as soon as possible.

For consumers, this will mean making purchases and eating more consciously, disposing of as little as possible and ensuring that it is carried out as consciously as possible when it does happen. For food production lines, rather, it will mean working with more sustainable packaging and working methods within the framework of food supply.

KEY MESSAGES

We need to change our food habits.

Sustainable food habits

Consumer choices and behaviour have a significant impact on food sustainability. That is why a radical change is this sense is necessary: the consumption of fruit, vegetables, nuts and legumes, for example, should be doubled whilst that of red meat and sugar should be reduced by at least half.

How can our food be made more sustainable?

Consume local food

Prioritising the consumption of regional food guarantees reduced use of transport and, therefore, a reduced impact on the planet in terms of CO2 emissions.

Increase the variety of food consumed

Choosing a varied diet has a positive impact on agriculture, as it means that it does not have to focus on a limited circle of products and crops, but can move between a wider selection of crops, which benefit the environment.

Reduce waste

As already stated, food waste puts unnecessary pressure on the food system. For example, more than 40% of the food produced in the United States is thrown away. This translates into a waste of all the resources used for the production of this food, on the one hand, and the failure to use them in situations of greater need, on the other.

KEY MESSAGES

A lot can be done in the food production and supply environments too.

Sustainable food production

Food sustainability can also be improved through the production and supply processes.

Economical water consumption

By adopting drip systems to replace conventional irrigation or using waste water to irrigate fields, it is possible to reduce the consumption of water in the agricultural industry. At global level, around 70% of fresh water is actually used in this sector.

Local distribution

Prioritise local or national supplies that ultimately make it possible to reduce fossil fuel consumption, since the journey the food has to take to reach the end consumer is limited. If a more local distribution is impossible, the use of alternative fuels or more ecological vehicles represents another way of increasing food sustainability.

Sustainable packaging

Use sustainable packaging that generates a lower environmental impact whilst effectively protecting the food and providing consumer information.

Waste containment

Implementing a circular economy system – an approach that provides for the recovery of the raw materials used – guarantees the environmental sustainability of the entire cycle. To this end, the European Union has established the so-called waste hierarchy to minimise the negative impacts of waste management and production.

KEY MESSAGES

Investors who adopt a thematic approach are inspired by structural trends and look for opportunities beyond their own borders and traditional sectors.

Why is sustainable food a useful subject in the investment environment?

In 2022, the financial markets recorded high volatility within the context of an interest rate rise, high inflation and modest economic growth.

Despite recent difficulties in the financial system, the continued conflict between Russia and Ukraine and high inflation not contributing towards the attenuation of market volatility, we believe that investors who adopt a thematic approach can draw inspiration from structural trends and find opportunities beyond geographies and traditional sectors.

ESG (Environment, Society and Governance) has been a crucial investment theme for some time and food is a fundamental component of this. Investors accept the need for vigorous action to mitigate risks and, at the same time, recognise opportunities that may emerge from the entire value chain.

It is estimated that, by 2050, 30,000 billion dollars will need to be spent in the different food and water value chains to make our current system sustainable. Therefore, the need to achieve this objective creates the potential for new sources of growth in companies belonging to mature sectors that many investors might have considered “old economy”.

Although market volatility and uncertainty will likely continue in the near future, some investments may still generate a positive return and, above all, impact the environment in a positive way.

In view of the proposed/anticipated structural changes – such as higher efficiency and return, dietary changes and waste and emission reductions – it is possible to expect a wide range of opportunities the length of the food value chain.

Benefits

- *Contribution to the protection of the environment: with the investment instruments proposed, the money is invested in companies working in the sustainable food sector.*
- *Participation in a rapidly growing trend: share prices benefit from growing demand from both private and institutional investors.*

Risks

- *Market fluctuations: depending on market phases, shares are subject to major fluctuations in their value, both upwards and downwards.*

To request the full publication containing the instruments we have selected and recommended or to get more information, please fill in the form on our [website](#) (only available to residents in Switzerland).

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Published on: 11.05.2023