

BETTER FOOD: RE-THINKING THE FOOD SYSTEM ALGORITHM

FROM COMMITMENTS
TO ACTION - DELIVERING
POSITIVE CHANGE IN
THE FOOD SECTOR



Executive summary

The food industry is standing at a crossroads. Nowhere is this more evident than in animal-based production systems.

Managed well, they provide nutrient-dense food, support livelihoods, and can contribute to regenerating ecosystems. Certain types of animal-based production, however, are also at the centre of some of the most pressing issues of our time, including climate change, deforestation and biodiversity loss, antibiotic resistance, human rights, fair livelihoods for farmers, and animal health and welfare.

Despite widespread declarations and commitments, meaningful progress on these issues remains rare. We believe that in most cases this is not due to a failure of intent, but rather a consequence of the fundamental structure of our food system — a system designed with an outdated algorithm, one that no longer serves the complex needs of today's world.

We believe it's time for a new algorithm for our food system — one that balances Ethics, Environment and Economics in order to guide meaningful action that delivers positive outcomes for people, animals and the planet. A 'Better Food' future means creating the conditions that help people, animals and ecosystems resist, absorb and recover from shocks, while also supporting communities to adapt, flourish and nourish themselves, both now and in the future.

Businesses have a critical role to play in this transformation and the opportunities for value creation are immense — through building secure supply chains, resilient ecosystems, thriving businesses and healthier societies. This paper outlines a framework, based on our collective experience, for clear and strategic thinking, action and communication for food businesses that want to safeguard their future and contribute

to a thriving planet. Both FAI Farms and Twig share a mission to build resilient and sustainable food systems. Whether helping organisations establish sustainability strategy, collect and analyse meaningful data, engage deeply with supply chains, or foster trust with stakeholders, we're here to help.

Contact us today to support your transformation journey.



Øistein Thorsen
CEO, FAI Farms



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“Opportunities for value creation are immense — through building secure supply chains, resilient ecosystems, thriving businesses and healthier societies.”



The challenge we face

The urgency of the need for food system transformation is widely recognised, but understanding the existential threat of inaction has not led to the systemic change needed.

The reason for this lies in the fundamental structure of our food system — a system designed with an outdated algorithm, one that no longer serves the needs of today's world.

The global food system as we know it today emerged in the aftermath of World War II. The world faced widespread food shortages, and nations, particularly in the West, needed to rebuild economies while feeding rapidly industrialising populations. Governments, scientists, and industry leaders worked together, mobilising vast resources to meet one clear goal: produce as much food as possible, as cheaply as possible.

This directive led to a revolution in agricultural production. New technologies, industrialised farming techniques and high-yielding crops enabled farmers to meet the demand for food on an unprecedented scale. The results were undeniable: an era of abundance and cheap food. Food science also reshaped raw agricultural outputs into entirely new products, reimagining what food could be.

Hidden costs

Agricultural intensification resulted in a continued push for economies of scale and pursuit of increased yields. This has resulted in an abundance of 'cheap calories' alongside an abundance of problems - reduced crop and livestock resilience, environmental damage, public health problems, human rights violations and vulnerable farming livelihoods, animal welfare and disease challenges, food waste, and a lack of trust.

There are hidden costs associated with producing food, so-called externalities, now evident on a global scale. These costs are typically not paid for by producers or accounted for in the final price of products but instead passed on to society at large. Globally, the hidden costs of agricultural production systems exceed \$10 trillion (10 per cent of global GDP), with environmental costs alone equating to \$2.9 trillion¹.



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Complex issues

Despite producing enough food, 735 million people are hungry globallyⁱⁱ, millions more suffer from chronic malnutrition. According to the FAO (2023ⁱⁱⁱ), the biggest hidden costs not reflected in the price of food are health-related, fuelled by unhealthy diets of ultra-processed foods high in fats, salt and sugars. These diets contribute to obesity and malnutrition, as well as so-called 'lifestyle' related non-communicable diseases, together equating to 73 per cent of the total quantified hidden costs.

Environmental costs include greenhouse gas emissions, land use change (e.g., deforestation), unsustainable water use, and pollution linked to nitrogen emissions from fertiliser and manure entering surface water and the air. While we produce enough food, too much is wasted. UN data suggests that globally 13.2 per cent of food produced is wasted between harvest and retail, generating 8-10 per cent of global greenhouse gas emissions^{iv}.

System failure

Social costs not factored into the price of food include poverty and undernourishment. This includes poverty among people working in food and agriculture with low wages and poor working conditions, as well as lost productivity because people are

unable to work at full capacity due to undernourishment. Globally, these social costs add up to more than \$500 billion, or 4 per cent of all hidden costs^v.

These problems, while often attributed to the system, are not the fault of malign behaviour by individual farmers or food companies. They followed the rules and expectations set by governments and society and executed them brilliantly. The problem is that the rules themselves haven't evolved fast enough. In many cases, subsidy structures, market incentives and policy frameworks are still rooted in the outdated priorities of the mid-20th century, with IMF data showing that globally more than 50 per cent of government support for the food and agriculture sectors is still production focused^{vi}. What's more, where subsidies are now focused on 'public money for public good' there remains a disconnect between government support and the translation of this in terms of increased availability of healthier, more environmentally friendly food, with ultra-processed foods in many cases remaining more affordable.



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A new algorithm for 'Better Food'

A new algorithm for better food systems is needed and requires the acknowledgement that the current food system is causing harm.

It requires a transition from the harm that agricultural intensification has caused, towards a future that delivers positive outcomes for people, animals and the planet by tackling the global challenges of today. Supply chains are disrupted due to biodiversity loss and

climate change. Citizens increasingly want to know where and how their food was produced. Governments are ushering in stricter regulations. Investors want measurable progress tied to environmental and social metrics, along with risk mitigation to protect profits. Employees, too, are raising their voices for purposeful action. Meanwhile, NGOs play a pivotal role in driving awareness and action on issues ranging from animal welfare to climate change.

To move forward, towards a 'Better Food' future, we need bold action, supported by systemic reforms, transparency and dialogue, that recognises the interconnectedness of food production, ecosystems and human and animal well-being. We need a new algorithm for our food system that balances Ethics, Environment and Economics in order to deliver positive outcomes for people, animals and the planet.



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Ethics: A 'Better Food' system must protect and enhance the well-being of people and animals:

- better access to nutritious food for all.
- fair wages, dignity and rights for workers and farmers.
- practices that generate positive health and welfare outcomes for farmed animals.



Environment: A 'Better Food' system operates in balance with nature to:

- address and mitigate pressing environmental challenges, including climate change and biodiversity loss.
- regenerate ecosystems, including soils and water ways.



Economics: A 'Better Food' system must be resilient and make economic sense, by:

- ensuring viable farmer livelihoods, profitable farming businesses and affordable food.
- reducing volatility and enhancing society's ability to bounce back from shocks and disruptions.
- Reducing externality costs to society at large.

Everyone has a role to play

Governments, businesses and farmers must work together to drive the systemic change required.

Governments need to redesign food and farming policies and payments to support multiple outcomes including long term climate resilience, biodiversity, soil health, food security and public health. Banks and investors can help by mobilising capital at scale for the transition at farm and supply chain level.

Farmers are the backbone of the food system and must be supported with incentives, resources, risk management tools, access to markets and knowledge to adopt new methods that align with the principles of a 'Better Food' system.

We believe food businesses also need to play a pivotal role in driving this change. While they cannot do it alone, their market influence and ability to innovate, scale solutions and drive consumer demand make them key agents of transformation.

“No matter an organisation’s current position, the need for urgent action is a business imperative driven by real risks and uncertainties.”

A time for action

Corporations must translate commitments into action that aligns with the new food system’s priorities. This is why this report presents a framework for corporate action - one that helps them implement the principles of the new food algorithm into their core operations.

Not every company needs to lead the charge, but every company has a role to play. In reality, businesses across the food sector are at vastly

different stages in their approach, and each faces unique challenges as they attempt to navigate the transition.

Some are leaders, with clear, science-backed plans, measurable targets, accurate data and engaged supply chain partners. Their opportunity is to drive innovation, initiate collaborations, challenge current thinking and be open to sharing their learnings with others. In return, they will gain first mover advantage.

The majority are followers. Their opportunity is to be fast adopters of proven practices, bring strategic focus, understand and engage their supply chain partners and collaborate to amplify impact. No matter an organisation’s current position, the need for urgent action is a business imperative driven by real risks and uncertainties.





Beyond commitments

Commitments have the power to drive behaviour change.

Setting goals publicly, whether big or small, can inspire progress. Over the last few decades, this psychology of behaviour change has been applied to corporates by advocates, collaborative initiatives and sustainability departments. As a result, many businesses involved in farmed animal supply chains have made ambitious sustainability commitments, including “The Better Chicken Commitment”, “Cage-free eggs”, “Science Based Targets”, “No Deforestation” or “Antibiotic Free”. Such commitments are a welcome signal of rising awareness

within corporations of the challenges facing the global food system and, in some cases, this has worked well, especially when senior named individuals within a business make the public commitment and put their reputation on the line. However, in the context of sustainability commitments, delivering meaningful action remains a challenge.

Action not aspiration

One of the problems with commitments as a tool for change lies in their somewhat performative and reactive nature. Unlike internal policies, supplier code of conducts, product specifications or shareholder

resolutions, commitments often exist in a realm of legal ambiguity. This ambiguity has left companies with minimal enforceable accountability - making commitments more akin to aspirational statements than actionable mandates.

What’s more, in many cases commitments have been made under pressure, and sometimes for the wrong reasons. Company commitments have often been made in reaction to high profile pressure campaigns from NGOs or civil society groups, where the driving motivation has been ‘to make the noise go away’. Commitments are often tied to deadlines that extend

beyond the tenure of the CEOs making them, raising serious questions about accountability for delivery. For example, a CEO might pledge net-zero emissions by 2050 while their own tenure will end within the next five years, leaving future leaders to grapple with the implications and execution. Combined, this has led commitments to sometimes inadvertently undermine trust and foster a culture of deferred action rather than urgent transformation. As a result, commitments alone can become tools for short-term reputation management and brand differentiation rather than vehicles for longer-term operational transformation.



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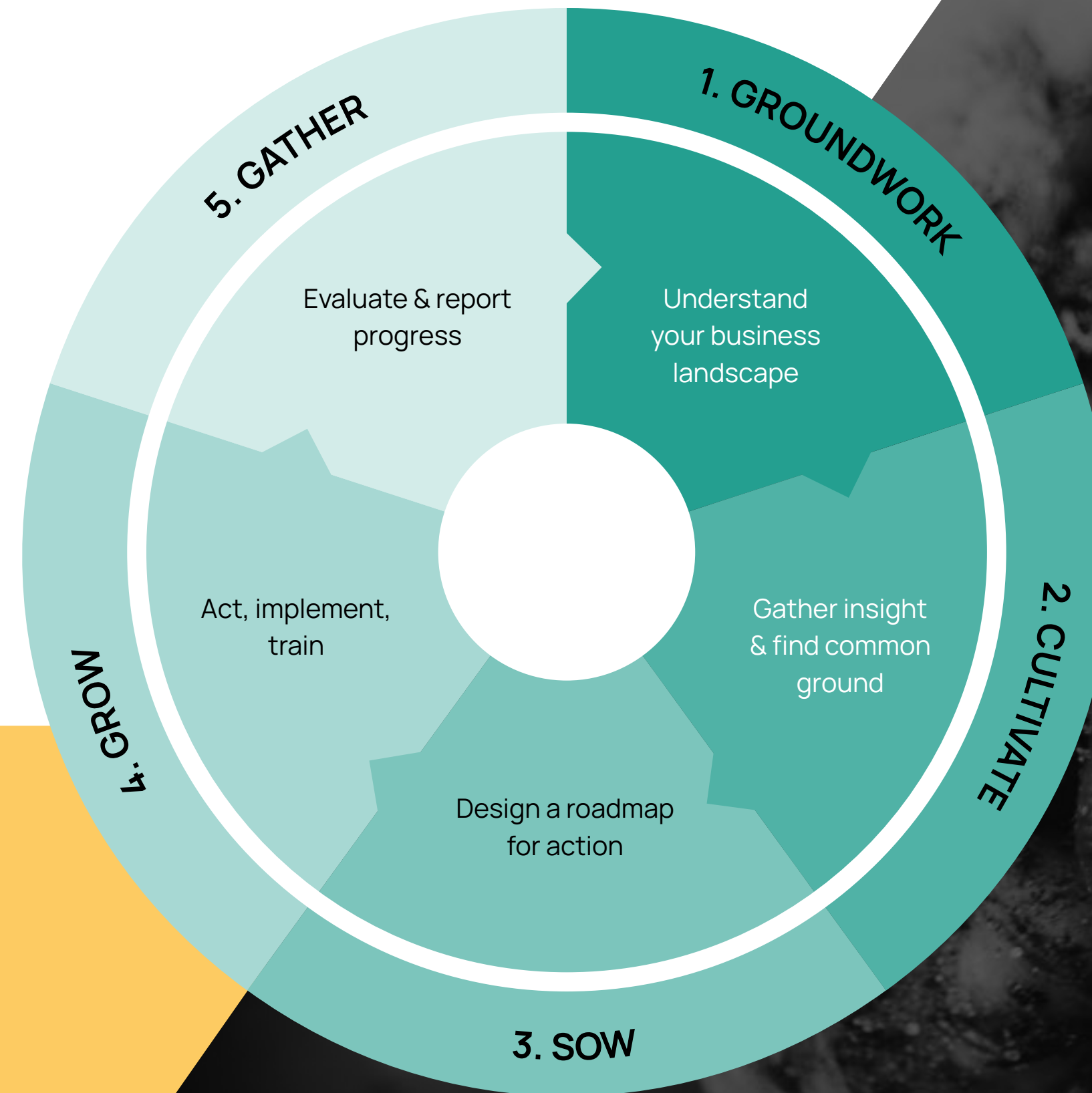
A framework for corporate action

To help companies move beyond commitments to develop clear roadmaps for action we present here a Strategic Framework for 'Better Food'.

Change is never easy; it disrupts established processes and behaviours and challenges long-held assumptions. For it to succeed we also need to rely on the power of stories to align, inspire and mobilise groups of individuals.

1. Groundwork - understand your business landscape

True change is built from the ground up – starting with understanding your business landscape and footprint. What is the scope of your change process (brands, products, species, geographies) and what are the material risks and opportunities you face? Identifying opportunities and aligning them with commercial priorities is critical to mitigate risk and realise opportunities for shared value creation.



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2. Cultivate - gather insight and find common ground

When the boundaries of the landscape have been established, the next step is to go deeper in gathering insight about current standards, practices, outcomes, stakeholders and competitors. How is the system currently performing and how do you compare to scientific recommendations of best practice, competitors, market expectations or assurance schemes?

Success deeply relies on identification and alignment of incentives among internal and external stakeholders. Executives, procurement, suppliers, farmers, production workers and everyone else who create value in a supply chain need to feel connected to the process.

This begins with authentic engagement grounded in mutual respect and aligned with an organisation's values. Change cannot feel imposed or disconnected with what an organisation stands for – it must resonate deeply at every level, or it will not be credible. As such, change communication must be two-way and focus on both logic and emotional connection.

Build trust through clear values alignment in what you say and do and recognise that many challenges require collective and pre-competitive solutions. Do this effectively and you also unlock opportunities to spread the cost and risk of change more equitably across the value chain.

Find common ground through articulating clear problem statements, a shared vision for success and your 'theory of change'. Getting this right from the start through precise language, goals and objectives will prevent confusion and enhance engagement.

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3. Sow - design a roadmap for action

To facilitate action, investment and implementation, your shared vision must be broken down into manageable, actionable steps. Your action priorities will depend on your ambition but should include the following elements:

Clear, feasible targets:

A roadmap should include measurable targets that go beyond vague commitments and should be underpinned by stakeholder engagement and evidence of feasibility.

Transition programmes and finance:

Identification of opportunities for business-critical innovations, collaborations, and plans for adoption of proven improved practices to amplify impact and benefit suppliers.

Contracts, standards and assurance:

Ensure your plan is anchored in company ways of working and accountability mechanisms, including supplier contracts, product specifications and executive remuneration.

Training:

The COM-B model for behaviour change is a useful tool to help determine whether stakeholders have the Capability, Opportunity and/or Motivation to adopt the behaviours necessary to deliver the desired change.

4. Grow - act, implement, and train (staff/suppliers)

This is where the rubber meets the road. We encourage companies to embed the implementation into core functions, but we can support in certain areas, including:

Support to farmers and suppliers transitioning to better practices. By updating supplier standards and agreements, you may be asking farmers to invest in new approaches and infrastructure at a substantial financial and mental cost. Offer technical assistance, grants, insurance and financial risk mitigation programmes to mitigate the potential downsides of transitioning. Remember, success will not come from forcing one part of the food supply chain to act for another. Instead, it will come from real partnerships with shared purpose. A shared vision and genuinely collaborative behaviour are therefore key to success. This requires open dialogue and relationships defined by trust, humility and mutual respect. Communication to farmers must be clear, integrating technical knowledge with shared values to unite supply chain partners

in a mission for change. By helping suppliers through the transition, corporations ensure a more resilient and sustainable supply chain.

Innovation, research and development to create sustainable solutions that reduce environmental impacts and improve animal welfare. This includes innovations in precision agriculture, renewable energy systems, waste management and technologies to monitor animal welfare. Embrace new thinking and be willing to experiment with new models. Uncertainty should not paralyse action. Companies that innovate will lead the charge toward systemic change.

Training: create a company-wide sustainability culture by engaging employees and suppliers about your organisation's ambitions. Ensure that all employees and suppliers, from top management to ground-level workers, have the tools, skills and knowledge to deliver the roadmap.



5. Gather - evaluate and report progress

Transparency is key to building trust and demonstrating a genuine commitment to sustainability. Progress must be tracked and openly reported, ensuring that setbacks are acknowledged and addressed with actionable plans.

For data collection and reporting to be the driver of the 'Better Food' transition we know it can be, businesses need to define meaningful KPIs to track

progress across the supply base. These should be outcome-based, transparent, shared openly with all stakeholders and updated as challenges are encountered. It is critical that the data collection methods and systems used deliver clear, immediate and equitable value to all stakeholders.

It is also important to recognise that the systemic sustainability challenges facing food businesses will not be solved overnight, so a new definition of success is required. Progress will mainly be incremental and sometimes

step-change, but it will not be in a straight line, with successes and failures along the way. Being realistic about that path, whilst maintaining confidence that enough small actions build to long-term change, is essential to keep people positively focused on the end goal.

To make sustained progress, we need to foster a culture of self-motivated improvement over compliance. To achieve this, efforts need to be made to build trust through values alignment with stakeholders, so that they

understand not only what they are being asked to do, but why and what impact it has for them directly and more widely. Then, when setbacks happen (which they will) failure can be met with resilience and discussion about alternative options, rather than blame.

By prioritising long-term resilience over short-term gains, companies can help shape and support public policy that accelerates the transition to a more sustainable and equitable food system.

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Get in touch

Progress demands action and food businesses have a critical role to play.

Indeed, their very survival depends on it. By embedding sustainability into the DNA of their operations, food businesses can safeguard their future and contribute to a thriving planet.

Both FAI Farms and Twig share a mission to secure a sustainable food system. Whether helping organisations establish sustainability strategy, collect and analyse meaningful data, engage deeply with supply chains, or foster trust with stakeholders, we're here to help.

Contact us today to support your transformation journey.

Our services

FAI Farms

At FAI Farms, we have considerable experience in helping food businesses create meaningful, sustainable change and our mission is clear: to improve animal-based production systems and supply chains. We are dedicated to 'Better Food' - that means continuous positive change for people, animals and the planet.

Our approach is collaborative. We partner with corporations, farmers and other supply chain stakeholders to co-create practical, scalable solutions. Find out more at www.faifarms.com



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Twig

At Twig, we know effective communication is critical to creating a sustainable future for agriculture and food, and we help organisations across the food supply chain deliver that. We are recognised for our expertise in farmer and stakeholder engagement and trust-building, delivering meaningful long-term change.

As a Certified B Corp, we are dedicated to using communication as a force for good, positively transforming the future of food and farming. Find out more at www.wearetwig.com



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