



Sustainable Markets Initiative

THE SUSTAINABLE MARKETS INITIATIVE AGRIBUSINESS TASK FORCE

SCALING REGENERATIVE FARMING: AN ACTION PLAN

FOREWORD

The food supply system, on which we all rely, is threatened by climate change and biodiversity loss. Regenerative farming can help us tackle the environmental impact of and on our supply chains as a critical part of our path to net zero and help to strengthen their future resilience. However, despite many companies and governments acknowledging these benefits and despite efforts to advance this approach on the ground, regenerative farming is not scaling fast enough to address the challenges we face. The rate of growth needs to triple to reach 40% of global cropland by 2030 and deliver against the world's need to limit climate change to 1.5 degrees.¹ Why is it not scaling faster?

At the request of the Sustainable Markets Initiative, we formed a Task Force to answer this question and to identify what we, the private sector, can do about it. This Action Plan is the result of a year of collaborative work

among Task Force members, other companies, stakeholders and, most critically, farmers. Building on the progress of other initiatives, we've used three food value chains as case studies from which to identify the reasons for the slow adoption and to develop actions the private sector can take to accelerate it.

Farmers, large or small, farm the way they do as a result of the market dynamics we have created through the food system. Right now, those dynamics favour current farming methods but, as leaders of companies that play a key role in the system, we can make changes that mean farmers can - and will want to - farm in a more sustainable way. We have therefore chosen to focus on what we, the private sector actors in the value chain, need to do ourselves to make regenerative farming a 'no-brainer' for the farmer and support and enable them to transition to and sustain this new system over the long term.

With the inflationary environment and widespread supply chain disruption, it would be easy to reduce our focus on the longer-term challenge of scaling regenerative farming. But we believe it's vital we maintain a sense of urgency. We must take action now to avoid more acute crises in the future.

One of the issues slowing progress is that regenerative farming is not an exact science; we don't have all the answers. But we know enough to be clear that it's the right direction of travel and we see emerging proof points that give us confidence in our ability to speed up its implementation. There are parallels with how commitments to net zero have unfolded: discussions in boardrooms about the cost of action have now moved to an acceptance of the cost of inaction and a willingness to move in the right direction. We in the global food system must similarly ensure we don't give up on progress because we are waiting for perfection.



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Outgoing CEO
Mars Incorporated



Werner Baumann
CEO
Bayer



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HowGood




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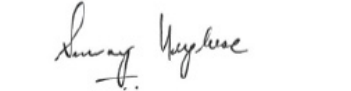
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The Sustainable Markets Initiative launched the Terra Carta in 2021; a mandate that puts sustainability at the heart of the private sector, providing a proposed set of principles to 2030 that puts nature, people and planet at the heart of global value creation. The findings of this Action Plan and the broader work of the Agribusiness Task Force directly support the following articles of the Terra Carta:

- Article 1:** Creating Sustainable Industries
- Article 2:** Default Sustainable
- Article 7:** Nature, the True Engine of Our Economy
- Article 9:** Adopt Common Metrics and Standards

EXECUTIVE SUMMARY

Regenerative farming needs to scale three times faster to address the threat to a resilient and sustainable food supply presented by climate change and biodiversity loss. This Action Plan sets out to identify what can be done by the private sector to accelerate the adoption of regenerative farming, recognising this is imperative to achieving net zero commitments and preventing future supply disruption.

It is the result of collaborative work carried out by a Task Force representing key companies in the global food supply system with the support of other players from across the value chain.

The Action Plan has been created with a focus on what the private sector can do to create the conditions in which it is a 'no-brainer' for farmers to want to farm regeneratively; we believe this is the key to achieving scale.

WHY REGENERATIVE FARMING IS NOT SCALING

Our work showed that there are three main reasons why regenerative farming is not scaling:

The short-term economic case is not compelling enough for the average farmer

There is a knowledge gap in how to implement regenerative farming

Drivers in the value chain aren't aligned to encourage regenerative farming



WHAT WE DID

We created three case studies by exploring these value chains.

Our aim was to look at different farming archetypes so that the recommended actions could apply to a wider range of crops and geographies. For each case study, representatives from each step of the value chain worked together to understand the issues from the farmer's perspective and identify what each sector could do to make regenerative farming more attractive to them.

We also interviewed farmers and other stakeholders in order to fully understand how the current value chain and market conditions may be creating a barrier to the adoption of regenerative farming as well as to identify examples of interventions demonstrating potential to achieve mainstream scale.



Smallholder: India - Basmati Rice



Commercial Contract Grower: UK - Potatoes

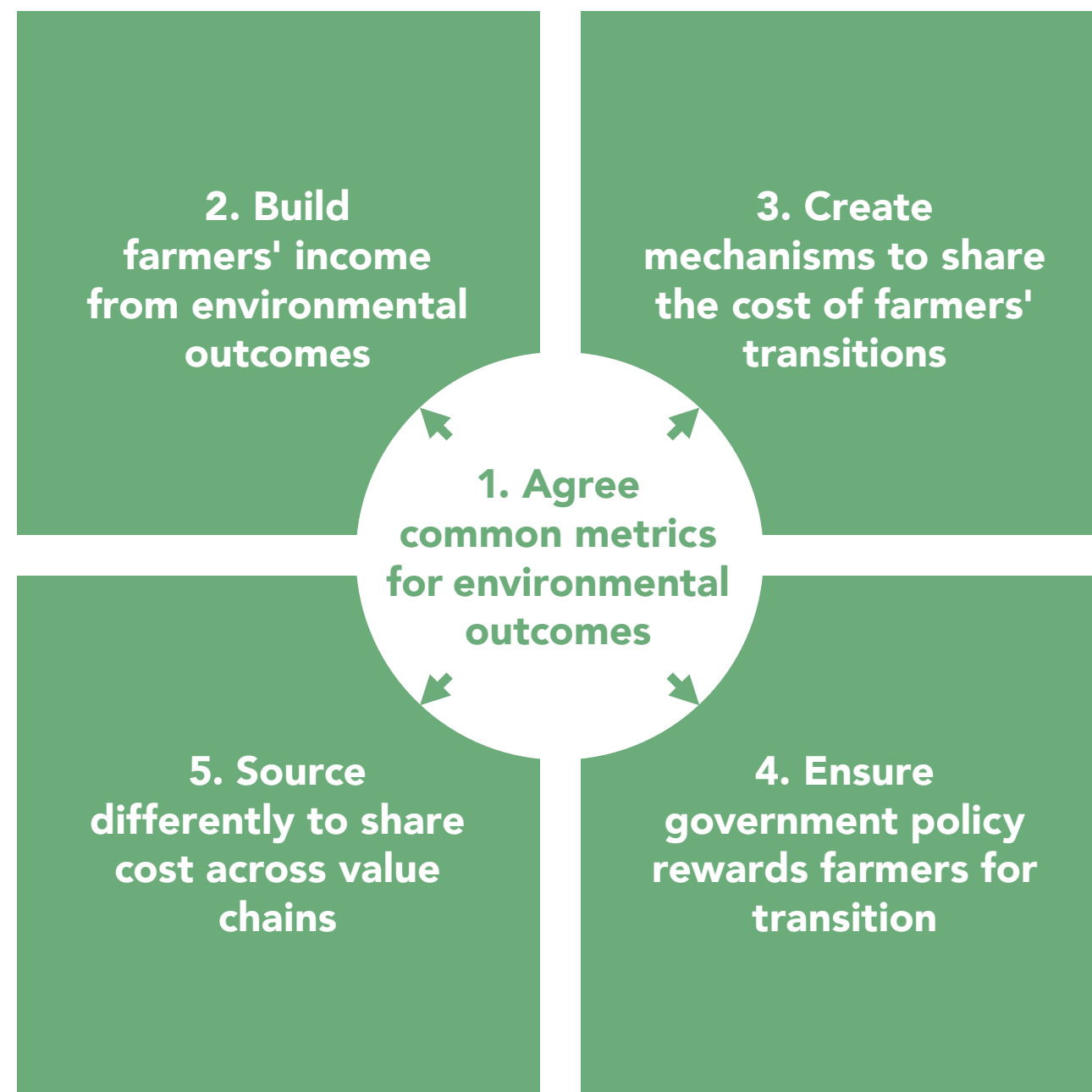


Mid-large Family Farm: US - Wheat

WHAT WE CAN DO ABOUT IT

THE BIG FIVE

The biggest constraint of the three on page 5 is economic; if the economic case is not sufficiently attractive, then farmers will not look to overcome the other issues. For this reason, we have focused on the Big Five issues that relate to how to make regenerative farming pay for the farmer. These are complex system changes that require further planning and collaboration across the food system and with governments.



Actions to take now

We've also created a set of actions which are comparatively straightforward and enable companies throughout the value chain to make their own changes; the Action Plan contains a sector-specific guide to help companies understand what they can do right away.

If these Big Five issues can be addressed, coupled with progress on knowledge and drivers through implementing the 'Actions to take now', there is every reason to believe that scaling regenerative agriculture across the world is achievable.

Key insights for successful implementation

To succeed in implementing the actions and solving the Big Five issues, we must:

- **Shift our mindset** from focusing on what the farmer needs to do to what our organisations can do to make it easier and more attractive to adopt regenerative farming
- Accept ambiguity and **make decisions based on the balance of evidence**, not precise costs and valuations
- **Get better at collaboration** within and across sectors and value chains to maximise the potential benefits and cost sharing opportunities
- **Assign our commercial and procurement experts** to develop new models, not only sustainability teams
- Design interventions with a **high level of local specificity** and cultural awareness

Next steps

The Task Force is set to continue its work into 2023 to put this plan into action.

- Contact info@sustainable-markets.org to find out how to work with us on tackling the Big Five issues
- Implement your sector's Actions to Take Now as outlined in Part 2



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