PEOPLE-CENTERED CLIMATE ACTION IN FOOD SYSTEMS

Investor Guidance

December 2025

PCAP | People-Centered Climate Action in Private Markets

BSR®

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Disclaimer

The case studies in this publication do not constitute an endorsement of any specific company, their approach, or their broader business model; they are included solely as illustrative examples of how businesses might integrate human rights and just transition principles into core business and climate strategies. BSR also recognizes that numerous initiatives and guidance materials exist on the food systems transition. This guidance draws on many of those efforts to avoid duplication, though some gaps and overlaps may remain.

1 INTRODUCTION

Food systems sit at the heart of climate, nature, and human well-being, generating one-third of global emissions while supporting the livelihoods of almost half the world's population.

Transitioning to low-carbon, climate-resilient, and nature-positive food systems is essential to prevent crossing critical climate tipping points, where small disruptions can trigger large and often irreversible shifts in agricultural, ecological, or social systems.

Such tipping points risk causing steep declines in productivity, ecosystem health, and food security, exposing investors and economies alike to systemic and cascading risks.

Achieving a 1.5°C-aligned transformation of global agrifood systems will require over USD $1 trillion per year in investment. According to the UN Food and Agriculture Organization (FAO), to meet this challenge, climate finance flows to agrifood systems must increase fortyfold from current levels. Every year of delayed capital deployment intensifies climate impacts, raises the cost of adaptation, and further widens the global "finance gap," underscoring the urgent need for coordinated and accelerated investment in sustainable food system transitions.

In turn, a people-centered climate transition can unlock positive tipping points that deliver long-term sustainable value creation. This guidance aims to support private capital investors—particularly general partners (GPs) with direct holdings in portfolio companies—to advance a people-centered transition to a low-carbon, climate-resilient economy aligned with the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises (OECD Guidelines), and the International Labour Organization's (ILO) Guidelines for a Just Transition towards environmentally sustainable economies and societies for all (ILO Just Transition guidelines). It provides insights on:

- The food system's contribution to climate change, and key mitigation and adaptation measures;
- Climate-related human rights impacts, risks, and opportunities across food systems value chains;
- How food system companies can apply risk-based due diligence to identify, prevent, mitigate, and account for actual and potential climate-related human rights impacts; and

A people-centered climate transition can unlock positive tipping points that deliver long-term sustainable value creation.

- Good practice examples, engagement questions, and key resources to support constructive investor engagement with portfolio companies.

This document complements the guidance and due diligence questions outlined in *People-Centered Climate Action: Guidance for Private Capital Investors*, and the (forthcoming) sector-agnostic *People and Climate Action Maturity Assessment Framework* which provides direction on what investors can expect from portfolio companies on key topics at various stages of maturity.

While the UNGPs and OECD Guidelines apply broadly across sectors and company sizes, BSR recognizes that private equity- and venture capital- backed companies may differ in their size, resources, and maturity on climate and human rights. The case studies included highlight emerging good practice to inspire action, including among GPs, who are uniquely positioned to provide the space and support companies need to advance a just transition and create long-term value.

While the content primarily aims to support GPs with direct investments in food systems companies, indirect investors and portfolio companies will also benefit from using it.

What is a Just Transition?

The ILO and the UN Office of the High Commissioner for Human Rights define a just transition as the shift to a "human rights economy that is fair, equitable, inclusive and sustainable, creates decent work opportunities, reduces inequalities and poverty as well as upholds the human rights of workers and affected communities, in particular Indigenous Peoples and communities affected by environmental degradation and by the measures that are needed to address it.

What are Human Rights?

Human rights are universal standards ensuring dignity for all, with states obligated to protect, respect, and fulfill them. Labor rights are human rights, and businesses share a responsibility to respect human rights by avoiding harm and addressing negative impacts in their operations and value chains, in line with the UNGPs.

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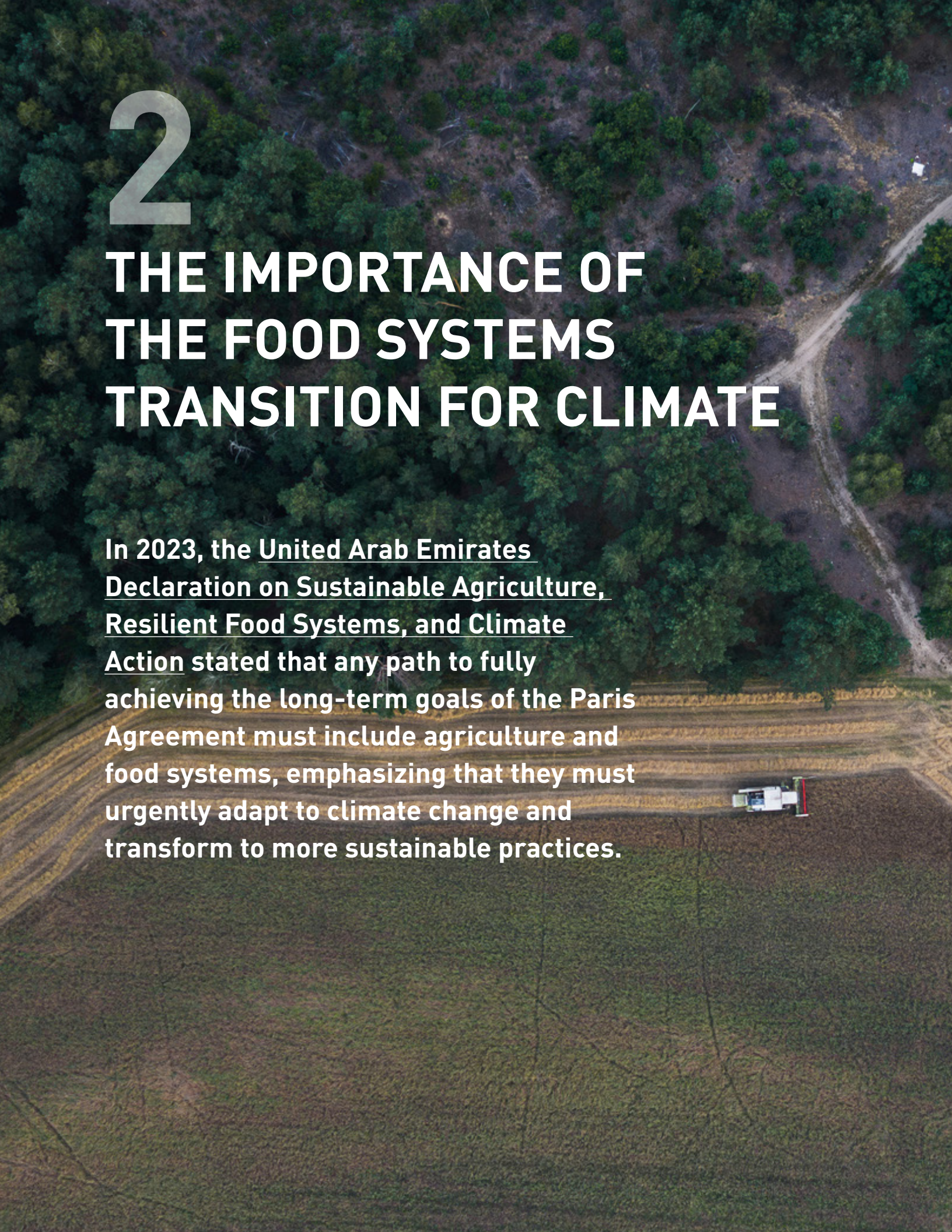
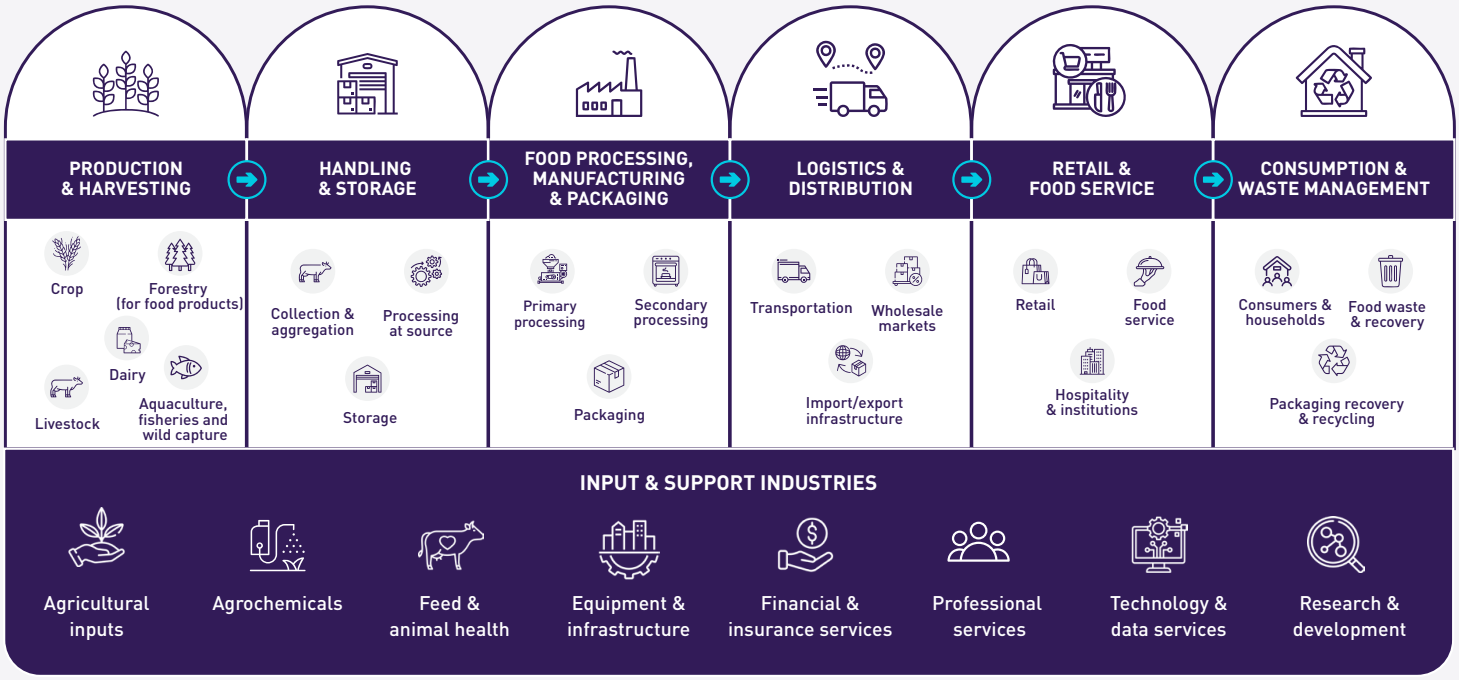
THE IMPORTANCE OF THE FOOD SYSTEMS TRANSITION FOR CLIMATE



In 2023, the United Arab Emirates Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action stated that any path to fully achieving the long-term goals of the Paris Agreement must include agriculture and food systems, emphasizing that they must urgently adapt to climate change and transform to more sustainable practices.

Industrial food systems include production, handling and storage, food processing, manufacturing and packaging, logistics and distribution, retail and food service, consumption, and waste management, as well as all the input and supporting industries as summarized in the diagram below:

Food Systems Value Chain



In addition to feeding the vast majority of the global population, the collective food system is also a major source of global employment, with approximately one-quarter of the world's labor force working in agriculture (including more than 90 percent in informal employment). In 2024, an estimated 600 million livelihoods depended at least partially on fisheries and aquaculture, 95 percent of those workers are in the Global South. Similarly, 1.3 billion people depend on livestock for their livelihoods,

and livestock production contributes to the incomes of around 600 million smallholder farmers in low- and middle-income countries.

Food systems are highly sensitive to climate change. Higher temperatures, changes in precipitation patterns, and more extreme and variable weather are significant stressors to agriculture and aquaculture across the globe, putting pressure on global food supplies. Storage and transport of nutritious food are increasingly threatened by warmer, more humid climates, with higher risks of disease and contamination, rising preservation costs (e.g., refrigeration), and extreme weather disrupting supply chains. Food safety will decline as fungi and bacteria spread in heat, heavy rains carry toxins into water and crops, and floods and animal-to-human diseases accelerate the spread of antibiotic-resistant bacteria affecting humans and livestock.

Conversely, **food systems are a major contributor to climate change**, with emissions responsible for approximately one-third of global greenhouse gas (GHG) emissions, of which approximately one-quarter are attributable to agriculture. Food systems also account for about 30 percent of global energy consumption. There are four main sources of GHG emissions associated with food systems:

- **Agricultural, livestock, and aquaculture production** (approximately 40 percent): The largest source of emissions relates to production and includes carbon released from synthetic fertilizers, methane emissions from livestock and rice cultivation, operation of farm machinery and equipment using fossil fuels, and crop residue burning.

- **Land use change and deforestation** (approximately 30 percent): Agriculture is the leading driver of deforestation, including through cattle ranching, and soy and palm oil expansion, which accounts for about 90 percent of global forest loss. Deforestation releases carbon, contributing 10-15 percent of global emissions and accelerating climate change. Unsustainable agricultural practices, including monoculture farming (e.g., of palm, soybeans, cocoa, rubber, coffee, and wood fiber) and overfishing also erode vital ecosystem services and contribute to biodiversity loss. Forests and wetlands play a crucial role in countering climate change.

- **Processing, packaging, transport, and retail** (approximately 20 percent): Emissions arise from the processing, packaging, transport and distribution, storage, and retailing of food and beverage items. The transportation of food also requires additional packaging (such as boxes and filler materials), preservatives and other treatments, increasing adverse environmental impacts, while long-distance supply chains (e.g., soy from Brazil to China, palm oil from Southeast Asia to Europe) have carbon-intensive logistics footprints.

- **Food loss and waste** (approximately 10 percent): About 20 percent of human-caused methane emissions come from

organic waste. Emissions from food loss and waste result from the methane that is emitted as food decomposes in fields or landfills (with methane being more potent than CO2). At least one-third of all food produced globally is wasted each year, with some estimates placing the figure as high as 40 percent, or 2.5 billion metric tonnes. Food loss occurs in the supply chain and at the retail, food service, and/or household level. Food loss in primary production is tied to structural inequalities and technological divides. Climate impacts also result from the incineration of waste, including packaging, which releases toxins and gases.

If current practices continue, food systems are projected to account for an even greater share of global emissions, rising from roughly one-third today to nearly half by 2050 due to population growth, changing diets, and continued land-use change. In this context, the sector faces a profound dilemma: needing to produce more food to address immediate needs while risking further climate impacts (by 2050, an estimated 50% more food will need to be produced in order to feed the increasing global population), or curbing production or modifying practices to reduce emissions but in the short-term risking food security.

Given the gravity of these threats to humanity, scientists point to the urgent need to transform the global food system in ways that respect the rights of individuals and communities.

Key Definitions

Smallholder farmers are small-scale farmers who manage areas varying from less than one hectare to 10 hectares, which are typically managed at the family level.

Smallholder fishers are individuals, households, or enterprises engaged in fishing, processing, and distribution of fish and fishery products at a relatively small scale. They typically use small fishing vessels, low-technology gear, and limited capital investment.

Regenerative agriculture is a holistic farming systems that, among other benefits, improve water and air quality, enhance ecosystem biodiversity, produce nutrient-dense food, and store carbon to help mitigate the effects of climate change.

Blue transformation is an approach to fisheries that seeks to ensure sustainable management of fisheries to deliver healthy stocks, restore ecosystems, and secure equitable livelihoods for all.

> **Climate change directly affects food systems, and the impacts on terrestrial or aquatic food production will become increasingly negative... Current food system trajectories are leading to biodiversity loss and... ecosystem degradation without delivering food security, nutrition, and sustainable and healthy livelihoods to many. ... At the same time, social foundations of equality, justice, and political participation are crucial in order to move toward a safe operating space for humanity.**

IPCC Sixth Assessment Report:
Impacts, Adaptation, and Vulnerability

Priority Areas for Climate Action

Adopt and support regenerative agriculture practices and transform supply chains to regenerative agriculture practices that reduce emissions and sequester carbon. Regenerative agriculture, currently applied to only approximately 1.5 percent of agricultural land globally, uses holistic practices that significantly decrease emissions (e.g., no-till farming that minimizes soil disturbance and reduces reliance on synthetic fertilizers). It also builds climate resilience by increasing water retention capacity of soil, supporting yields under drought conditions.

Adopt and support blue transformation practices, shifting toward sustainable aquatic food systems that support nutrition and climate resilience. This includes properly managing wild capture fisheries to prevent overfishing, restoring and protecting marine ecosystems, and adopting aquaculture innovations that meet rising demands while reducing pressure on wild stocks. Aquatic food systems can also provide climate solutions, for instance, through low-carbon aquaculture practices or seaweed farming that absorbs carbon.

Diversify commodities and products to shift away from high-emission and environmentally destructive commodities (e.g., palm oil, soy, and beef). This can include reformulating products to reduce beef and dairy content, producing more plant-based food and laboratory-cultured proteins, and adopting lower-emission livestock practices, such as rotational livestock grazing to improve digestion and reduce methane emissions. Adopting climate-resilient crop varieties that are drought-, flood-, or heat-tolerant (e.g., sorghum, millet, legumes, agroforestry products) and employing crop rotation to reduce risk from climate extremes is also necessary.

Reduce food loss and waste across value chains, including by adopting a circular economy approach, upgrading storage and processing to prevent spoilage, improving packaging to extend product life, raising consumer awareness on food waste, supporting the transition of landfills to safer sanitary landfills, and advocating for landfill methane regulations. There are also a range of adaptation techniques, such as diverting food waste streams to serve as animal feed or converting it into renewable energy.

Ensure energy and production efficiency from production to consumption, including by using energy-efficient machinery, renewable energy, solar-powered cold storage, optimized delivery routes, and electric or fuel-efficient vehicles. At the farm level, GHG- and energy-efficient farming technologies and practices could achieve about 20 percent of the sector's required emissions reduction by 2050. Adaptation measures include retrofitting built environment (e.g., passive cooling or improved insulation) and using distributed energy resources such as community microgrids.

Take responsibility for ongoing emissions (once companies reduce emissions by at least 90 percent), which can include the purchase of high-quality, human rights-respecting carbon credits.

Support climate solutions responsibly. Food systems companies, from soy and sugarcane growers to palm oil processors and waste collectors, supply the biomass and feedstocks used to produce biofuels that aim to reduce emissions across industries. Agriculture-based climate solutions should not worsen should not worsen climate change or degrade nature.

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WHY A PEOPLE-CENTERED TRANSITION IN FOOD SYSTEMS MATTERS FOR INVESTORS

Food system companies fundamentally depend on people, on the ability of healthy workers to produce and on a stable and growing consumer base for their success and for the stability of societies in which they operate.

Company decisions in the climate context, including on wages, project closure, sourcing regions, land use, and supply chain practices, can significantly affect human rights, livelihoods, and inequalities, shaping society's ability to achieve a just-transition to a low-carbon, climate-resilient economy.

These deep interconnections between people and business performance create significant financial opportunities, particularly as demand grows for sustainable and climate-resilient food and for innovation that can scale new markets and climate solutions. Investors are already recognizing human rights and social inclusion as emerging sources of value creation, including by investing in funds to enable a just and fair transition, and funds that blend private equity, debt, and catalytic capital to de-risk people-centered investments in:

- **Sustainable land use** to advance the transition toward regenerative and inclusive agricultural models in Latin America, Africa, and Asia that strengthen farmer livelihoods and resilience.
- Agri-commodity businesses that **support local communities** and protect tropical forests.
- Microfinance institutions and climate solution using Just Transition Criteria positive impact on planet and people and give a voice to end-stakeholders, including **adaptation and resilience needs of small farmers and SMEs.**
- Food system SMEs to advance rural development while supporting the **inclusion of vulnerable groups** and preserving biodiversity.
- **Regenerative agri-food systems**, rural **food security**, and digital tools for smallholders and rural communities.

Investors are already recognizing human rights and social inclusion as emerging sources of value creation.

SDG Investor Platform and Food Systems Transformation

The United Nations Development Programme (UNDP), through its SDG Investor Platform, provides data, insights, and analysis on sustainable investment opportunities within the food and beverage sector that can support a just transition in food systems. To guide investors in aligning capital with sustainable development outcomes, UNDP has also developed the SDG Impact Standards for Private Equity Funds.

In practice, few impact-oriented funds explicitly or fully apply a human rights-based approach aligned with the UNGPs and OECD Guidelines. Yet these examples illustrate that integrating social and human rights considerations into the food systems transition can create positive impacts and competitive financial returns. Domini Investments highlights, "Impact investing, grounded in a human rights approach and stakeholder engagement, can play a critical role to amplify the change we need, helping to foster a more accountable and rights-respecting economy."

As highlighted by the Taskforce on Inequality- and Social-Financial Related Disclosures (TISFD), impacts and dependencies on people can also give rise to a range of entity-level risks. In the climate context, this includes transition and physical risks:

- **Policy risks:** Regulatory developments, such as the EU's Corporate Sustainability Due Diligence Directive, Corporate Sustainability Reporting Directive, Deforestation-Free Products Regulation (EUDR), and U.S. FOREST Act, signal growing recognition that companies must address and disclosure their impacts on climate change, deforestation, and human rights.

- **Legal risks:** According to the London School of Economics, litigation in agriculture is on the rise, with cases ranging from animal agriculture to climate disinformation.

- **Market risks:** Trade and investment rules are increasingly shaping market access. The EU Forced Labour Regulation bans products linked to forced labor, while the EUDR restricts imports tied to illegal deforestation and human rights abuses. Failure to secure free, prior, and informed consent (FPIC) and fair benefit sharing for Indigenous genetic resources can trigger biopiracy claims, loss of intellectual property rights, and delays in commercialization, as seen with quinoa.

- **Reputational risks:** Agribusiness practices that disregard human rights and community needs face NGO scrutiny. The global rush to buy or lease farmland, including land acquisitions for carbon farming projects and biofuel production, has been widely criticized as land grabbing. These activities have led to tracking of land deals for carbon plantations, EU investigations, and reputational fallout for investors, including pension funds.

- **Physical and operational risks:** Climate change is already disrupting crop yields, labor conditions, and water availability. Lost labor productivity due to heat stress is projected to result in $2.4 billion in economic losses by 2030, primarily in agriculture. Company-community conflicts over land can lead to protests, blockades, and property damage, can also lead to lost productivity and suspension of projects, threatening supply stability and increasing production costs.

> **Impact investing, grounded in a human rights approach and stakeholder engagement, can play a critical role to amplify the change we need, helping to foster a more accountable and rights-respecting economy.**
>
> Domini Investments

The Role of Business Models in People-Centered Value Creation

A key driver of value creation in the transition is a company's business model, meaning the value proposition, the value chain, and the cost structure and revenue model. In the climate context of climate, certain business model features can act as red flags for a just transition and **for business.** For example, the following high-risk business model features are present among some food systems companies:

Business Model Red Flag	Risks to People	Financial Materiality
Land use in geographies where ownership is contested or records are unreliable or land users such as Indigenous groups are unrecognized	Flex crop operations in areas with weak or contested tenure rights can inadvertently undermine the land rights of local and marginalized communities, such as Indigenous Peoples, women, and ethnic minorities, leading to displacements and conflict.	Global agribusinesses whose land use displaces communities face legal action, operational disruptions, and high costs. In Indonesia, palm oil conflicts have cost firms up to US$2.5 million per case, while disputes in sub-Saharan Africa have driven losses of up to US$22 million and $15,000 per hectare.
Commercial success substantially depends upon trading or sourcing agricultural commodities that are priced independently of production costs, such that farmers are unlikely to be able to sustain a living income	Price volatility for agricultural commodities undermines living incomes and wages for smallholder farmers, workers, and fishers, leading to or exacerbating poverty and inequality and increasing their vulnerability to physical climate impacts.	Extreme price pressure drives farmers out of agriculture particularly as climate impacts raise costs, threatening supply stability and business continuity, while unfair pricing and purchasing has spurred NGO campaigns such as Oxfam's *Behind the Brands*, which urged food companies to support living incomes. Conversely, supporting living incomes can create value: Nestlé's shift to regenerative cocoa in Côte d'Ivoire and Ghana has reportedly helped close living income gaps, boosting household incomes by 38 percent and cocoa yields by 32 percent in 2025.

Business Model Red Flag	Risks to People	Financial Materiality
Rapid digitalization of processes and key functions such that planning or support for upskilling or redeployment of displaced employees is challenging to achieve	Adopting green technologies, including automating farming systems, favors farmers who are wealthy enough to purchase expensive technology and/or can lead to displacing workers and forcing poor farmers out of the system.	Deciding to automate in ways that leave worker livelihoods insecure can lead to public protests, union action, strikes, lawsuits, and calls for boycotts. A multinational tea company based in Kenya faced the torching of at least 10 tea-plucking machines by protestors. Business costs included operational shutdowns and US$1.2 million in losses.
Revenue model depends on activities, products and/or services that significantly contribute to cumulative greenhouse gas emissions and the resulting physical climate change impacts that negatively affect people's rights	Beef/livestock production and industrial-scale monoculture farming generate high levels of GHG emissions. Methane from cattle is shorter-lived than carbon dioxide but 28 times more potent in warming the atmosphere.	Failing to meaningfully address emissions is increasingly subject to litigation. From 2010 to 2024, at least 40 climate-related cases sought to address emissions from animal agriculture. Conversely, requiring livestock farmers to reduce emissions without adequate support to maintain rural livelihoods has triggered protests and costly disruptions across Europe.

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Business Model Red Flag	Risks to People	Financial Materiality
Commercial success substantially depends upon depleting or polluting natural resources or public goods such that it undermines access or health	High water use for irrigation, livestock, and processing, along with pollution from agricultural runoff, heightens local communities' vulnerability to climate change, including access to water in drought-prone areas. Studies also show that oil palm plantations degrade ecosystem functions compared to forests, partly due to increased pollution, impacting local communities.	Polluting companies face criticism, protests, and regulatory actions that can lead to shutdowns and financial losses. For instance, in 2016, Herakles Farms had its Cameroonian concession reduced from 73,000 ha to 19,843 ha after campaigning by local communities, which led them to sell their stake. Environmental damage also led to the shutdown of the AltEn ethanol facility in 2021.
Commercial success substantially depends upon commodities with unclear provenance and/or lack of visibility into impacts on workers or communities	Limited supply chain traceability may lead to purchasing commodities linked to adverse impacts at the intersection of climate change and human rights, such as deforestation and forced labor. Companies purchasing carbon credits may be connected to carbon projects linked to forcible displacement of Indigenous Peoples and unfair benefit sharing practices.	Companies face reputational, operational, and legal risks when sourcing commodities with limited supply chain visibility, including carbon credits. U.S. authorities have blocked shipments worth hundreds of millions of dollars, including in agriculture, over forced labor concerns. Global Witness and Amnesty International have both implicated international companies sourcing from palm oil producers linked to human rights abuses.

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4

MAPPING CLIMATE-RELATED IMPACTS OF FOOD SYSTEMS ON PEOPLE

Climate change impacts everyone across the food system—from farmers facing erratic weather and crop losses, to fishers adapting to shifting stocks, workers enduring extreme heat to those retraining for energy-efficient technologies, and consumers coping with rising food prices and insecurity.

Decarbonizing and adapting food value chains is thus an urgent human rights priority.

The food systems transition is a human rights transition. Food systems companies are central to realizing the right to adequate food and advancing a just transition by creating green jobs and deploying climate solutions that promote shared prosperity across value chains.

In 2024, the UN High Commissioner for Human Rights urged a transition toward people-centered, sustainable food systems rooted in natural processes. For food systems companies, effectively addressing climate-related impacts on people involves looking holistically at the ways in which they may increase people's vulnerability to climate change and impact human rights in the transition to a low-carbon and climate resilient economy.

Climate and Human Rights Impact Pathways

Portfolio companies should consider the following impact pathways that give rise to climate-related impacts on people.

Climate Impacts
Business models and activities that exacerbate climate change and the associated negative human rights impacts, such as droughts affecting local communities and methane emissions impacting health;

Vulnerability Impacts
Business models and activities that heighten or reduce people's vulnerability to climate change, such as poverty wages or inclusive pricing strategies that enable access to nutritious food;

Transition Impacts
Business mitigation measures that negatively or positively impact people, such as job losses and displacement or training and reskilling for green and decent jobs; and

Adaptation Impacts
Business adaptation measures that negatively or positively impact people, such as infrastructure blocks community access to natural resources (maladaptation) or adaptation solutions that strengthen community resilience.

For GPs evaluating and engaging existing or potential investees, this means assessing the climate-related human rights impacts, risks, and opportunities of business models and practices as well as climate strategies. While the salience of any specific impact will depend on the company's activities, value chain, and geographic footprint, the following human rights issues stand out in the climate context:

- **Benefit Sharing**: Indigenous Peoples and local communities hold essential knowledge and stewardship practices vital to developing climate-resilient food systems. However, their resources, land, and traditional knowledge are often used without their consent or fair benefit sharing, undermining their right to self-determination. Many carbon credit projects also exclude Indigenous Peoples and local communities impacted from participating in project governance and fail to provide fair benefits.

- **Food and Nutrition**: Climate change threatens the human right to food by reducing crop yields, disrupting transport, raising food prices, and lowering the nutrient density of staple crops. Undernutrition linked to climate impacts is expected to cause tens of thousands of additional child deaths annually. Industrial farming practices, such as monocultures and commoditized seed systems, further erode soil health and biodiversity, weakening resilience. Meanwhile, the expansion of biofuel crops and carbon credit offset projects can displace land used for food production, increasing prices and reducing access to nutritious diets. This trend is compounded by pricing strategies that are not inclusive of low-income consumers. In 2024, only 30 percent of food and beverage manufacturers had a strategy to price some of their 'healthier' products affordably for lower income consumers.

- **Health:** Methane emissions, including in landfills, have been shown to have numerous health hazards and undermine the right to health of workers, farmers, landfill operators, and communities. These include neurological symptoms, respiratory issues, cardiac complications, nausea, and headaches. Methane is also highly flammable and, in high concentrations, can cause fires and explosions.

- **Land:** Pressures on land are intensifying as droughts, floods, and shifting weather patterns degrade soil and reduce arable land. About 52% of agricultural land is moderately or severely affected by soil degradation. Land scarcity fuels competition and conflict among farmers, pastoralists, and agribusinesses, increasing migration, poverty, and inequality, especially in dryland regions. Nature-based offset (e.g., large-scale afforestation or REDD+ schemes) and insetting projects and large-scale biofuel projects have displaced local communities and Indigenous Peoples, leading to loss of ancestral lands and livelihoods. Similarly, certain climate adaptation measures, such as seawalls or port infrastructure, can limit access to traditional fishing grounds and other critical natural resources communities depend on.

- **Ecosystem Services:** Agriculture drives around 80 percent of global deforestation, primarily through the expansion of commodity crops such as palm oil, soy, and cattle. Unsustainable farming practices degrade soils, pollute water, and destroy biodiversity. Simultaneously, fisheries are collapsing under the combined pressures of climate change and overexploitation, with destructive methods such as bottom trawling harming marine habitats, increasing bycatch, and destroying vital fish nurseries. These combined environmental pressures are devastating the ecosystems that sustain communities, undermining their resilience to climate change and their right to a right to a clean and healthy environment.

- **Livelihoods:** Climate change and poorly managed food system transitions threaten livelihoods. Falling crop yields, phasing out of high-emissions activities like industrial meat production, and food waste reductions can jeopardize livelihoods for small-scale farmers, fishers, rural workers, and waste workers, many of whom are informal, lack social security, and live in situations of poverty. Relocating production or supply chains and adopting clean technologies can displace communities and exclude smallholders lacking capital to adapt, while automation may cause job losses and undermine adequate standards of living without strong reskilling and just transition measures.

- **Occupational Health and Safety:** Climate change is worsening risks to occupational health and safety across industries. Agricultural workers already face significant hazards, including strenuous labor, dangerous equipment, and exposure to pesticides and toxins. Industrial fishing is already one of the most physically strenuous, hazardous and deadliest occupations. Waste workers, about 15 million people globally, often handle hazardous materials without protection, leading to injuries, respiratory illnesses from food waste emissions, and other significant health problems. While energy-efficient technologies can create safer, greener jobs, poorly managed transitions may expose workers to new risks from advanced materials and equipment.

- **Security and Conflict:** The convergence of climate change, unsustainable resource use, and inequitable governance of land and oceans is intensifying competition for natural resources. As climate mitigation, adaptation, and offset initiatives expand without robust safeguards or respect for customary tenure, conflicts between communities, companies, and governments are rising. This dynamic undermines human security and threatens the right to life, liberty, and personal safety, particularly of land and oceans defenders.

- **Water:** An estimated 2 billion people worldwide lack access to safely managed water. Climate change is intensifying droughts, depleting freshwater resources, and increasing floods that contaminate water with sewage, chemicals, and debris—threatening agriculture, livestock, and fisheries, and undermining the right to water and sanitation. Agriculture itself worsens the crisis, consuming around 70 percent of global freshwater and polluting waterways through runoff containing manure, pesticides, and fertilizers.

The expansion of biofuel crops and carbon credit projects can displace land used for food production, increasing prices and reducing access to nutritious diets. This trend is compounded by pricing strategies that are not inclusive of low-income consumers.

Vulnerable and Marginalized Groups in the Food Systems Transition

The transition toward sustainable and climate-resilient food systems affects a wide range of stakeholders, including rights-holders and SMEs, yet certain groups face heightened risks of exclusion and harm.

- **Smallholder farmers and fishers** are highly exposed to climate risks because their livelihoods depend directly on weather and natural resources. They face droughts, floods, and shifting ecosystems with limited access to finance, technology, and infrastructure to adapt. Excluded from major markets and policy processes, they often lack safety nets and support. Without targeted investment and support, they risk being left behind in the climate transition.

- **Women** make up 43 percent of the global agricultural labor force but they typically earn lower wages, have limited access to finance, land, and decision-making, and face structural barriers to economic empowerment. The UN estimated that 80 percent of people displaced by climate change are women,

- **Children** are disproportionately vulnerable to climate impacts, with around 1 billion children live in extremely high-risk countries. Many are engaged in agricultural labor, facing exposure to heat, pesticides, and food insecurity. As climate shocks disrupt harvests and livelihoods, children are among the most at risk of hunger and malnutrition. In transitions to regenerative agriculture, child labor risks may rise on smallholder farms due to increased production demands and household income instability.

- **Workers in the livestock value chain**, particularly meat sector workers. This includes workers involved in animal husbandry, meat processing and/or packing, as well as those contributing to the livestock sector as providers of animal feed and veterinary support. Estimates in selected high-income countries and regions suggest that tens of thousands of farm and meat processing workers in each country may be impacted by a reduction in meat consumption and production.

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- **Informal and migrant workers** make up over 90 percent of jobs in the agricultural sector globally are informal, often lacking contracts, benefits, and safety protections. This exposes them to unsafe working conditions, livelihood insecurity, and social exclusion—challenges also prevalent among informal waste workers.

- **Indigenous Peoples** face marginalization, food insecurity, and health disparities. Their land, natural resources, and cultural rights are often undermined by large-scale land use for carbon credits or flex crops conducted without FPIC or equitable benefit-sharing. In 2023, industrial development, including commercial agriculture, threatened nearly 60 percent of Indigenous Peoples' lands in 64 countries. Fishing-dependent Indigenous and traditional communities are further affected by industrial fishing, conservation measures, and climate adaptation infrastructure.

- **Human rights and environmental defenders** are exposed to intimidation, harassment, criminalization, or even violence, with Indigenous leaders and rural activists among the most at risk. Global Witness documented 177 killings of land and environmental defenders in 2022, with the majority linked to conflicts over land use and resource extraction. Ocean defenders, who play a vital role in protecting marine ecosystems, advancing sustainable fisheries, and supporting climate mitigation through ocean conservation, are facing growing threats.

- **Rural and urban poor populations**. Rural households, reliant on subsistence farming or informal labor, are highly exposed to climate and economic shocks that threaten food supply and income. Low-income urban communities depend heavily on purchased food and are disproportionately impacted by climate-driven price spikes, energy shortages, and transport disruptions that erode food access and affordability.

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Affected Stakeholder Engagement

The deep systemic drivers of inequality across food systems means climate action without stakeholder engagement risks exacerbating harms and inequality. Engaging and partnering with farmers, fishers, workers, communities, and consumers, and their legitimate representatives is essential. Effective due diligence expects companies to pay particular attention to vulnerable and marginalized groups, adapting engagement approaches to reflect the rights and needs of each group. Meaningful engagement goes beyond a consultation on pre-determined plans—it involves incorporating their perspectives, knowledge, and concerns from the outset, addressing power imbalances, and building transition strategies centered on people's rights and needs.

5

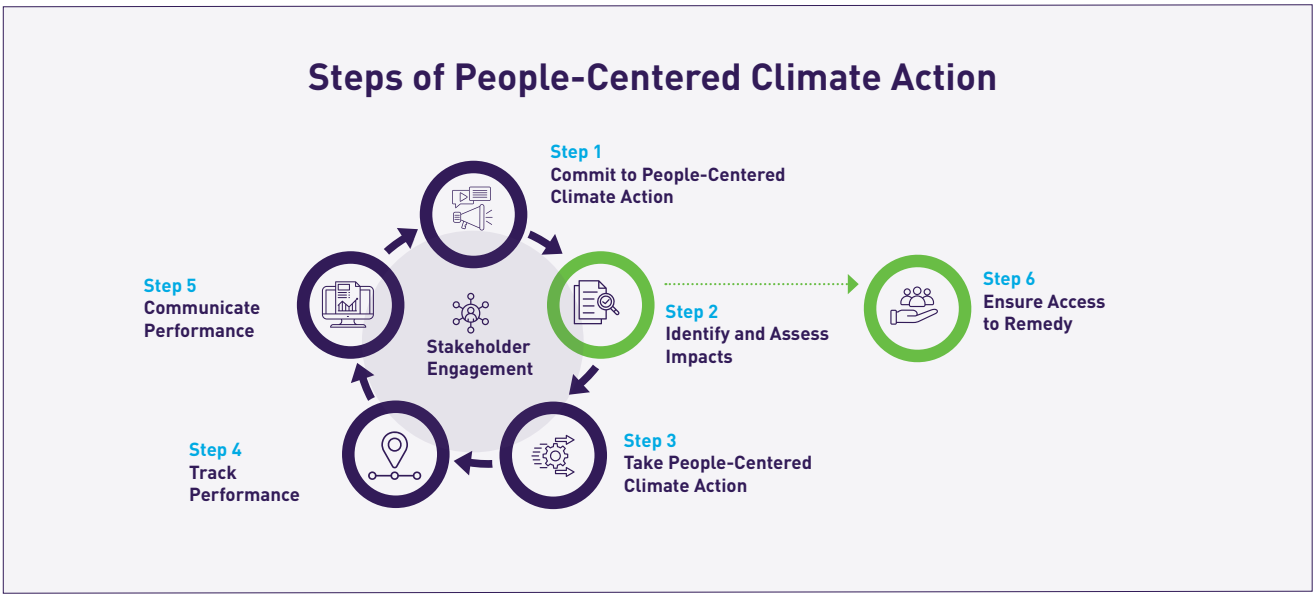
STEPS FOR A PEOPLE-CENTERED CLIMATE TRANSITION IN FOOD SYSTEMS

Private capital investors have an opportunity and unique leverage to support portfolio companies in advancing a people-centered transition to a low-carbon, climate-resilient economy that respects human rights and leaves no one behind.

For climate action to deliver meaningful environmental and social benefits alongside sustainable financial returns, portfolio companies should embed human rights and environmental due diligence at the heart of their climate strategies and transition plans in line with the UNGPs and the OECD Guidelines.

The UNGPs clarify that all business enterprises have a responsibility to respect human rights by conducting human rights due diligence. In the climate context, this means identifying, assessing, and addressing the actual and potential adverse human rights impacts of operations, value chains, and climate strategies. Building on this approach, the OECD Guidelines apply an impact-oriented due diligence approach to climate risk management, prioritizing the prevention and mitigation of harm to people and the planet, while ensuring actions support global climate mitigation and adaptation goals.

Unlike frameworks that focus narrowly on financial exposure to climate risks and opportunities, this people- and planet-centered approach provides an operational roadmap for integrated, holistic, and impact-focused transition planning that complements financial materiality frameworks.



The following section outlines the **key steps portfolio companies should follow to advance people-centered climate action** with practical examples, tools, and resources that can aid their efforts to align with the UNGPs and OECD Guidelines.

STEP 1

COMMIT TO PEOPLE-CENTERED CLIMATE ACTION

Objective: Portfolio companies establish a foundation for shared prosperity grounded in respect for human rights to ensure the transition to a low-carbon, climate-resilient economy benefits both people and the planet.

Portfolio Company Key Actions

Companies **commit to a just transition** to a low-carbon, climate-resilient economy by adopting public and board-approved policy commitments that embed respect for internationally recognized human rights in core business and climate strategies, and align with the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all.

Policies:

1. Apply across the entire food value chain;
2. Are developed with input from relevant experts and affected stakeholders;
3. Commit to ongoing human rights and environmental due diligence and access to remedy—particularly regarding climate change, biodiversity, and transition planning—with a focus on those most affected; and
4. Communicate clear expectations of workers across business functions and business relationships across value chains to support a fair, inclusive, and rights-respecting transition.

CASE STUDIES

Policy Integrates Human Rights, Deforestation, and Regenerative Agriculture

Unilever's *People and Nature Policy* commits to protecting natural ecosystems from deforestation and conversion and encourages the uptake of regenerative agricultural land-use practices. The policy explicitly commits to respecting human rights and land rights of Indigenous peoples and smallholders, integrates human rights due diligence, and prohibits retaliation against human rights defenders.

Climate Statement Integrates Human Rights

In its *Climate Action Position Statement*, Mars recognizes that climate change is intrinsically linked with the company's other sustainability priorities, impacting water scarcity, and that land use choices can either drive or mitigate climate change. Mars adds, "The strategic approaches we choose to address climate change in our value chain have implications for human rights and the incomes of farmers who grow the materials we source."

STEP 2

IDENTIFY AND ASSESS CLIMATE-RELATED IMPACTS ON PEOPLE

Objective: Portfolio company identifies and assesses actual and potential climate-related human rights impacts in its operations and across value chains.

Portfolio Company Key Actions

To effectively gauge climate-related human rights impacts, portfolio companies should:

1. **Map operations and value chains and internal and external stakeholders** affected across impact pathways, including by decarbonization and adaptation strategies. .

2. **Identify and assess both actual and potential impacts on climate**, with particular attention to areas of significant GHG emissions (Scopes 1, 2, and 3) and land use conversion, and areas of greatest adaptation needs or where there is risk of undermining climate-resilient development.

3. **Identify and assess actual and potential climate-related impacts on people**, including how the company's actions or inactions may impact the vulnerability of stakeholders to climate change, and how mitigation and adaptation measures intersect with impacts on peole.

CASE STUDY

A Rights-Based Transition to Regenerative Agriculture

To reduce its GHG emissions, a company is supporting a shift to regenerative agriculture, recognizing the key role of smallholder farmers. Through human rights due diligence, the company identified risks such as forced labor, child labor, and impacts on Indigenous Peoples, and is implementing measures to address these in line with its human rights program. It collaborates with farmers and supply chain stakeholders, offering financial incentives for adopting sustainable practices.

Considerations

- **Engage stakeholders:** Assessments should be informed by affected stakeholders and credible and/or verified sources gathered through meaningful engagement with affected stakeholders or their credible proxies, including via human rights impact assessments, social dialogue, FPIC processes, and consumer surveys
- **Coordinate assessments:** Companies can build human rights considerations into existing climate analyses (e.g., carbon accounting, scenario planning, and physical risk assessments) and/or conduct independent human rights assessments that consider climate change.
- **Consider all human rights and impact pathways:** Take into account all internationally recognized human and labor rights, including impacts on mental health, for example, those arising from the breakdown of social networks, cultural practices, traditions, and attachments to place due to displacement. Also consider impacts linked to business as usual, such as aggressive taxation strategies that undermine governments' capacity to finance a just transition, and public policy positions, such as lobbying against laws protecting forests and Indigenous Peoples' rights.
- **Consider the cumulative impacts of climate action:** Climate action at scale can unintentionally give rise to adverse human rights impacts. For example, when agri-food adaptation strategies collectively shift towards climate-resilient crops, certain communities and small-holder farmers may be left stranded.

Key Benchmarks

A range of established benchmarks and methodologies can guide portfolio companies in assessing their performance on climate-related human rights impacts and and responsible business conduct.

- **Agriculture and Food Systems Benchmark:** Evaluates company performance in driving food systems transformation, including on climate and human rights.
- **Just Transition Methodology:** Assesses how companies integrate social equity and human rights considerations into their decarbonization strategies.
- **Seafood Stewardship Index:** Ranks seafood companies on their sustainability and human rights performance.
- **Access to Seed Index:** Evaluates how seed companies support smallholder farmers' access to affordable, high-quality seeds, including policies on intellectual property and benefit-sharing.
- **Access to Nutrition Index:** Assesses company efforts relating to nutrition and consumer impacts.

STEP 3

TAKE PEOPLE-CENTERED CLIMATE ACTION

Objective: Portfolio company integrates human rights in climate transition plan and takes action to mitigate and adapt to climate change in ways that respect human rights and leave no one behind.

People and Transition Planning

To prevent and mitigate adverse climate-related human rights impacts and seize opportunities for meaningful stakeholder inclusion, portfolio companies should integrate assessment findings across relevant functions, set measurable and science-based targets in line with the Paris Agreement, and develop integrated transition plans.

1. **Foster cross-functional collaboration:** Ensure close coordination among climate, human rights, and nature teams or external experts to design integrated climate action plans that include mitigation and adaptation measures that respect human rights and cease opportunities to leave no one behind.

2. **Prioritize salient issues:** Where not all human rights issues can be addressed simultaneously, a credible, people-centered approach prioritizes areas where risks to people are most severe or likely— regardless of their financial materiality. For example, this may mean prioritizing tackling methane emissions from landfills that harm informal waste workers.

3. **Develop action plans:** Develop an integrated Climate Transition Plan, detailing objectives, timelines, responsibilities, and progress indicators. Plans should address business models and all business activities, consider both short and long-term objectives, and be aligned with broader government and stakeholder actions on climate resilience. Just transition measures are integrated across relevant business functions (e.g., R&D, procurement) and action plans (e.g., human rights plans) to ensure ownership and follow-through.

4. **Engage affected stakeholders:** Ensure that climate action planning and implementation are grounded in meaningful engagement with affected and other relevant stakeholders. This should include social dialogue and other forms of engagement during the design stage and, where feasible, partnership with stakeholders in executing and reviewing climate actions.

Just Transition Actions

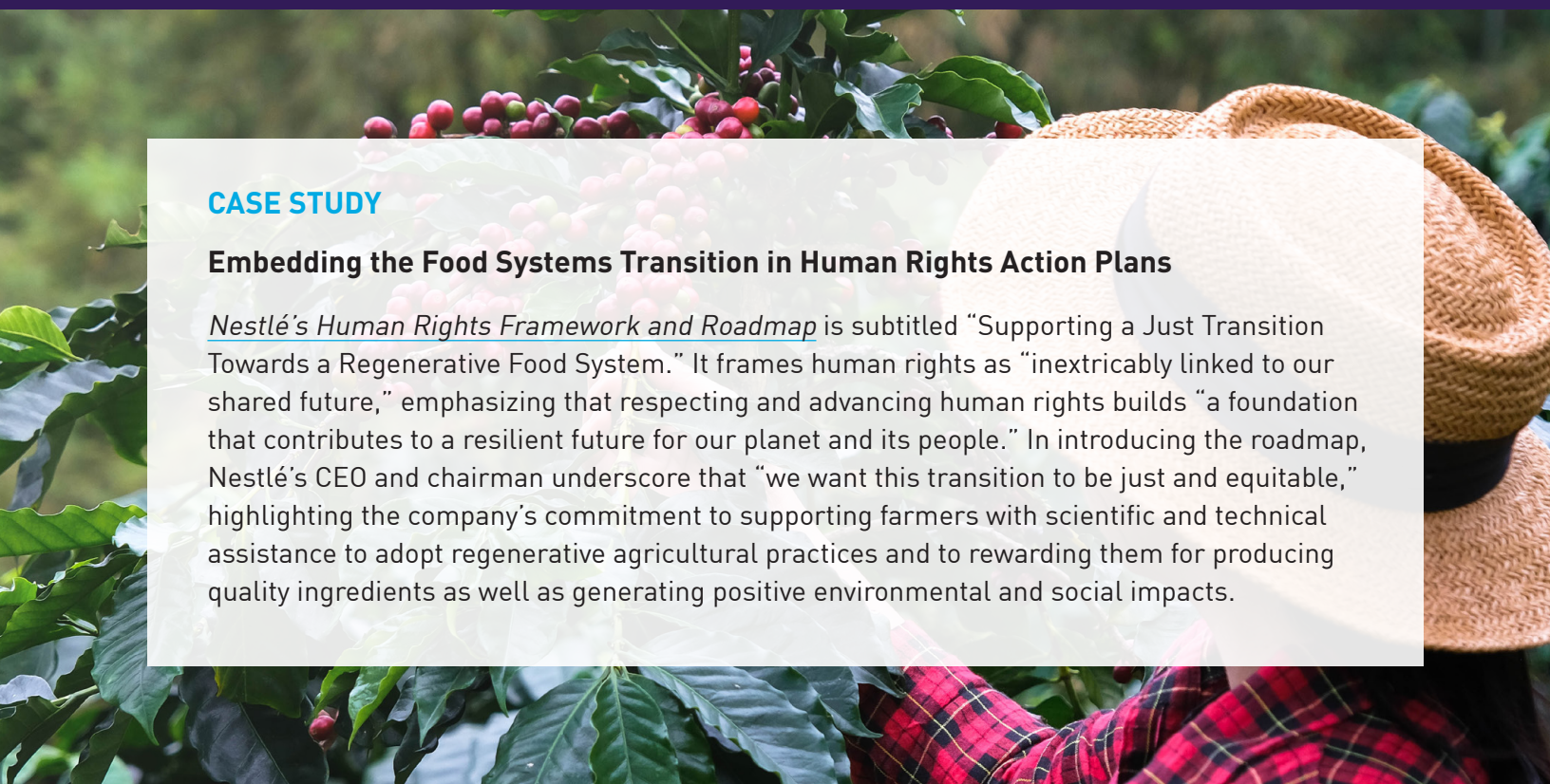
The specific just transition measures for inclusions in transition plans will differ across sectors, contexts, and business models. The following list provides broad examples for companies to consider:

Small-scale producers: Provide and support efforts to build capacity of and improve access to finance and green technologies for smallholder farmers and fishers, especially women and marginalized groups, to avoid negative impacts on on livelihoods and ensure they can benefit equitably from sustainable markets in the transition to regenerative agriculture and sustainable fisheries.

Workers: Create and support green and decent jobs, provide training and reskilling opportunities for workers, and engage in social dialogue with worker representatives and governments to mitigate negative impacts as much as possible when the phase-out of high-emitting activities risks displacement of jobs and livelihoods.

Communities: Respect Indigenous Peoples' rights, including to self-determination, culture, and tenure rights. Ensure nature-based solutions and adaptation measures strengthen community resilience share benefits, and prevent human rights and environmental harms, including safeguarding human rights defenders.

Consumers: Provide access to nutritious, affordable, and sustainably produced food, including by supporting regenerative agriculture, switching to adopting climate-resilient crops, engaging in responsible purchasing practices, reducing food waste, and adopting inclusive pricing strategies.



CASE STUDY

Embedding the Food Systems Transition in Human Rights Action Plans

Nestlé's Human Rights Framework and Roadmap is subtitled "Supporting a Just Transition Towards a Regenerative Food System." It frames human rights as "inextricably linked to our shared future," emphasizing that respecting and advancing human rights builds "a foundation that contributes to a resilient future for our planet and its people." In introducing the roadmap, Nestlé's CEO and chairman underscore that "we want this transition to be just and equitable," highlighting the company's commitment to supporting farmers with scientific and technical assistance to adopt regenerative agricultural practices and to rewarding them for producing quality ingredients as well as generating positive environmental and social impacts.

Implementing People-Centered Climate Actions

In line with the UNGPs, what constitutes an appropriate just transition action will depend on whether a portfolio company causes, contributes to, or is linked to a climate-related human rights impact, and on the extent of its leverage to address it. However, the following are key elements of an effective response.

1. **Business model transformation:** Aligns business models with just transition outcomes by innovating sourcing, production, pricing, and services that contribute to climate change, overproduction, food waste, labor exploitation, and other negative human rights impacts.

2. **Responsible commercial leverage:** Uses contracts, qualification criteria, procurement processes, and disbursement of funds to set clear expectations and fairly share risks and responsibilities with suppliers.

3. **Broader business leverage:** Where feasible,offers capacity building, technical assistance, and other support to help business partners take people-centered climate action.

4. **System-wide change:** Participation in credible peer and sectoral collaborations is vital given the systemic nature of climate change and its impacts on people across value chains throughout the transition. Active engagement in peer

Key Resources

- **A just transition in the meat sector: why, who, and how?**, Stockholm Environment Institute
- **Climate Action and Human Rights: Moving to regenerative agriculture**, Global Business Initiative (GBI)
- **Decent work in fishing in a changing climate**, Marine Policy
- **Indigenous Peoples' food systems: Insights on sustainability and resilience from the front line of climate change**, FAO
- **Principles for Corporate Engagement on Human Rights with the Informal Waste Sector**, Shift
- **Promotion of decent work and a just transition, including skills development and lifelong learning, in the food and beverage industry**, ILO
- **Availability, Accessibility, Acceptability, and Quality (AAAQ) Toolbox**, Danish Institute for Human Rights

and multi-stakeholder initiatives (e.g., Fair Circularity Initiative, Roundtable on Sustainable Palm Oil, Action for Sustainable Derivatives) and strategic partnerships (e.g., to reduce food waste and expand access to nutritious food) is essential. This is especially important for SMEs, which can greatly amplify their impact by joining collective, industry-wide efforts that advance a just transition.

5. **Support for policies and regulations that enable a just food systems transition:** Supports human rights and environmental due diligence laws, public investments in social protection and reskilling programs, food waste prevention laws that support low-income communities, food security policies, and extended producer responsibility (EPR) schemes for post-consumer waste, and avoid actions that delay climate goals, weaken environmental protections or undermine scientific consensus.

Participation in credible peer and sectoral collaborations is vital given the systemic nature of climate change and its impacts on people across value chains throughout the transition.

Building climate resilience across the food value chain is critical for food and nutrition security as well as economic prosperity in agrifood value chains. By working together with governments, farmers, agroentrepreneurs, suppliers, and partners, we can strengthen the systems that feed communities and sustain our shared future.

Eija Hietavuo, Chief Corporate Affairs Officer, Tetra Pak

CASE STUDY

PRODUCTION AND HARVESTING

Tackling Climate Adaptation and Living Incomes in the Cocoa Supply Chain: Tony's Chocolonely takes a holistic approach to climate resilience by tracking income progression, yield improvements, and deforestation rates to assess its impact on farmer livelihoods and sustainability. In 2023/24, it paid premium prices to 20,296 farmers in Côte d'Ivoire and Ghana to support living incomes, alongside promoting sustainable farming techniques. The company achieved a 99.95 percent deforestation-free supply chain, significantly cutting its carbon footprint compared to industry norms.

Co-Ownership with Indigenous Peoples in the Seafood Industry: Sealord Group, a leading Australasian seafood company, employs over 1,700 people across New Zealand and Australia, focusing on sustainable deepwater fishing, processing, and aquaculture. Exporting more than 90% of its catch to 40 countries, Sealord stands out for its co-ownership structure—half owned by the Màori people of New Zealand and half by Japanese company Nissui—reflecting a unique partnership that supports Indigenous participation and leadership in the global seafood industry.

Strengthening Farmer and Community Climate Resilience: Mars developed a program for farmers in Punjab, a climate-vulnerable region in Pakistan, to improve basmati rice production practices, reduce water consumption, and increase farmer incomes. The project blends water savings with improved farming practices, strengthening the resilience of the company, its suppliers, and the water supply of local communities.

Managing Sourcing Shifts Responsibly:When Horizon Organic ended its dairy contracts, parent company Danone extended them for six months and raised payments slightly to help farmers find new buyers. Though not climate-driven or sufficient to resolve all community challenges, this response models how companies could responsibly manage sourcing shifts tied to climate goals.

Inclusive Sustainability Training for Shrimp Farmers: Cargill partners with shrimp farmers in Ecuador and Mexico to strengthen sustainable practices and performance. A key effort, the Women Entrepreneurs in the Shrimp Sector program, has trained over 100 female farmers in its first three years on good farming practices and circular economy, and in 2024 it expanded to include other women in aquaculture.

CASE STUDY

TRANSPORT

Industry and Labor Collaborate to Advance a Just Transition: The Maritime Just Transition Task Force was established by the International Chamber of Shipping (ICS), the International Transport Workers' Federation (ITF), the United Nations Global Compact (UNGC), the International Labour Organization (ILO), and the International Maritime Organization (IMO) as the first global sectoral initiative dedicated to ensuring a Just Transition in the maritime industry.

FOOD PROCESS AND MANUFACTURING

Creating Enabling Environments for a Just Transition in Supply Chains": In 2024, members of the Sustainable Food Policy Alliance voiced support for the Fostering Overseas Rule of Law and Environmentally Sound Trade (FOREST) Act, a U.S. proposal to curb deforestation and related human rights abuses in agricultural supply chains. They highlighted the Act's balanced mix of incentives and enforcement to promote responsibly sourced commodities and help companies meet science-based targets and advance toward net-zero emissions.

RETAIL AND FOOD SERVICE

Supermarkets Reduce Costs Amid Food Inflation: In response to the rapid rise in food prices driven partly by climate-related disruptions in agricultural supply chains, supermarkets in Spain introduced price cuts to support low-income consumers. Spain's Mercadona invested 150 million in 2023 to reduce prices on over 500 essential food products, while France's Carrefour launched a campaign offering a basket of 30 staple items for €30.

CONSUMPTION AND WASTE MANAGEMENT

Expansion of Circular Economy Supports Informal Waste Workers: To reduce its packaging-related emissions—accounting for one-third of its total emissions—a company in the food and beverage sector expanded its circular economy approach by redesigning packaging and boosting recovery systems. Through due diligence, it identified human rights risks to informal waste workers. In response, the company partnered with businesses, civil society, and local governments to improve protections for waste workers.

STEP 4

TRACK PERFORMANCE

Objective: Portfolio company evaluates progress and continuously improves the effectiveness of just transition measures, including by developing business-specific and decision-useful indicators.

Portfolio Company Key Actions

To verify whether climate-related human rights impacts are being addressed, portfolio companies should track the effectiveness of their response.

1. **Establish qualitative and quantitative key performance indicators (KPIs)** and monitoring systems.
2. **Ensure stakeholders, including affected communities and workers, are involved in monitoring processes.** KPIs and/ or progress against them are developed with input from affected stakeholders
3. **Regularly review findings to adapt and improve actions**. The monitoring methodology should include a clear process to feed lessons from the management of impacts related to climate change, mitigation, and adaptation back into the previous three steps.

Considerations

- **Apply a human rights-based approach to data:** Portfolio companies should ensure participation in monitoring performance, such as joint monitoring with affected stakeholders, disaggregate data by gender and vulnerability where feasible, and allow for self-identification so personal information is shared voluntarily and with due consideration for privacy.
- **Track outcomes for people:** KPIs and metrics should not only track implementation of actions (i.e., input indicators) but also whether actions have achieved the intended impact (i.e., outcome indicators), such as percentage of affected smallholder farmers making living incomes or above or the number of discounts applied for the company's most nutritious products in markets serving low-income communities.

Resources

- **Building Consensus Around Just Transition metrics,** Shift
- **Beyond compliance: Why audit alone is not enough,** Ethical Trading Initiative

STEP 5

COMMUNICATE PERFORMANCE

Objective: Portfolio company accounts for how climate-related human rights impacts are addressed, particularly when concerns are raised by or on behalf of affected stakeholders.

Portfolio Company Key Actions

In order to account for how they address climate-related impacts on people, portfolio companies should:

1. **Engage directly with affected stakeholders:** Explain how climate-related human rights impacts are identified and managed. Communication should be inclusive and accessible, considering differences in language, gender, age, culture, disability, and literacy. A variety of channels can be used to communicate, including through trade unions, community meetings, newsletters, social media, and websites.
2. **Adopt double materiality approach to formal reporting**: Formal reporting should align with the UNGPs approach and the concept of impact materiality within a double materiality framework. This means reporting on their most significant (salient or material) actual and potential human rights impacts related to climate change and climate action. Disclosures should provide clear and credible information on actual and potential impacts, responses, and progress, demonstrating how the company contributes to a just, people-centered climate transition.

Considerations

- **Getting started:** In the case of SMEs getting started, emphasis on informal communications with affected stakeholders (e.g., workers, suppliers, local communities) over formal reporting may be appropriate.

Relevant Disclosure Standards

- **Global Reporting Initiative's 2025 Climate Standard (GRI):** Incorporates disclosures related to the impacts of transition and adaptation plans on people, including cross-sectoral just transition metrics.
- **Climate-related Financial Disclosures (TCFD):** Now part of the International Sustainability Standards Board (ISSB), TCFD expects disclosure of business contributions to, as well as risks from, climate change.
- **European Sustainability Reporting Standards (ESRS):** Meant to operationalize the CSRD requirements, ESRS expect companies to "provide a high level description of the interaction of the material impacts, risks and opportunities, with its business model, value chain, strategy and decision-making," including in relation to just transition.

STEP 6

ENSURE ACCESS TO REMEDY

Objective: Individuals and groups negatively impacted by the portfolio company's activities and climate strategies have access to remedy, fostering accountability, fairness, and trust in a the transition.

Portfolio Company Key Actions

There is no justice in the transition without remedy for those harmed. Portfolio companies should integrate access to remedy in climate action.

1. **Responsibility to remedy:** Where companies cause or contribute to negative climate-related human rights impacts, they should provide for or cooperate in their remediation through legitimate processes.
2. **Forms of remedy:** Portfolio companies should consider all forms of remedy, namely, financial compensation (e.g., for lost income or livelihoods), restitution (e.g., to restore access to land), rehabilitation (e.g., worker reskilling or ecosystem restoration), guarantees of non-repetition (e.g., strengthened policies and systems), and acknowledgment or apology for harm caused.
3. **Effective grievance mechanisms:** Establish and participate in effective, culturally appropriate, and trusted grievance mechanisms that are equipped to receive and handle climate-related human rights complaints, including related to mitigation and adaptation measures.
4. **Collective action:** Participate in credible industry and multi-stakeholder initiatives with grievance mechanisms to help support and enable access to remedy.

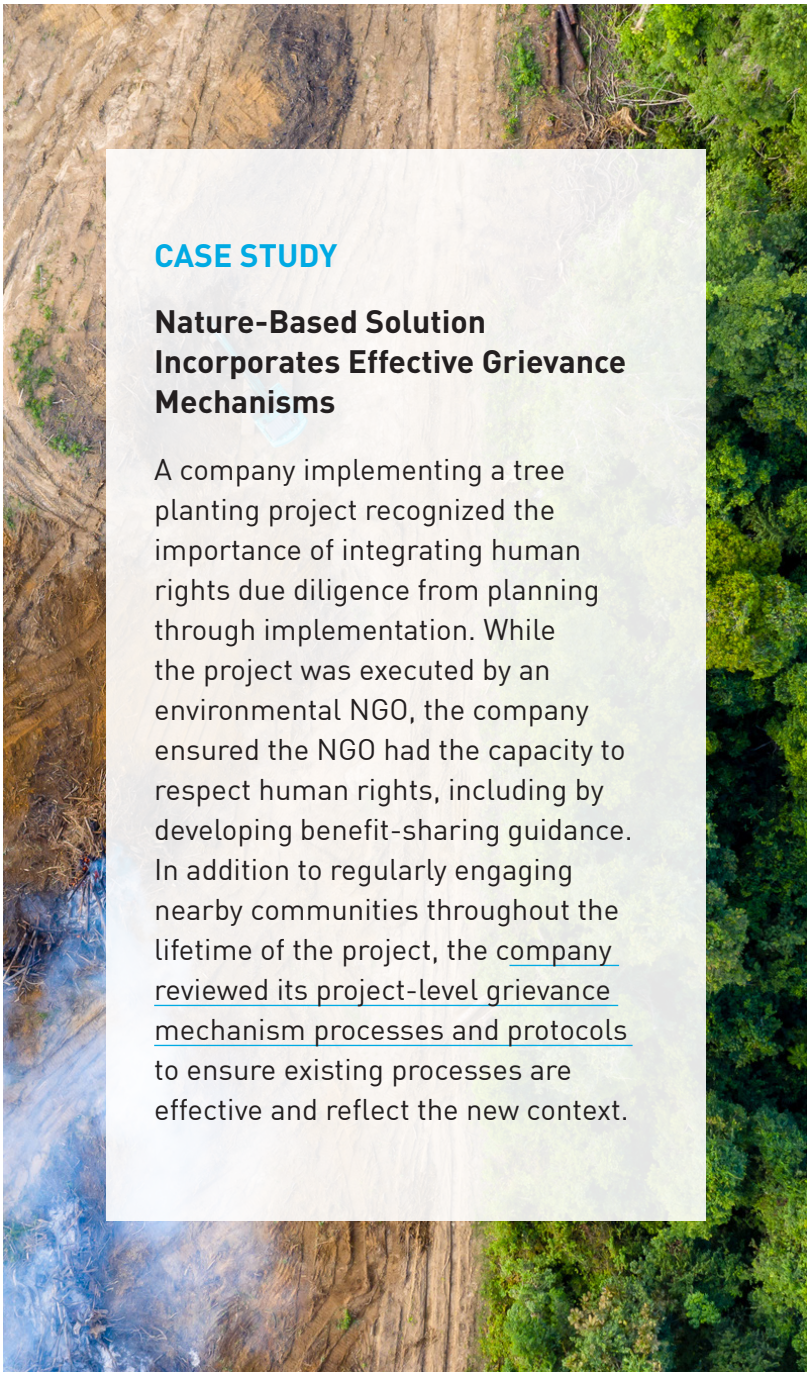
Tool

AIM-Progress' Grievance Mechanism Maturity 1.0: Framework & Guidance: Resource for consumer good companies on embedding efficient grievance mechanism in line with the UNGPs.

Considerations

- **Early warning:** Effective operational-level grievance mechanisms allow issues to be identified and resolved early, preventing escalation into financial, reputational, or legal risks. They also help reveal patterns over time, providing essential insights for human rights due diligence and for reviewing climate transition plans.

- **Effectiveness criteria:** Operational mechanisms should align with the UNGPs effectiveness criteria and be tailored to the company's role in the food system. Worker-led, union-co-designed, or independently developed mechanisms, such as the Fair Food Program's, are often more trusted, as they allow workers to raise concerns safely and without fear of retaliation.
- **The importance of remedy for a "just" transition:** The food system is expansive, with activities occurring at different scales and levels of formality, making it difficult for affected people to access remedy. Multiple barriers limit access to justice. On the one hand, the OECD notes that climate impacts are collective, transboundary, and diffuse, making it complex to determine the extent to which any single investee company or asset contributes to those impacts. Nevertheless, companies should participate in dialogue or remediation processes when climate-related issues are raised by stakeholders or other actors. On the other hand, limited awareness of human rights among affected stakeholders, language barriers, and fear of reprisals further hinder access to remedy—challenges that are compounded by weak regulatory protections and limited visibility, particularly in carbon markets.



CASE STUDY

Nature-Based Solution Incorporates Effective Grievance Mechanisms

A company implementing a tree planting project recognized the importance of integrating human rights due diligence from planning through implementation. While the project was executed by an environmental NGO, the company ensured the NGO had the capacity to respect human rights, including by developing benefit-sharing guidance. In addition to regularly engaging nearby communities throughout the lifetime of the project, the company reviewed its project-level grievance mechanism processes and protocols to ensure existing processes are effective and reflect the new context.

6

PORTFOLIO COMPANY ENGAGEMENT QUESTIONS

List of engagement questions for investors to assess food system portfolio companies.

The following questions are intended to help GPs evaluate current practices, guide meaningful dialogue, and shape next steps toward integrating human rights, equity, and just transition considerations into climate strategies. These questions are designed to complement the cross-sectoral questions in *People-Centered Climate Action: Guidance for Private Capital Investors*.

Example Engagement Questions

Identifying and Assessing Impacts

- **Physical impacts:** Has the company evaluated how physical climate risks impact people connected to its operations and value chains? For example, how rising temperatures affect the health, safety, and productivity of farm and food processing workers, or how water scarcity, soil degradation, and extreme weather events might undermine local communities?
- **Transition impacts:** Has the company assessed how its shift away from high-emission business models and activities to green, climate-friendly solutions affects people across food systems, including how shifts in agricultural practices, energy use, or supply chain restructuring may impact smallholder farmers and fishers, workers, and communities, both positively and negatively?
- **Vulnerability:** Does the company assess how climate change, commodity price volatility, purchasing practices, and/or pricing strategies affect living incomes and wages in source countries and access to affordable, nutritious food?

Stakeholder Engagement

- **Affected stakeholders:** Which stakeholders are at heightened risk from the physical impacts of climate change and from the company's climate mitigation and adaptation measures across the value chain?
- **Stakeholder engagement:** How does the company engage workers, trade unions, farmers, fishers, local communities, Indigenous Peoples, suppliers, and /or other relevant stakeholders to identify climate-related impacts and in climate transition planning and implementation?
- **Grievance mechanisms:** What grievance mechanisms exist for affected stakeholders impacted by climate mitigation and adaptation measures?

Just Transition Actions

- **Training and reskilling:** Does the company provide—or encourage and support its business partners to provide—training or reskilling programs for smallholders and workers to adopt new techniques, technologies, or transition into green and resilient jobs?
- **Living income and wages:** What steps are taken to promote income stability and resilience among the most vulnerable smallholders and workers?
- **Land and nature resources:** How does the company ensure that land and natural resource use, acquisition, or leasing activities in high-risk geographies—whether in its own operations or through suppliers—do not infringe legal or customary tenure rights?

Example Engagement Questions

- **Benefit sharing:** Does the company have policies and procedures in place for engaging, negotiating, and monitoring fair and equitable benefit-sharing agreements with Indigenous Peoples, communities, workers, and/or smallholder producers?
- **Food:** How does the company address the potential impact of its sourcing practices and pricing strategies on access to affordable, nutritious food?
- **Carbon credits:** Does the company participate in carbon trading schemes or offset projects? If so, how does the company prevent and address potential human rights impacts associated with such projects?

Relevant Resources

Other publications and resources with relevant information on people-centered climate action:

- Climate Transition Plans in the U.S. Food Sector Addressing Risks to Farmers and Farmworkers, Ceres, 2023
- Handbook for SDG-Aligned Food Companies: Four Pillar Framework Standards, Columbia Center on Sustainable Investment, 2021
- Integrating Human Rights into Company Climate Action: Insights from Business Practitioners, Global Business Initiative, 2024
- Policy guidelines for the promotion of decent work in the agri-food sector, ILO, 2023
- Principles for Responsible Agricultural Investment That Respects Rights, Livelihoods and Resources, FAO, IFAD, UNCTAD Secretariat, and World Bank Group, 2010
- Principles for Responsible Investment in Agricultural and Food Systems, Committee on World Food Security, FAO, 2014
- Promoting Human Rights in Fisheries and Aquaculture, Danish Institute for Human Rights
- The Fast-Moving Consumer Goods Sector and the Just Transition: The State of Play and the Road Ahead, AIM Progress and Human Level, 2023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