

Food and Agriculture Sector Position Statement

A decorative horizontal bar consisting of a purple gradient bar that tapers to the right, ending in a solid purple circle.

December 2023

Background

The food and agriculture sector has a crucial impact on countries' economic livelihood, contribution and global supply chain interconnectivity and is at a critical juncture. As the planet's population rises, the future of food supplies has moved into focus, not least due to a growing gap between the increase in the production of raw foods and the logistics and infrastructure needed to support its supply and distribution.

In the context of Environmental, Social and Governance (ESG) factors, the food and agriculture sector can play a vital role in driving sustainable outcomes. As investors increasingly prioritize ethical and sustainable practices, the sector's effect on the environment and its role in social welfare have come into focus.

Global and National Outlook

From a global view and within international ESG frameworks, we find the food and agriculture sector intricately embedded and linked to many core principles. Specifically, the United Nations Sustainable Development Goals (SDGs) 2, 12, and 13 are addressing the sector from multiple angles. "Zero hunger" (SDG 2) focuses on achieving food security, improving nutrition, reducing food waste and promoting sustainable agriculture. "Ensure sustainable consumption and production patterns" (SDG 12) addresses important factors which are key to sustain the livelihoods of current and future generations, whereas "Climate action" (SDG 13) focuses on the sector's adoption of climate-smart agriculture, agroecological practices and sustainable land management which directly contribute to reducing greenhouse emissions and climate mitigation and adaptation efforts.

On a national level, the UAE is a net importer of foodⁱ. Therefore, the government has been proactive in setting guidelines, policies and procedures to improve food security in the country. Most notably, the UAE has launched the National Strategy for Food Security 2051, aiming to facilitate global food trade, diversify food import sources and identify alternative supply schemes. The government strives to promote sustainable agricultural practices per its sustainable economic development plans. This is evidenced by the launch of the Emirates Sustainable Agriculture Label, which aligns with the standards set by the UN Food and Agricultural Organisation (FAO) and the Sustainability Assessment of Food and Agriculture (SAFA).

Our Approach

As a trusted partner to the Government, ADQ has invested in increasing Abu Dhabi's sustainable agricultural footprint, driving investments in AgTech solutions and expanding local farmers' ability to grow more produce domestically. We align with the Government's direction to improve food security and boost local production to strengthen resilience and reduce the country's reliance on imports.

Our investments are driven by two types of solutions. One, we maximize new technologies to scale local production sustainably and economically. Two, we make investments in strengthening the supply chain to diversify food sources and preserve essential supplies.

Our investment approach in the food and agriculture sector is grounded in the vital principle of considering ESG throughout our portfolio, with our investments perpetuating the four dimensions of food security: availability, accessibility, usage and stabilityⁱⁱ.

Our Action

ADQ encourages its portfolio companies to take an ESG lens when identifying risks and opportunities for their business. We also foster the mindset of creating competitive advantages by utilizing ESG and sustainability levers. This encourages our companies to take a proactive approach to ESG and address potential gaps early on.

An annual evaluation of the ESG performance of our portfolio companies allows us to gather data on strategic and operational key performance indicators (KPIs) as well as insights into the alignment with and adherence to governance practices, policies and standards. It also evaluates the effectiveness of implemented measures aiming to address ESG issues.

To translate our commitment into action, we aim to work closely with our assets, partners, and stakeholders, where applicable, on the following:

1. Benchmark against relevant best practices;
2. Assess our portfolio companies' processes and operations to identify areas for improvement;
3. Invest in sector-related value-creation projects;
4. Identify synergies and collaboration opportunities within the portfolio to contribute to resolving sector challenges;
5. Raise internal and external awareness of the topic through relevant channels;
6. Provide support to stakeholders on national projects related to the food and agriculture sector.

Our Role and Responsibilities

ADQ's position on the food and agriculture sector is supported and endorsed by senior leadership and cascaded to our portfolio companies. We acknowledge the challenges related to food security, water scarcity and access to food and water resources. Together with our portfolio companies, we are committed to addressing related issues in alignment with our ESG framework.

Review

We acknowledge the importance of continuous improvement. ADQ strives to stay up to date on ESG opportunities, challenges and trends and aims to address these appropriately through policies, position statements, benchmarking exercises and other activities.

ADQ Management periodically reviews all position statements and related strategies to ensure the organization's alignment with the latest trends in the sector and to meet stakeholder expectations.

ⁱ [Australian Government Department of Agriculture, Water and the Environment: UAE food and agriculture snapshot](#)

ⁱⁱ [WOCATpedia: Definition and Dimensions of Food Security](#)