Policy spotlight: the future of the UK food system

GK Strategy's food and agriculture team

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gk strategy

INSIGHT | ADVOCACY

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Foreword

Welcome to GK's first policy spotlight report on the food and agriculture sectors. This is an area of policy that has seen significant change in recent years as successive governments have grappled with challenges such as the increasing cost-of-living, obesity and diet related ill-health, and the resilience of the UK's food supply chain. What we eat as a country and how we produce it have become cross-government issues. Policymakers in the Department of Health and Social Care, the Department for Education, the Department for Science, Innovation and Technology, and the Department for Business and Trade all now play an important role alongside the Department for environment, food and rural affairs in the future of our food systems. Global challenges such as geopolitical instability and climate change pose significant risks to the UK's future food security. The production of food and its associated sectors such as agri-tech and natural capital are set to increase in political saliency over the coming decades.

Labour has historically had a strained relationship with the agricultural sector. Unfortunately for this Labour government, that is a sentiment that has endured during its first year in office. The Chancellor's decision to reform agricultural property tax relief, the communication around plans for future environmental land management schemes, and agricultural concessions in trade deals have soured the government's relationship with the sector. However, many Labour MPs in this parliament represent rural constituencies with slim majorities meaning there is a political urgency to repair this relationship. At the heart of these challenges are mistakes with communication and perception. Our conversations with policymakers suggest a real ambition for the sector and a recognition of its importance in the future political stability and health of the nation. Highlighting agri-tech as a frontier industry in the government's flagship industrial strategy sends a strong signal that policymakers see innovation in agriculture as driving economic growth. This will be followed by support for businesses to innovate and scale-up in the UK.

The government hopes that the ministerial reshuffle at Defra – and the appointment of the first ever all-female team at a UK department of state – will be a turning point. The new Secretary of State, Emma Reynolds, brings a wealth of experience from the Treasury which will be valuable for accelerating growth in the sector and negotiating departmental spending ahead of the autumn budget. Another new appointment, Dame Angela Eagle to food security minister, was met with some scepticism but her limited experience in agricultural and food policy is outweighed by her political experience. Combined, these appointments are a clear signal from government about the economic and political direction of the department for the rest of this parliament.

Within this context, the government is looking to the private sector to support growth in the food and agriculture sectors and there is a willingness across Whitehall to partner with those who align with the government's policy objectives and can drive forward change at pace. The government is in delivery mode and there is an appetite to demonstrate progress to voters. This is an invitation for businesses in these sectors to engage with government to shape

policy. From the development of the national food strategy implementation plans and sugar levy reform, to the creation of the agri-tech export accelerator programme and the £200m farming innovation programme, businesses that knock on the door of government will be welcomed in. There are several opportunities for strategic engagement over the coming months through consultations, reviews and select committee inquiries. A joined up and targeted programme of engagement, with evidenced messaging that aligns with the government's key challenges and priorities, not only mitigates political and regulatory risk but can also create commercial opportunities.

Our cross-sector and cross-party team at GK is immersed in food and agriculture policy. We are experts in supporting businesses and investors to navigate the political and regulatory environment to identify and manage risks and to capitalise on opportunities. We hope you enjoy reading GK's latest analysis and if there is any element of the report you would like to discuss further, we would be very happy to do so. Our food and agriculture team's contact details are on the final page of this report.

With best wishes,

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The Future of Food

Diets and health

An interventionist approach

The government entered office in July 2024 facing an accelerating obesity epidemic. In the UK, 65% of adults are overweight or obese and 27% of children are overweight or obese, with 22% having tooth decay by aged five as a result excess sugar in their diets.[1] The cost to the NHS of obesity is currently £11 billion, with wider societal costs estimated at £74 billion annually[2]. However, the challenge of obesity and poor diet in the UK is more nuanced than simply demonising junk food. Health inequality and access to affordable, healthy food is exacerbated by deprivation, with the prevalence of obesity being up to 12% higher in disadvantaged areas.[3] The government has promised strong and bold action to address this, with a cross-government commitment to tackling obesity.

During its first year, the government has shown a clear interventionist approach to improving UK diets. Ministers have announced a catalogue of measures targeted at disincentivising both consumer consumption and business manufacturing of unhealthy food. Such measures include an expansion of the soft drinks industry levy (SDIL), a new national food strategy, and the inclusion of dietary health within the government's NHS 10 Year Plan. The government has introduced a new set of expectations for manufacturers and retailers to improve the nutritional content of baby foods, as well as address misleading labelling. The Department for Health and Social Care has also updated its NHS advice to parents on childhood diets. The new guidance gives manufacturers 18 months to self-regulate but if progress is insufficient or slow, businesses should expect government to step in with a heavier hand.

This approach is something we can expect to be mirrored elsewhere: clear expectations of industry to drive change balanced with the flexibility to deliver it in the most convenient way. But where this fails or is too slow, GK's assessment is that the government is likely to intervene with wholesale regulatory reform. Businesses with the agility to stay ahead of the curve will be well-positioned as market leaders and will have the ear of policymakers in shaping policy outcomes. Those who fight

Healthy food and drink driving the market

It is clear that provision of healthier food and drink will play a key role in combatting the nation's health issues. Many businesses are already setting targets to increase health and nutritional products within their portfolios, either through marketing investment, innovation, reformulation, or acquisition. This will also be a factor for those looking to invest in the UK food marketplace, with institutional investors increasingly treating health performance as a metric of long-term value.

Steve Gladwell, *Senior Associate at Food Strategy Associates.*

[1] House of Commons Library, Obesity statistics, 10.02.2025
[2] Department of Health & Social Care, Obesity Healthcare Goals, 31.07.2025

[3] House of Commons Library, Obesity statistics, 10.02.2025

against the grain will face inevitable regulatory instability and will find themselves on the commercial backfoot. For businesses and investors, the key to minimising risk is being aware of government thinking, to engage at every opportunity, and be agile and responsive when the mood music changes.

The complexity of our food system and its interaction with the government's public health agenda is also being examined beyond Whitehall. The cross-party Health and Social Care Committee has launched an inquiry scrutinising the policy and regulatory environment for diet and obesity. It is calling for businesses to share perspectives on access to healthy food, as well as thoughts on why existing policy has been largely unsuccessful in achieving meaningful health improvements and why regional disparities are growing. It will also investigate weight management and how weight loss medication contributes to overall long-term dietary health. The committee will present its findings and policy recommendations to government in 2026. Committee inquiries are an integral part of the policymaking process as they scrutinise the effectiveness of government policy and suggest alternative policymaking options. They offer an important opportunity for businesses to shape future policy and land their views on the desk of the ministers responsible with the support of MPs.

Sugar Levy

SDIL on the rise

The soft drinks industry levy (SDIL) has been operational since 2018 and was designed to reduce childhood obesity levels. The levy was intended to encourage producers to reformulate their products to cut sugar content, as well as reduce portion sizes for added sugary drinks, ultimately to encourage people to drink fewer of them. It initially applied to added sugar drinks with a total sugar content of 5g or more per 100ml. The Labour government has said it will lower the threshold of the levy to 4g per 100ml and increase the scope to include milk-based products, which had previously been exempt on nutritional grounds. This is a significant move – milk-based drinks were not initially in scope of SDIL due to their calcium content being perceived as a net advantage, particularly for children.

This move to broaden SDIL signals a stronger stance on sugar as well as a clear expectation of businesses to do more to develop healthier alternatives. Businesses who are not aligned with this objective risk increasing business costs in an already challenging commercial environment, as well as shaking investor confidence. A strong government engagement strategy reduces the element of regulatory surprise and demonstrates a business' agility to react to policy change for commercial advantage. For investors, identifying and understanding these risks and opportunities early in the due diligence phase of transactions allows businesses to seize the narrative and avoid unhelpful surprises in the future. Those who can demonstrate solutions to the nation's unhealthy consumption through reformulation, marketing or innovation will be the big winners in the government's war on sugar.

National Food Strategy

A new good food cycle

In July 2025, Defra published the new national food strategy. It aims to reshape the way in which food is produced, distributed, and consumed by creating a healthier, more affordable, sustainable, and resilient national food system. The government hopes that this strategy will

deliver ‘generational change’ in fundamentally altering how the food system impacts the environment, society and economy.

The government’s vision for food has been shaped by consultation with more than four hundred relevant stakeholders. The intention is for this to enable businesses to develop the confidence to invest in healthier, more sustainable and more resilient production and supply. The strategy itself is built around achieving ten priority outcomes. These range from strengthening domestic food production and supply-chain resilience, to widening access to affordable healthy options, to enhancing innovation and productivity.

The government recognises that businesses need time to plan and prepare for widespread change to our food system in order to implement it successfully. It has committed to working closely with businesses and investors as it progresses its national food strategy. So far, the strategy sets out the vision for what a future food system should look like and the challenges to overcome. Now, ministers are working across government departments to develop specific implementation plans to achieve each of the priority outcomes. To stay ahead of change and shape the direction of travel, businesses should identify which priority is most relevant to them and engage with political and policy stakeholders to share their views. By engaging with the implementation of the national food strategy, businesses can bring the government’s vision of a healthier nation and more resilient food system to life while also minimising commercial risk.

NHS 10 Year Plan

Trading business flexibility for the nation’s health

The NHS 10 year plan signals a crucial turning point in the role of the food industry in public health policy, highlighting the government’s ambition for the food and drink sector to be a central force in promoting healthier outcomes for the nation. The plan positions manufacturers, retailers and the broader supply chain as key players in addressing obesity, diet-related diseases, and socio-economic challenges.

One of the three core pillars of the 10 year plan is shifting from sickness to prevention, with the government aiming to mobilise businesses, employers, investors and local authorities to create a healthier country. The plan’s policies include the restriction of junk food advertising targeted at children and a ban on the sale of high-caffeine energy drinks to under 16-year-olds.

The plan goes beyond general measures to disincentivise unhealthy food consumption. It introduces mandatory reporting of healthy food sales for all large companies in the food sector. The government will use this data to set mandatory targets for the average healthiness of food and drink sales. This is a shift from restricting the sale and promotion of unhealthy food to improving the nutritional profile of people’s diets. By making company performance transparent and enforceable, the policy creates both reputational and economic incentives for firms to prioritise healthier product portfolios. However, the government has suggested that existing regulatory requirements that have been deemed unsuccessful (insofar as reducing consumption of unhealthy food) will potentially be axed to balance the regulatory burden on businesses. Although this has created unease among some businesses and investors

around the direction of travel for the regulation of products high in fat. sugar or salt (HFSS), it suggests a level of pragmatism about the effectiveness of regulation in achieving policy objectives. Businesses who are exposed to the HFSS regulatory environment should stay ahead of regulatory change and follow the development of this policy area closely.

Innovation in Agriculture

Agriculture in the first year

A rocky start, limited public funding but an exciting policy agenda

The Labour government started off on the wrong foot with the farming and agriculture sectors. Chancellor Rachel Reeves' revenue raising manoeuvre to cap the Agriculture Property Tax relief at £1 million was quickly dubbed the 'family farm tax'. It places additional strain on the farmers who are the backbone of the UK food supply chain, many of whom already operate on razor-thin margins under the dominance of the supermarkets. The chancellor's 2024 autumn budget made the job of then Defra Secretary Steve Reed more difficult as he was not consulted on the decision and politically blindsided.

Although Defra ministers were developing an ambitious policy agenda, winning the confidence of the farming and agriculture sectors proved an almost impossible challenge. One cabinet reshuffle later and as the government's second harvest season draws to a close, this challenge is now the task of an historic all-female ministerial team – the first of its kind in government with former treasury minister Emma Reynolds now leading the department. Key to their success will be to hit the ground running and ensure that policy progress does not stall. But there are compelling reasons for businesses and investors in these sectors to be excited.

Industrial strategy and a sector plan for agri-tech

Reasons for optimism and excitement for food, farming and agriculture

Chief among the reasons for businesses to be optimistic is the government's 10-year multibillion-pound industrial strategy. The strategy identifies agri-tech as a 'frontier industry' and one of the six priority areas of government's advanced manufacturing sector plan. The UK agri-food chain contributes £147 billion in Gross Value Added (GVA) to the economy and the number of UK agri-tech startups has increased 40-fold in the last decade.[4] The agri-tech market is set for rapid expansion, driven by rising global demand for technologies that bolster agricultural resilience and sustainability. Ministers want the UK to be at the forefront of innovation as the agri-tech sector is vital to improving agricultural productivity and environmental sustainability. Key to the government's approach is:

- Reducing dependency on public investment by crowding in at least £50 million in private investment by 2029.
- Leading a strong cohort of profitable businesses.
- Increasing the application of automation in priority farming sectors such as horticulture to reduce the need for seasonal labour.
- Achieving an agri-tech sector turnover of at least £20 billion by 2035.

The inclusion of agri-tech in the industrial strategy and sector plan for advanced manufacturing sends a strong signal that ministers see it as central to driving economic growth and tackling some of the defining challenges of the coming decade, from food security to climate resilience. The government's Agricultural Productivity Group has been

[4] Department for Business and Trade, Advanced Manufacturing Sector Plan, 23.06.2025

established to support with industry engagement and to accelerate agri-tech adoption. There is no doubt that with cutting-edge research, innovative startups and strong government support, policymakers are positioning the UK as a world leader on the agri-tech frontier.

This is a clear invitation for businesses to engage with government. Businesses that use the sector plan and industrial strategy to frame their messaging with ministers and officials will find a receptive audience in Whitehall. Being an effective partner in delivering the UK's agri-tech ambitions will mean aligning business propositions with government priorities, demonstrating commercial viability and showcasing how technologies can raise productivity or cut environmental impact.

Engaging with policymakers

Upcoming policy strategies and initiatives to watch out for and opportunities to engage

Several forthcoming policy initiatives will be decisive for the sector and are worth close attention. As Defra recognises challenges in farming, ministers are drawing up a 25-year farming roadmap to make profitability more resilient. Key components of the roadmap have been well signalled by ministers including a strengthening of land management schemes, improving supply chain fairness for growers and producers, as well as reforming planning rules to help farmers diversify their incomes and business operations. The development of plant precision breeding will also be important to strengthen the UK's food security and improve public health outcomes through enhancing the nutritional profiles of key farmed ingredients.

Innovating in agriculture isn't for the impatient

Seasonality, extreme weather events and an industry operating on low margins means the pace of growth may sometimes be slower than we'd like. But it's also an industry to be inspired – with creativity, resilience and central premise of producing food, fuel, fibre and contributing to nature recovery.

For over a decade the UK government has demonstrated commitment to supporting agri-tech, with a range of interventions and most recently, including it in the Advanced Manufacturing Sector Plan, as part of the Modern Industrial Strategy. This recognises the strategic significance of agri-tech in economic growth, as well as unlocking new investment and partnerships.

There's no sugar coating the fact that global investment into agri-foodtech has declined since 2021 – and the pattern in the UK mirrors that of the rest of the world. Yet the UK punches well above its weight, being 4th in the global ranking of private investment into the sector.

Regulations around agri-tech innovations can be seen to limit the pace of commercialisation. Autonomous machinery, laser weeding, drones, and even advanced breeding technologies have led to steep learning curves for regulators to ensure they are creating the enabling environment for agri-tech innovation to thrive.

***Dr Belinda Clarke OBE**, Director of **Agri-TechE**, Europe's largest commercial membership network connecting farmers and growers with researchers, technologists, entrepreneurs and investors.*

Alongside this roadmap is the anticipated Land-Use Framework. As Defra has concluded its consultation, the framework will detail the government's view for how land is used across England from balancing food production, housing and infrastructure development to nature restoration and climate change mitigation. Several issues are high stakes. For instance, how will ministers square the circle of boosting domestic food production with increasing land-use demand for renewable energy? Agri-tech businesses should pay close attention as the framework will be a clear signal of where opportunities lie. Meanwhile, investors should look to the framework as a guide for where government support and future market demand will concentrate, especially as land is expected to be ringfenced for natural capital investment.

Opportunities to engage with policymakers are not limited just to ministers and officials in Whitehall. MPs in the House of Commons are also busy debating agri-tech policy. The Science, Innovation and Technology Committee recently launched an inquiry into innovation and global food security, actively seeking to hear from agri-tech businesses about how new agricultural practices can catalyse food production. The Environmental Audit Committee has put out a call for businesses to select the future topic of their inquiry which could be anything from how to promote biodiversity on farmland, tackling water scarcity or adapting to climate-related supply chains risks. Engaging with parliamentarians offers a platform for businesses to highlight challenges, share innovative solutions and leverage backbench MPs to shape government policy and regulation. Securing the support and advocacy of MPs is critical to generating political and policy buy-in to change the status quo. With many Labour MPs in this parliament representing rural seats with slim majorities, many are keen to demonstrate their support for local industry.

Should We Fear Technology in Nature-Friendly Farming?

The digital revolution is reshaping food and farming. From AI to robotics, from soil sensors to cell-cultured meat, technology is already changing how we grow and eat food. Some see these tools as essential to feeding the world under climate stress; others warn of repeating the mistakes of the Green Revolution, when poorly governed technologies fuelled environmental damage and corporate control. So should we fear technology in farming? Or be cautiously optimistic about its role in building a more sustainable food future?

For nature-friendly farming, the answer lies in how technologies are designed and governed. Precision tools can reduce waste and pollution, while lightweight robots can support organic and agroforestry systems without chemicals. In the Global South, digital platforms and climate-smart tools can help smallholders adapt and survive. But equitable access requires deliberate policy: subsidies, public–private partnerships, rural broadband, and open-source innovation are essential to avoid deepening dependency on agribusiness.

Technology itself is not good or bad—it is a tool. With the right guardrails, agri-tech can strengthen nature-friendly farming, improve resilience, and expand choices for farmers and consumers alike.

***Honor May Eldridge**, food system expert and author of forthcoming "Fork in the Road: The Future of a Global Food System."*

The challenge for ministers

Bridging the confidence gap and delivering investor confidence

Ultimately, the success of Labour's policy agenda for farming and agriculture will hinge on the ministerial team's ability to bridge the trust gap with farmers while giving investors the confidence to deploy capital in a stable policy environment. The prize is coveted: a more resilient food and farming sector, a thriving agri-tech ecosystem and a stronger rural economy. Achieving this by the next election will be difficult and demonstrating early progress will require deft political handling and delivery at pace. Businesses and investors that stay close to the evolving policy landscape will be best placed to seize the opportunities and navigate the risks of this new era for a frontier sector.

Investor sentiment

Food & drink

A growing appetite for the food sector in 2025

The UK food and drink market has seen a spike in momentum this year, with a marked uptick in M&A in the sector.[5] Despite investor uncertainty about the impact of US tariffs on businesses in the UK, opportunities for strategic consolidation and improved margins have caught the attention of private equity. There is an increase in investor appetite in the sector for both bolt on acquisition opportunities and those entering the sector for the first time.

The food sector is highly fragmented because of the UK's history of traditionally localised food production and the steady evolution of the market to include new products as consumer tastes change. This has presented private equity with significant consolidation opportunities to help businesses to capitalise on economies of scale, improved margins and a wider customer base. Strong exit strategies have delivered positive returns which have increased PE investor confidence in the sector.[6]

As the market continues to evolve, new consumer trends are emerging which are likely to attract investor interest. No-or-low alcohol drinks, alternative protein sources and healthy convenience food are expected to see positive growth over the rest of this financial year and beyond.

Food: strong potential for organic growth

We were drawn to the food manufacturing sector given its strong potential for organic growth, particularly within value-added manufacturing and specialty products. The sector also presents significant opportunities for consolidation, as demonstrated by high volumes of recent M&A activity. Growing consumer demand for high-quality, protein-rich products continues to drive innovation, while advances in automation are expected to support margin expansion. With supportive and transparent government policies, the industry can accelerate innovation, scale sustainable practices, and deliver healthier, value-added products to consumers.

Niamh Murphy, *Investment Associate* | *Literacy Capital*

Agriculture

A promising start to 2025, with the UK punching above its weight in agrifood-tech investment

Investment in agrifood-tech has been vulnerable to global macroeconomic trends which have been intensified by geopolitical instability, trade deals and climate volatility. Although this has led to a

[5] Grant Thornton, Food & Beverage M&A Review, Summer 2025

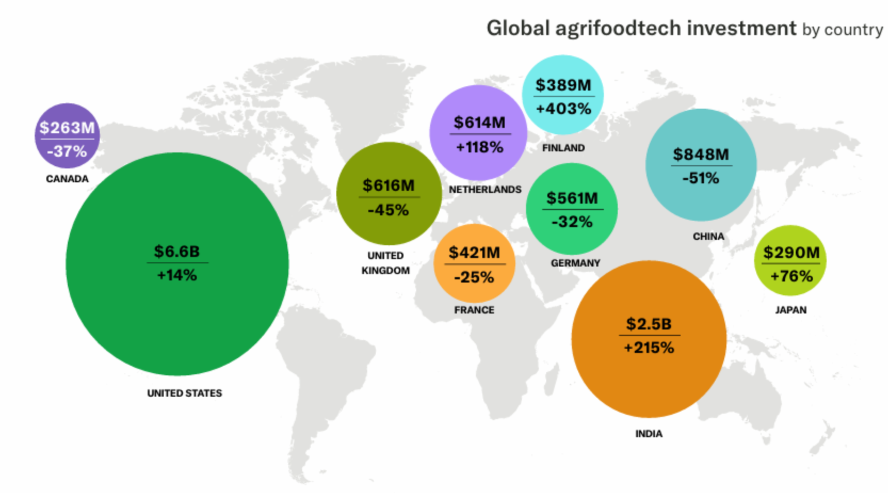
[6] Ibid.

decline in investment in the sector in recent years, 2025 has shown signs of recovery.

Global agrifood-tech investment reached $16 billion in 2024.[7] This represents a drop of just 4% from the previous year, suggesting the market is beginning to stabilise. Mature markets such as the US and the Netherlands, as well as developing markets such as India, have seen increased investment for this year, hinting that the rest of the global market will follow suit.[8]

The UK punches above its weight in the agrifood-tech market, holding firmly its position of fourth on the leaderboard for global funding. Although the UK has been hit by geopolitical instability, investment in midstream technologies has performed well, seeing 35% growth in 2024.[9] There is a lot of dry powder ready to be deployed, especially for companies seeking mid to late-stage capital investment. The election of the Labour government in mid-2024 has brought some stability to the domestic political environment, and ministers have recognised the importance of agri-tech as a driver of economic growth.

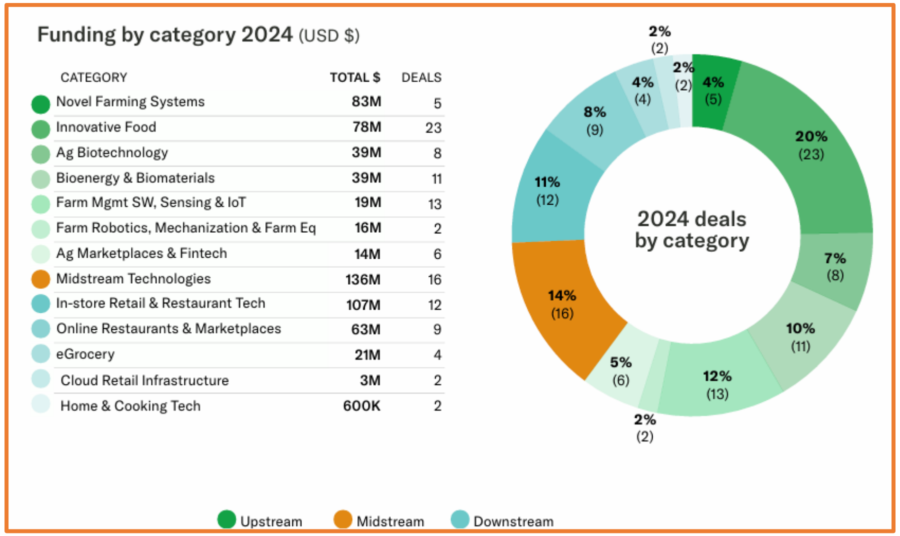
Figure 3.1 Global AgriFoodTech Investment Report: Global agrifoodtech investment by country[10]



COUNTRY	$ TOTAL	$ CHANGE	DEALS
United States	6.6B	14%	468
India	2.5B	215%	218
China	848M	-51%	169
United Kingdom	616M	-45%	113
Netherlands	614M	118%	35
Germany	561M	-32%	56
France	421M	-25%	70
Finland	389M	403%	18
Japan	290M	76%	89
Canada	263M	-37%	65

[7] AgFunder, Global AgriFoodTech Investment Report, 2025
[8] Ibid.
[9] Ibid.
[10] Ibid.

Figure 3.2 Global AgriFoodTech Investment Report: UK funding by category 2024[11]



Funding by category 2024 (USD $)

CATEGORY	TOTAL $	DEALS
Novel Farming Systems	83M	5
Innovative Food	78M	23
Ag Biotechnology	39M	8
Bioenergy & Biomaterials	39M	11
Farm Mgmt SW, Sensing & IoT	19M	13
Farm Robotics, Mechanization & Farm Eq	16M	2
Ag Marketplaces & Fintech	14M	6
Midstream Technologies	136M	16
In-store Retail & Restaurant Tech	107M	12
Online Restaurants & Marketplaces	63M	9
eGrocery	21M	4
Cloud Retail Infrastructure	3M	2
Home & Cooking Tech	600K	2

Natural capital

A growing asset class that increasingly delivers financial and environmental returns

Socially conscious investors have long used the concept of ESG (environmental, social and corporate governance) to set standards for a company's operations and screen potential investments. Natural capital is one part of the 'E' of ESG and traditionally considers how well a potential asset performs as a steward of nature. It helps to value ecosystems like forests, wetlands and soils, recognising their role in carbon storage, biodiversity and water security. Increasingly, investors are moving towards the idea that the natural environment is an asset class in itself.

Research commissioned by Gresham House in 2024 highlighted the growing interest in natural capital investments in institutional portfolios, with half of UK asset owners reporting they already invest in natural capital or will do within the next 18 months.[12] Investors are becoming increasingly aware of natural capital's potential to deliver resilient and impactful returns. Alongside attractive financial performance, supporting climate resilience and environmental sustainability were the biggest drivers of investment in the asset class.

Natural capital markets are gaining momentum in the UK and creating opportunities for businesses and investors to restore ecosystems, improve climate resilience and have a meaningful impact on the natural environment. The government is keen to support growth in this area as it creates opportunities for the environmental restoration of agricultural land and supports the diversification of revenue for farms. Natural capital investing offers an innovative solution to the challenge of balancing the financial sustainability of farming with the need to address environmental degradation. These objectives have often been considered at odds with each other and have created a headache for policymakers in recent years.

[11] Ibid.

[12] Gresham House, Natural Capital Investments Report, 2024

Greenwashing has caused aspects of the market, such as carbon or deforestation avoidance credits, some reputational damage in the past. This highlights the importance of undertaking thorough due diligence to understand any physical risks, climate risks and political risks associated with investments to ensure they deliver the full positive environmental impact.

With President Trump's increasingly hostile rhetoric on ESG, the tide on ESG investing in the US is turning. He has unravelled much of the Biden administration's climate action policies, passed executive orders banning ESG investing, and taken aim at DEI policies. Large asset managers such as BlackRock and State Street Investment Management have left net zero and climate initiatives such as Climate Action 100+ and the Net Zero Asset Managers initiative. There is currently limited evidence that the UK and Europe are following suit with a similar anti-ESG sentiment. A recent survey by the Association of Investment Companies found that Trump's attitude has made 20% of UK private investors more positive about ESG.[13] The political sentiment towards environmental policies in the UK is also decidedly different, with net zero and environmental stewardship priorities for the Labour government. The tension arises in balancing this with the imperative for economic growth.

The impact of a potential Reform UK government more akin to Trump's anti-ESG ideology is also a serious consideration for ESG investing in the UK. This scenario is very hypothetical, relying on an enormous and unprecedented electoral triumph to become a reality. Nevertheless, with the party leading the polls, the impact of a potential Reform UK (or Reform-led) government is a question we are increasingly asked and is one worth considering. Reform UK is more likely to be interested in targeting the 'S' of ESG investing than the 'E' or 'G', with waging war on 'wokeism' expected to form a key part of the party's offer to the public. Although Reform has proposed cuts to renewable energy subsidies, the economic impact of a private investment freeze and widespread job losses would be high. Environmental policies also generally receive widespread public support. It is unlikely that anti-ESG investor sentiment will be a flagship political issue for Reform UK so in the event of the party's greater influence on policymaking, the most likely effect is a gradual dilution of government support rather than a wholesale anti-ESG crusade.

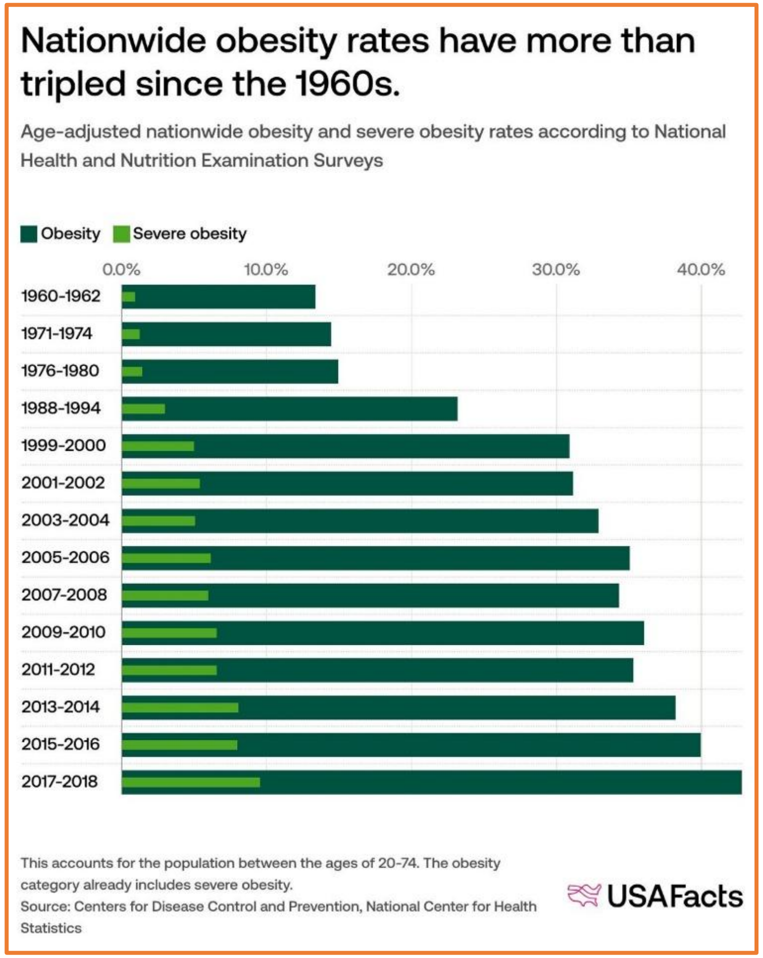
[13] IFA, One in five investors say Trump made them more favourable to ESG, 29.09.2025

The View from the US

Erin Cadell, President of Anchor Advisors

To borrow a phrase, US food and drink policy is a tale of two cities. On the one hand, the Trump administration's actions in its first eight months appear to challenge the underpinnings of the US food value chain itself in the name of providing shock therapy to what they argue has become a sclerotic and ideologically biased federal bureaucracy. Budget reductions and layoffs at the Food and Drug Administration and Department of Agriculture have sparked concerns about consumer food safety.[14] Administration efforts to cut federally funded food and agriculture research have led to criticism that the government will understand less about food practices even as it enacts cuts in food benefits to the poor.[15] And, as noted earlier, Trump has reversed numerous US policies to attempt to reduce the nation's and the world's carbon footprint, infamously claiming at the September UN General Assembly meeting that climate change is a "con job."[16]

At the same time, the US food and drink sector finds itself in a period of dramatic change, one that offers as much opportunity as risk for industry participants and investors. Sparked by a grassroots movement that grew to critical mass well before Trump's second term began, the Make America Healthy (MAHA) movement, vocally embraced by Trump's health secretary Robert F. Kennedy Jr., has questioned the rise of processed foods in Americans' diets, and argued that this trend has contributed to an increase in US obesity rates over the years (see at right[17]).[18] Far from rejecting MAHA's claims, the industry has engaged the



[14] Risk Management Magazine, USDA budget cuts present food safety risks, 21.05.2025
[15] Association of Public & Land-Grant Universities, Analysis of the Trump Administration's FY2026 Skinny Budget Request, 02.05.2025
[16] Politico, Trump administration moves to repeal climate 'holy grail', 29.07.2025
[17] USA Facts, US obesity rates have tripled over the last 60 years, 21.03.2023
[18] The White House, Make America Healthy Again report, May 2025

movement, with several large US retailers eliminating artificial dyes or flavourings, lowering sugar content and making other product changes.[19] Healthy food startups like Simple Mills and Daily Harvest have been snapped up this year by larger food companies to appeal to health-focused consumers – and hopefully head off tighter regulation by RFK Jr. and his MAHA allies.

Away from MAHA, the US agri-tech industry, like so many aspects of American society, is experiencing a wave of innovation driven by emerging technology.[20] US startups are using robots to drive farm tractors, AI to monitor crops and make food distribution more efficient, and biotech to develop new plants and protect existing ones from disease. And as much as Trump would hate to admit it, a number of these adaptations are driven by shifts in climate across America that are changing what, when and how much farmers can grow.

What does all this mean? US-focussed food and agriculture companies and investors must track policy developments closely to separate the noise that follows the latest headline-grabbing Trump tweet from the lasting impact of his administration's policies as well as those of Congress and state policymaking bodies. Amidst the budget cuts and turmoil in DC, a key theme emerging from Trump 2.0 is that the private sector is being asked to take on functions the federal government has assumed for decades, from conducting research to develop healthier foods to collecting data farmers use to make decisions. GK and our US partners Anchor Advisors stand ready to help clients navigate this challenging but exciting (really!) US policy landscape.

About GK's US Advisory offer

GK has agreed a formal strategic partnership with Washington DC based Anchor Advisors to provide integrated insights for private equity investors navigating transatlantic M&A transactions. The partnership combines GK's deep expertise in the UK's policy and regulatory environment with Anchor Advisors' experience of supporting private equity investors to navigate US policy at a state and federal level.

The two firms support private equity and private credit clients and their portfolio companies by providing robust insight to better anticipate regulatory change, assess political risk, and identify opportunities in both markets.

Private equity and private credit firms, and the companies they own, are also increasingly looking beyond their traditional geographies to identify compelling investment opportunities and to limit their exposure to any single region. GK's partnership with Anchor Advisors means we can offer our clients a clear, connected perspective on how regulatory shifts in London and Washington could impact valuations, deal structures and long-term strategies.

The new international advisory service is led by Lizzie Wills, Senior Partner and Head of Private Equity at GK Strategy, and President of Anchor Advisors Erin Caddell.

For more information about GK's US coverage, or to arrange an introductory meeting with the GK team in Washington D.C, please contact Lizzie Wills on lizzie.wills@gkstrategy.com.

[19] Mass Market Retailers, Food industry embraces and fears the 'MAHA' movement, 19.08.2025

[20] AgFunder, Global AgriFoodTech Investment Report, 2025

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