



THOUGHT LEADERSHIP

Cultivating a more sustainable F&B business model

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The food and beverage (F&B) industry has a unique relationship with agriculture. Dependent on each other for survival, it's a partnership that relies on the agricultural sector for the raw ingredients and the F&B industry to process how those ingredients end up on our tables. Yet this relationship is currently being tested as biodiversity and climate change impact how we live and consume.

Increasingly, momentum is building around how the food value chain can adapt to reduce any negative impact on the planet and communities. Several major companies in the F&B sector have now signed up to The Climate Pledge¹, which calls on companies and organisations to become net-zero carbon by 2040. Regulatory forces are also in play. More recently, initiatives such as the Global Methane Pledge², designed to reduce methane emissions associated with agriculture and food waste, are raising awareness and driving the F&B sector to rethink how they connect with the supply chain.

So what steps does the F&B sector need to consider to help cultivate a business model with sustainability at its core so that the transition runs smoothly?

#1

Manage the balance between profit and purpose

The values that underpin the F&B sector are often emotionally charged. What we eat and drink, production and packaging techniques, land use, biodiversity, farming methods and climate change are increasingly sensitive issues, particularly when considering the

impact of emissions across the entire food value chain. Whereas in the past, more profits meant increased production, the industry now has to think more carefully about marketing its purpose to a critical consumer base. Pushing the envelope down the line is not the answer. Rather than exerting downward pressure on the supply chain to achieve consumer buy-in, adopting a portfolio of measures that address specific concerns will help manage the balance between profit and purpose so that sustainable values are clear.

#2

Build on relationships to address trends

The F&B sector is in the enviable position of having its own value chain through its long-standing relationship with farming. This ability to tap into what is in effect a circular economy gives the agility needed to solve many sustainability problems without relying on a network of other industries. Farmers can exert pressure on cooperatives and retailers to step up their sustainability efforts. Equally, those same cooperatives and retailers can nudge farmers in the right direction by showcasing new technologies and sustainable pathways. These close relationships and collaborations between farming and the F&B

¹<https://www.theclimatepledge.com/us/en/Signatories>
²https://ec.europa.eu/commission/presscorner/detail/en/IP_21_4785

sector are already producing groundbreaking initiatives and give the confidence to farmers to commit to climate targets. Time will tell if these initiatives are enough to quell consumer fears about emissions. In the meantime, building on strong relationships to collaborate on creating, for example, 'net-zero' milk or tapping into the demand for plant-based alternatives can address trends and help develop a more sustainable F&B sector.

#3

Tailor risk mitigation methods to individual company needs

We know that climate change and sustainability are key business risks. But to build resilience, companies need to specifically identify what that risk means for their business model and how it impacts their stakeholders and consumers. For some companies, this could mean the marketing risk of introducing sustainable packaging that is less recognisable to consumers. For others, it could be the future financial risk of producers discontinuing unsustainable crops that comprise the key ingredients of major product lines. Risks associated with sustainability have to be understood and customised so that business models can adapt and evolve accordingly. Anticipating change will help improve resilience, reducing the need to make wholesale changes to the company business model in the future.



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#4

Valorise waste to reduce your carbon footprint

With the aid of state-of-the-art technology and innovation, sustainability solutions are increasing. Whether it's the use of green hydrogen or CO₂ air capture, assessing which solutions work best for your company model is vital. A recent front-runner for the F&B sector is the use of biochar in agriculture. This involves producing a charcoal-like substance from plant matter and storing it in the soil as a means of removing carbon dioxide from the atmosphere. During this process, heat is created which further decarbonises the company's energy production. The advantage of biochar over solutions such as direct CO₂ capture is that the technology is commercially available, economically viable and has additional benefits such as soil health improvement.

#5

Understand and adapt to regulatory change

New climate change and sustainability initiatives inevitably involve regulatory change. Getting involved in forums that shape the use of groundbreaking CO₂ reduction initiatives will help formulate company policies on sustainability and give a line of sight as to which initiatives are most likely to succeed. Equally, having a voice at the regulatory stage ensures policies are more industry-relevant. Understanding the regulations surrounding new sustainability initiatives will also ensure that government subsidies that rely on specific requirements are met. Additionally, having a firm handle on the regulatory landscape from a European perspective will help cope with the current lack of standardisation on sustainability issues on a country-by-country basis.

3 ideas to strengthen your sustainability strategy

In a world where environmental and sustainability factors are increasingly essential metrics, companies in the F&B value chain need to collaborate and develop a forward-thinking approach to sustainability solutions that address individual and collective needs.



IDEA #1: Establish a net-zero roadmap

There is no one size fits all to achieving sustainability. An initial analysis of the existing situation helps companies create a customised menu of options that identify high and low hanging fruit. These are vital steps to determine a strategy and implementation roadmap.



IDEA #2: Reduce, repurpose and regenerate

Assess how to reduce waste as a first step. Secondly, consider what greenhouse gas removal technology is available that allows you to repurpose and valorise waste. Thirdly, promote the transition to regenerative agriculture practices.



IDEA #3: Identify change agents

Appoint internal and external partners to oversee the sustainability change process. Change agents with a broad range of sustainability expertise can advise on regulatory issues, assess technological developments and help build and strengthen relationships along the value chain.

Companies in the F&B sector should consider the above ideas and take the necessary steps to strengthen their sustainability ambitions as we move forward.

Join the movement

Sustainability is imperative and has become a key focus for all organisations. DSS has supported small and large companies worldwide on initiatives to strengthen, develop and implement sustainable strategies to keep businesses operational in a safe manner.

Using this experience, DSS has expanded its capabilities by integrating with the leading environmental sustainability firm, Sofies. Sofies has developed training, mentoring and workshop programmes for the food and beverage sector that enhance their ability to succeed in their net-zero journey.

As sustainability priorities take centre stage, we invite you to join the movement on preparing your teams for future sustainability challenges together.

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DuPont Sustainable Solutions (DSS)

is an international operations consulting firm that enables organisations to protect their employees and assets, realise operational efficiencies, innovate more rapidly and build workforce capability. By leveraging its DuPont heritage, deep industry, business process expertise and a diverse team of expert consultants, DSS helps clients turn operations management into a competitive advantage.

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Sofies

Sofies is an international sustainability project management and consulting firm, B-CORP certified. Leveraging scientific methodologies and robust processes, Sofies supports clients from both public and private sectors in their efforts to become more sustainable. They develop solutions for integrating sustainability into the governance and operational framework, and tackle a range of issues including climate change, circular economy, land use and regenerative economy.

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