

Joe Berry Award 2022

Entry – JBA-22-266

Topic 2 Sustainability - Question B

Choose an area that our supplier-community should focus on to have an impact. Explore how they would go about these changes, examples of the impacts this would have and how it is both sustainable and economically viable to do so.

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Executive Summary & Introduction:

Humanity currently faces an enormous challenge; how to feed a growing population a nourishing diet, without exceeding environmental boundaries. By 2050, the global food system will need to feed 10-billion people¹. With this date looming, attention is on the environmental impacts of producing, moving and consuming food. The concept of ‘sustainable diets’ has emerged as a solution for reducing the environmental footprint of food^{2,3}. Sustainable diets consist of low environmental impact foods that are produced in ways that protect and restore natural resources⁴.

The shift to more sustainable diets involves the entire supply chain. As manufacturers of food products, fast-moving consumer goods (FMCG) suppliers have touchpoints from farm to table. With that comes a large scope of influence on environmental impact (Figure 1). Progress towards more sustainable operations has been a key focus for suppliers in recent years. With the urgency of action⁵ and significance of environmental targets set, unlocking the full scope of influence is crucial.

Looking to the future, suppliers who focus on sustainable diets will unlock the capability to make food products with the lowest environmental impact possible. This includes producing sustainable food products and influencing sustainable food choices by consumers.

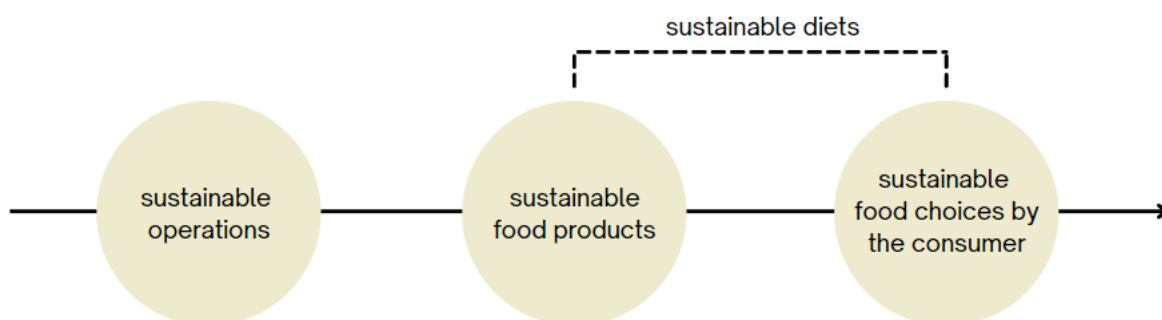


Figure 1: FMCG food suppliers’ scope of influence on environmental impact.

This essay will discuss how the impacts of sustainable diets are not only good for the planet but good for business also, and how suppliers can act in this space.

¹ [EAT-Lancet Commission Summary Report - EAT \(eatforum.org\)](https://eatforum.org/)

² [FAO and WHO. 2019. Sustainable healthy diets – Guiding principles. Rome.](#)

³ [Willet et al 2019](#)

⁴ [FAO Dietary Guidelines and Sustainability](#)

⁵ [IPCC Sixth Assessment Report 2021](#)

Part 1: Sustainable diets equal big impact for suppliers

The impacts for suppliers of sustainable diets are two-fold: positive environmental impact and then leveraging that into commercial gain.

Positive environmental impact

The amazing thing about food is its potential to go beyond neutral and have a positive environmental impact. Sustainable diets via sustainable food products and influencing sustainable food choices by the consumer, are key to amplifying impact and realising the nature-positive potential of food. Utilising the levers across the full scope of influence is essential (Figure 2).

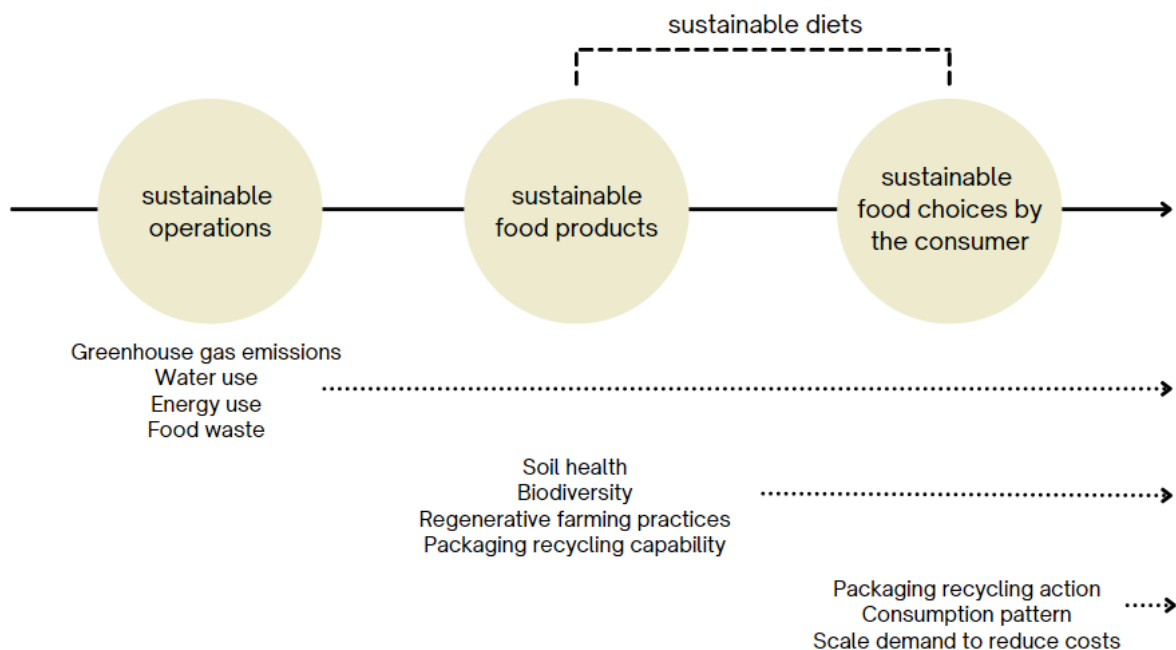


Figure 2: Levers for environmental impact at each stage of FMCG food supplier's scope of influence.

The foundation of operational environmental impact

The global food system currently accounts for one third of greenhouse gas emissions (GHG)⁶. Seventy percent of the globe's fresh water is used to produce food⁷. One third of all food produced is wasted⁸. To date, suppliers have targeted reducing these

⁶ [Food systems are responsible for a third of global anthropogenic GHG emissions](#)

⁷ [National Geographic, Freshwater Resources](#)

⁸ [FAO, Global Food Losses and Waste](#)

impacts by focusing on operations and logistics. Further positive impact against these metrics is possible however, by leveraging the move to more sustainable diets.

Linking to the impact of growing and producing food products

Variety in our ecosystem, termed biodiversity, is essential in protecting the food system against shocks and stressors, including environmental. The Earth's soils are home to one quarter of the planet's biodiversity, however due to soil degradation much of this biodiversity is lost⁹. More than 6000 plants have been cultivated for food, however less than 200 of those are major contributors to the food we eat globally¹⁰. Many of the farming practices used at scale to date have been detrimental to both soil health and biodiversity.

Regenerative farming practices produce food in harmony with nature¹¹. Through regenerative practices soil health flourishes, biodiversity is restored, and more carbon is removed from the atmosphere and sequestered into the healthy soil. Many suppliers are acting on this now. General Mills have made the commitment to advance regenerative agriculture on 1-million acres of farmland by 2030¹². Nestle Global is investing 1.8-billion Australian dollars over the next 5-years to support the adoption of regenerative practices across their supply chain¹³.

Impact in the homes of consumers

Australian households alone throw away one in every five bags of groceries purchased¹⁴. Each perfectly edible food product thrown away is a waste of emissions, water, energy, and on-farm resources. Furthermore, scaling of sustainable food products and influencing consumer food choices unlocks longevity of positive impact. In terms of packaging, suppliers cannot create truly sustainable packaging without action by the consumer.

⁹ [Biodiversity | Food and Agriculture Organization of the United Nations \(fao.org\)](https://www.fao.org/biodiversity/)

¹⁰ [FAO, The biodiversity that is crucial for our food and agriculture is disappearing by the day](https://www.fao.org/news/story/en/detail/country/FAO,-The-biodiversity-that-is-crucial-for-our-food-and-agriculture-is-disappearing-by-the-day)

¹¹ [Schreefel et al 2020. Regenerative agriculture – the soil is the base](https://www.sciencedirect.com/science/article/pii/S0926668620300011)

¹² [Regenerative Agriculture 2020 \(generalmills.com\)](https://www.generalmills.com/our-story/commitment-to-regenerative-agriculture)

¹³ [Transition to Regenerative Food System | Nestlé Australia \(nestle.com.au\)](https://www.nestle.com.au/transition-to-regenerative-food-system)

¹⁴ [Foodbank Australia, Food Waste Facts in Australia](https://www.foodbankaustralia.org.au/food-waste-facts-in-australia)

Leveraging positive environmental impact into commercial gain

For positive environmental impact to have longevity, it must also be good for business. Fortunately, there are powerful levers to pull in leveraging environmental impact into commercial gain.

Corporate environmental and social responsibility

A brand's operational sustainability commitments are no longer impactful as a competitive advantage. Sustainability is now about 'right-to-play' in market. The expectations are coming from multiple directions. Investors' expectations are high, with sustainability credentials an increasingly valuable measure alongside financial performance. Major investors in Australia are becoming increasingly black and white around their expectations. Companies are expected to adopt and outline a robust corporate strategy in alignment with climate targets^{15,16}.

Brand equity

Two-thirds of consumers believe that it is the responsibility of brands to ensure products are produced sustainably, and to be transparent about this process¹⁷. Consumers have evolved beyond just supporting brands with strong sustainability credentials. They now want to reduce their personal environmental footprint. 'Eco-anxiety' is felt by many consumers who want to make more sustainable choices but are overwhelmed. Consumers are also becoming more and more perceptive to 'green-washing' whereby large companies are publicizing environmental commitments but not delivering. They are seeking credible brands they can trust.

Alignment to retailers' strategies

It is not just investors and consumers applying the pressure. The retailers have embarked on environmental targets that will require radical change (Table 1).

¹⁵ [Australian super funds to vote against company directors not tackling climate crisis | The Guardian](#)

¹⁶ [BlackRock votes against 49 companies for lack of climate crisis progress | The Guardian](#)

¹⁷ [BBMG 2021 'Radically Better Food – 4 Imperatives for Regenerative Brands'](#)

Table 1: Environmental commitments set by the major Retailers in Australia^{18,19,20,21}.

Retailer	Environmental commitments
Aldi	Current – 100% renewable energy 2023 – zero food waste to landfill
Coles	2025 – 100% renewable energy 2025 – zero food waste to landfill 2050 – net-zero emissions
Metcash	2030 – 42% emissions reduction
Woolworths	2025 – 100% renewable energy 2025 – zero food waste to landfill 2050 – net positive emissions

Retailers will need backing from suppliers and will increasingly preference suppliers who align with their values. Coles recognised 15 suppliers who delivered on sustainability commitments this year as part of their supplier awards²². The retailers are also investing financially. Last year Woolworths announced a 4-million-dollar investment to bring more sustainable products to supermarket shelves²³.

¹⁸ [Aldi Australia – Environment](#)

¹⁹ [Coles Group Sustainability](#)

²⁰ [Metcash Sustainability Report 2021](#)

²¹ [Woolworths Group Sustainability Plan 2025](#)

²² [Coles recognises sustainable businesses in Supplier Awards - Inside FMCG](#)

²³ [Woolworths invest \\$4m in adding sustainable products to supermarkets | news.com.au](#)

Part 2: The actions for suppliers to take

Creating more sustainable food products and influencing more sustainable food choices is not going to happen overnight. For suppliers, it is simply about starting and making plans for today and into the future.

Now

Mapping the environmental footprint on a category and SKU level

Before transformations to more sustainable product portfolios can begin, suppliers must have visibility of the impact of products today. This process is complex and will require time, so companies must start now to keep up with the direction the market is heading. To complete a full product lifecycle analysis, there are many product attributes that need to be accounted for (Figure 3).

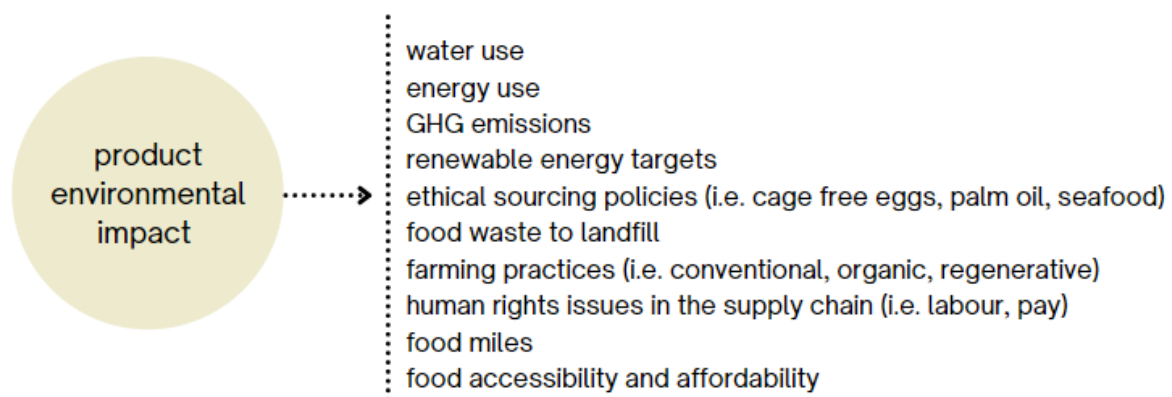


Figure 3: Product attributes contributing to environmental footprint.

The return on investment of time and resource is that it will enable credible and robust product claims and messaging around sustainability credentials. There is damage to be done to brands who try to fast-track this. Oat milk brand Oatly in the UK was recently reviewed by the country's advertising standards authority for misleading GHG emission claims after receiving more than 100 complaints²⁴.

²⁴ [Oatly misleads consumers with environmental claims, rules ASA \(foodnavigator.com\)](https://www.foodnavigator.com/Article/2022/05/12/Oatly-misleads-consumers-with-environmental-claims-rules-ASA)

The power of storytelling

Influencing consumer purchase is imperative to scaling positive environmental footprint. Brands that create a sense of community through transparent storytelling will gain advantage. Brands outside of food are taking this direction also. Country Road are showcasing the brand's own journey to more sustainable practices and Australian-made sourcing. Upcoming activations include in person events in partnership with Melbourne Fashion Festival, to engage their customers in conversations around climate change²⁵.

Next

Rethinking product development

A 2021 report titled 'The Big Food Redesign' proposed a method for creating more sustainable food products. The four key pillars (Figure 4) were diverse ingredients, lower impact ingredients, upcycled ingredients and sourcing regeneratively farmed ingredients²⁶. Greater diversity of ingredients links to restoring biodiversity. Using ingredients that inherently have a lower environmental impact makes sustainable food products more feasible. Consumer perceptions and expectations around 'perfect' food are changing, opening the market to 'upcycled' ingredients – ingredients otherwise destined to be wasted²⁷. Danone in North America have launched under their 'Two Good' yoghurt brand a 'Good Save' proposition, whereby blemished fruit destined for landfill is rescued²⁸.

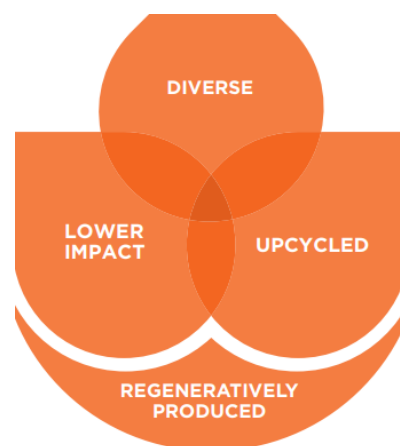


Figure 4: The Ellen MacArthur Foundation's 'The Big Food Redesign' which outlines a blueprint to more sustainable food products¹².

²⁵ [Country Road, Our World](#)

²⁶ [The Ellen MacArthur Foundation, The Big Food Redesign](#)

²⁷ [Consumer preferences for upcycled ingredients: A case study with biscuits](#)

²⁸ [Mandarin Orange Two Good™ Greek Yogurt with 2 Grams of Sugar \(twogoodyogurt.com\)](#)

Mutually beneficial industry collaborations

The shift from ‘competitive advantage’ to ‘right-to-play’ for suppliers, opens the door to collaboration and sharing of resources. Despite being competitors in market, in January Coca Cola Europacific Partners and Asahi Beverages joined forces to build a new plastic recycling facility, which will process 1 billion plastic bottles each year²⁹. It is a big ask for suppliers to tackle these challenges in silos. Collaboration is key to gaining efficiency and traction as an industry.

Future

Like the Health Star Rating, but for the environment

In the same way health ratings are becoming standard on food products, it is no longer futuristic to imagine an environmental rating front-of-pack also. In fact, new front-of-pack labelling schemes are beginning to emerge with the aim of clear environmental impact messaging, and to allow consumers to compare products at the point of purchase (Figure 5). While there is no doubt this is on the way, locally there is currently clear air in this space. By having this on the radar now, the supplier community will be in a good position to advocate for clear and credible rating systems, and a feasible rollout plan for industry



Figure 5: Emerging environmental rating schemes for food products – ‘EnviroScore’³⁰ developed in Belgium, and ‘Eco-Score’ out of France³¹

Continue to innovate and scale to bring costs down

Cost is still a key driver of purchasing behaviour. The move to sustainable food products will be heavily scrutinized from this lens. Suppliers will need to continue innovate to gain new efficiencies and cost savings, but also leverage the community of consumers formed over the years to scale demand.

²⁹ [CPA_Vic_Recycling_Facility - 18 Jan_2022.pdf \(asahi.com.au\)](#)

³⁰ [Food Navigator, New environmental labelling scheme unveiled](#)

³¹ [Food Navigator, First Nutri-Score for nutrition, now Eco-Score for the environment: New FOP lands in France](#)

Conclusion – a vision for 2050

It is the year 2050 and the global population is 10-billion as predicted. The farm to table journey of food has undergone radical transformation in the last 25 years. The food system now works with nature, with a net impact that is good for the planet! The suppliers who saw this transformation coming 25 years ago, have unlocked their full scope of influence on environmental impact (Figure 6).

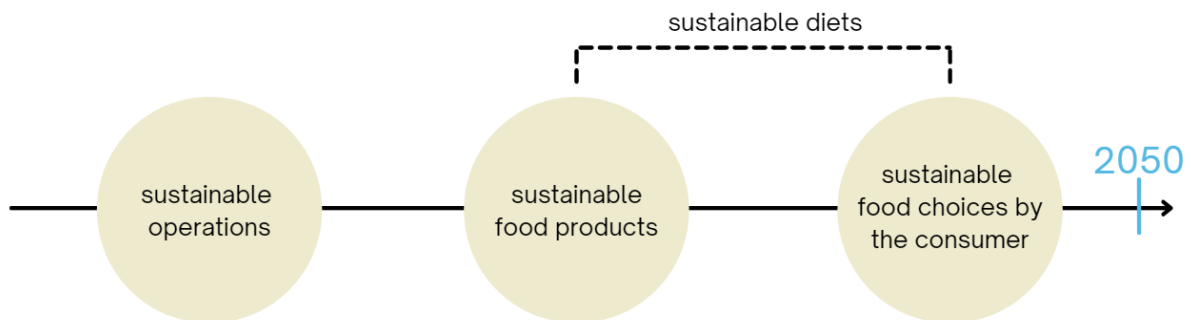


Figure 6: A vision for the year 2050 where suppliers have unlocked their full scope of influence on environmental impact.

This shift has also proven to be good for business! Supermarket shelves are stocked with sustainable food products. Sustainability is one of the top drivers of purchasing behaviour, along with taste, cost, and convenience. Consumers are choosing brands that deliver real impact and a sense of community. The Australian environmental impact rating scheme is gaining momentum, with more brands opting to display this front of pack. It is expected this will become mandatory within the next few years, leaving some suppliers scrambling to comply with this deadline.

Looking to the future, the major retailers have set targets for environmental rating improvements across all categories. The early adopters within the supplier community are in the box seat, with many having set their own targets to shift their product portfolios. It is an exciting time, as the true power of food to positively impact the environment is realised!