



The Origin Green  
Ambassadors Global  
Insights Reports 2021

# ALIGNING CLIMATE & SUPPLY CHAIN STRATEGY TO UNLOCK COMMERCIAL VALUE

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**BORD BIA**  
IRISH FOOD BOARD



## Origin Green Ambassador Programme

Never has sustainability been so top of mind and globally important, and it is this convergence that has opened some important discussions among the global food industry. Bord Bia's Origin Green Ambassador programme is designed to open and facilitate these conversations and the role of Irish sustainability initiatives in export markets.

Created in 2013 with the Michael Smurfit Graduate Business School, this programme has at its heart two interlinked pillars: one focused on education in the sphere of Business Sustainability, and the other on partnership with major international food companies. The format of this 23 month programme towards an MSc in Business Sustainability ensures that high quality executives are placed in many of the leading Global Food & Drink companies, honing their skills while engaging on live sustainability projects. Working to embed sustainability best practices, strategic planning, refine policies and bring new thinking to their placements.

The Ambassadors are the connection between Ireland's Origin Green programme and its associated partner organisations who are world leaders in the global food industry. Over two years, modules focus on accelerating growth, sharpening business strategies, and anticipating change in an ever transient global economy. In partnering with major international food firms, these ambassadors can then build on an awareness of established Irish initiatives across key target markets.

In this series of global insights reports, the Ambassadors bring you their insights on some of the most pressing sustainability issues and opportunities facing our industry.



### Aisling Andrews

Aisling's first placement was in Canada with the Liquor Control Board of Ontario where she supported the rollout of their first sustainability strategy and led the development of business wide KPIs and impact reporting. Her final two placements were with McDonalds in a dual role across the UK and Ireland and the Global Impact Team. Here Aisling supported the design of a new sustainability framework across restaurants, offices and the supply chain. She also led CDP supplier engagement on Climate and Forest action and supported the development of decarbonization strategies at market and global level.

<https://www.bordbia.info/ucd-2021/>



### Holly Pettingale

Holly's first placement was with Sainsbury's in London where she led the development of their scope 3 strategy and represented the company at industry roundtables and events. She also provided expertise on various projects including the development of a dairy sustainability framework. Her final 2 placements were with Barry Callebaut, Zürich working on climate and deforestation across their ingredient portfolio. This included the development of sustainable product offerings and acting as the sustainability lead for the D'Orsogna brand, responsible for the delivery of their sustainability strategy.

<https://www.bordbia.info/ucd-2021/>

# Introduction

According to a recently published report from CDP<sup>1</sup>, the world's largest environmental disclosure system, environmental risks to supply chains are predicted to cost companies up to \$120 billion over the next five years with manufacturing, food and beverage, and agriculture highlighted as industries most likely to incur potential cost increases.

Pressure on industry to move quickly and credibly to address the climate crisis has increased in line with the rise in countries including the UK, France and, recently, Ireland writing their Net Zero targets into law. Companies wanting to future-proof their business must now prioritise embedding climate risk and decarbonisation into their long-term strategy. This will require bold decisions that go beyond sustainable practices to building entire business models around planet and people commitments, not just profit. While this will be challenging, it will also provide a unique opportunity for supply chain transformation and innovation to solve problems and drive growth.

In this report, we will focus on the increase in corporate decarbonisation commitments, particularly those in the Agri-Food sector and what a shift toward a Net Zero economy might look like for Irish industry. We also discuss how businesses can rise to meet the challenge through embedding climate thinking into business operations and the opportunities that exist to unlock greater commercial value with customers and consumers.



Source of Image: <https://www.cdp.net/en/research/global-reports/transparency-to-transformation>

<sup>1</sup> CDP.net. 2021. Transparency to Transformation: A Chain Reaction. [Online] Available at: <<https://www.cdp.net/en/research/global-reports/transparency-to-transformation>> [Accessed 12 March 2021].

## The Burning Platform:



Source: Global Citizen. Available at: <https://www.globalcitizen.org/en/action/quiz-cop26-why-it-matters-for-the-climate-crisis/>

Leading bodies including the Intergovernmental Panel on Climate Change (IPCC)<sup>2</sup> and the UN<sup>3</sup> have clearly signalled that the actions taken between now and 2030 are crucial to avoid the impacts of climate change. Current consensus is that we must halve emissions by 2030, while reaching a net-zero position by 2050<sup>4</sup>. Businesses looking to address and capitalise on these challenges are prioritising the decarbonisation of their current business practices while also tackling systemic issues and emissions within their supply chains.

The actions companies take today will reflect how resilient their business is to mounting climate risks. It can also impact commercial success as investors are shifting their money toward those placing the net zero economy at the centre of business decisions<sup>5</sup>. Consumers too are shown to be spending more mindfully by placing company and brand actions under greater scrutiny<sup>6</sup>.

<sup>2</sup> IPCC. Global Warming of 1.5 °C —. [online] Available at: <<https://www.ipcc.ch/sr15>> [Accessed 12 March 2021].

<sup>3</sup> United Nations, 2019. Only 11 Years Left to Prevent Irreversible Damage from Climate Change, Speakers Warn during General Assembly High-Level Meeting. Available at: <<https://www.un.org/press/en/2019/ga12131.doc.htm>>

<sup>4</sup> IPCC, 2018: Summary for Policymakers. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. World Meteorological Organization, Geneva, Switzerland, 32 pp. (Page 12 – Available at <[https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15\\_SPM\\_version\\_report\\_LR.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf)>

<sup>5</sup> Larry Fink CEO Letter | BlackRock, 2021. Available at: <<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>> [Accessed 12 March 2021].

<sup>6</sup> Behaviour & Attitudes, 2021. Sign of the Times 2021 (p. 47). B&A SOTT 2021. Available at: <https://banda.ie/wp-content/uploads/J.202460-SOTT-2021-Online-version.pdf> [Accessed 12 March 2021].

# The Climate Commitment Landscape:

In the drive for serious and effective climate action, the pressure is currently on all businesses to address their carbon footprint in a meaningful way by identifying the emissions associated with their entire value chains' activities. Put simply, a company looking to credibly act on climate change needs to accurately measure their greenhouse gas (GHG) emissions across all levels of the supply chain, set quantifiable targets, and enact strategies to reduce these emissions through a science-based approach.

Developing a science-based approach to measuring and managing GHG emissions is the best way for a company to manage risk and robustly address the climate emergency. Emissions reduction targets are generally defined as science-based if they are made in line with the current reduction requirements to keep global warming below 2°C, an ambition that is transitioning toward a 1.5°C requirement. For over 1,000 businesses globally, including six Irish food and beverage companies, this has involved signing up to the Science Based Targets initiative (SBTi) to publicly commit to emissions reductions in line with climate science.

As of March 2021, 61 of Ireland's largest companies have also signed up to the Business in the Community Ireland<sup>7</sup> 'Low Carbon Pledge' to set science-based targets across their entire footprint accounting for direct emissions from operations (Scope 1), emissions from energy usage (Scope 2), and indirect emissions from upstream and downstream activities in their supply chain (Scope 3)<sup>8</sup>.

Given that supply chain emissions are approximately 5.5 times higher than the average company's direct emissions, it is vital that any climate commitments being made by companies today are inclusive of Scope 3<sup>9</sup>.

While setting targets founded in science should be the minimum for all companies looking to develop their climate and supply chain strategy, the most prominent emerging climate commitment is that of Net Zero.

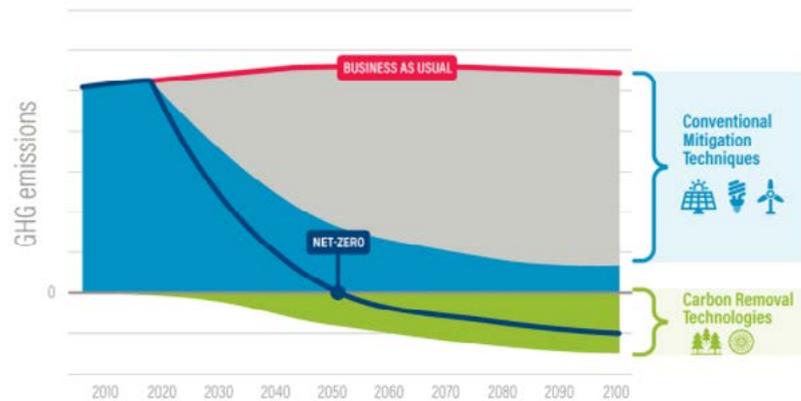
<sup>7</sup> The Low Carbon Pledge, 2021. The Low Carbon Pledge. Business Action on Climate. Available at: <<https://www.bitc.ie/the-leaders-group-on-sustainability/low-carbon-pledge/>> [Accessed 12 March 2021].

<sup>8</sup> Cdp.net. Supply chains hold the key to one gigaton of emissions savings, finds new report - CDP. [online] Available at: <<https://www.cdp.net/en/articles/media/supply-chains-hold-the-key-to-one-gigaton-of-emissions-savings-finds-new-report>> [Accessed 12 March 2021].

<sup>9</sup> GHG Protocol, 2019. Overview of GHG Protocol scopes and emissions across the value chain. Available at: <[https://www.ghgprotocol.org/sites/default/files/ghgp/standards\\_supporting/Diagram%20of%20scopes%20and%20emissions%20across%20the%20value%20chain.pdf](https://www.ghgprotocol.org/sites/default/files/ghgp/standards_supporting/Diagram%20of%20scopes%20and%20emissions%20across%20the%20value%20chain.pdf)>

At its most basic, Net Zero is achieved when the GHG emissions an organisation produces are no more than the emissions they remove from the atmosphere. To reach this position requires significant abatement of GHG emissions from switching to renewable energy, along with eliminating deforestation in your supply chain, plus investment in scalable emissions reduction technologies. Emissions that remain unabated, or ‘residual emissions’ as they are often referred, will then need to be neutralised with the equivalent volume of long-term carbon removals before the net-zero emissions target is reached. These removals will likely require a combination of nature-based solutions, such as carbon sequestration, as well as technological solutions through carbon capture and storage. The cost and access barriers to the scale of technology required further emphasises the importance for companies of prioritising emissions removals and reductions within their value chain.

**HOW TO GET TO NET-ZERO** | Reach net-zero emissions



 WORLD RESOURCES INSTITUTE

Source: World Resources Institut. Available at: <https://www.wri.org/blog/2019/09/what-does-net-zero-emissions-mean-6-common-questions-answered>



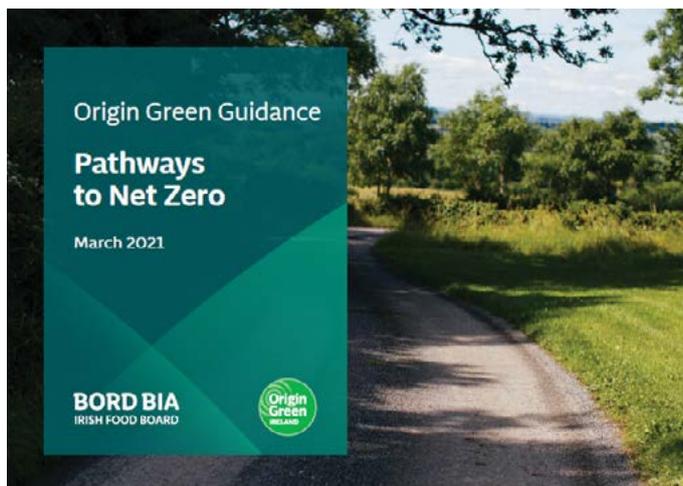
Retailers such as Sainsbury's, Tesco and SuperValu along with manufacturers Unilever and Nestlé have already made public statements on their Net Zero ambitions, with boundaries ranging from own operations to Scope 3 inclusive.

Due to the inconsistencies in corporate commitments, The Science Based Targets initiative (SBTi) is currently in the process of developing the first global standard for setting Net Zero Corporate Targets, aligned with the latest climate science that limits warming to 1.5°C<sup>10</sup>.

Understanding the different climate commitments and what is right for your business is key to setting a climate goal that is appropriately ambitious, transparent and authentic.

Climate terminology, and in particular Net Zero, is undeniably complex but it is important to find a way to cut through the technical language to better articulate your company's climate commitments for greater engagement with the wider business and with your customers. Organisations such as the Carbon Trust and World Resource Institutes provide information on developing and communicating Net Zero targets.

For information on defining and measuring your scopes and emissions, read the new [Origin Green Pathways to Net Zero Document](#) which sets out clear guidelines for those who are embarking on their climate journey<sup>11</sup>.



- <sup>10</sup> Carrillo Pineda, A., Chang, A. and Faria, P., 2021. Foundations for science-based net-zero target setting in the corporate sector. Version 1.0. [online] CDP on behalf of Science Based Targets Initiative. Available at: <<https://sciencebasedtargets.org/resources/legacy/2020/09/foundations-for-net-zero-full-paper.pdf>> [Accessed 12 March 2021].
- <sup>11</sup> Bord Bia, 2021. Pathways to Net Zero. Available at: <<https://www.origingreen.ie/globalassets/origin-green/og-publications/origin-green---pathways-to-net-zero---guidance-document.pdf>> [Accessed 12 March 2021].

The global drive toward Net Zero will have a positive knock-on effect across all sectors - as policy change and financial investments grow we will likely see the development of scalable and affordable technologies as well as a decrease in national inventories of emissions. However, with the surge in Net Zero ambitions, it is also likely that the current offset market will not be large enough to neutralise increasing emissions pledges. Demand could outweigh supply and as a result it is probable that the cost of high quality offsets will significantly rise in the coming years.

Companies looking to minimise exposure to an increasingly costly carbon market are prioritising 'insetting' solutions. Insetting projects are meaningful carbon projects which offset the carbon emissions of an organisation through projects within their own value chain<sup>12</sup>. Collaborating with suppliers and customers to solve shared supply chain issues also enables the sharing of learnings and programme costs, while creating a host of co-benefits for the ecosystems and communities in which an organisation, its suppliers and customers operate.



Nespresso Agroforestry Insetting Project

<sup>12</sup> Pur Projet, What is Insetting. [online]. Available at: <<https://www.purprojet.com/presentation-what-is-insetting/>>



## Embedding Climate-Centric Culture across your business:

While a business may not be on a Net Zero journey yet, it is likely a number of the companies and retailers they supply into are and so it is crucial that businesses understand their carbon footprint, its impact on their customer's Scope 3 emissions and incorporate this into the development of a robust climate and supply chain strategy.

Once developed, this strategy should be communicated and understood business-wide. For example, making sales teams aware of their company's climate strategy can improve their ability to articulate how these ambitions help meet a customer's expectations. It is equally important that procurement teams and policies are aligned to the company's climate targets. As part of the Microsoft commitment to be Carbon Negative by 2030 they have made carbon reduction an explicit part of their supply chain procurement process.

Embedding climate-centric thinking across an organisation supports the development of a more sustainable business model which incorporates planetary and social commitments alongside profit and performance planning. PepsiCo has incorporated climate risk into their business continuity plans as part of their ambition to achieve net-zero emissions by 2040. Embedding climate data into business decisions in New Product Development (NPD), R&D and Procurement helps ensure their growth plans align with their emissions reduction objectives. One such initiative is PepsiCo's 'Sustainable from the Start' product development philosophy, to prioritise climate action into NPD.

Other initiatives include cascading action with strategic suppliers to improve the decarbonisation and resiliency of supply chains. Setting an internal price for carbon is another way companies can incorporate climate risk and a climate mindset into business thinking and operations. Creating an internal carbon price puts a monetary value on emissions, which a company can then factor into investment decisions. Companies currently in favour of carbon pricing policies include Unilever, Nestlé and Carrefour, who are all members of the Carbon Pricing Leadership Coalition.

# Unlocking Value in the Supply Chain:

A robust climate strategy presents an opportunity to unlock value within the supply chain by identifying risks, leveraging data to improve storytelling, creating new markets for products previously viewed as waste, and collaborating to strengthen customer relationships and solve shared problems.

Conducting climate risk assessments allows an organisation to foresee and prevent the weak links that can disrupt supply chains. Companies like Ben & Jerry's are using increased supply chain visibility to inform their insetting initiatives to deliver climate protection measures in communities where they source their agricultural commodities.

Effective risk assessment is determined by the quality of underlying data. Improving data capture and management along your supply chain is key to executing a successful climate strategy; however it can also significantly enhance a company's ability with storytelling. Data will be the new narrative in the fight against climate change and can improve corporate value propositions and investor appeal.

Climate strategy can also present an opportunity to create new markets for products previously viewed as waste. Repurposing food or bio waste can help an organisation to drive down its carbon footprint while saving costs. For all of its cosmetics, skincare brand Lleig uses 'ugly' fruits<sup>13</sup> that were discarded for purely aesthetic reasons.

And finally collaboration is another way to unlock value in the supply chain. Partnerships with suppliers or customers to address systemic climate challenges can help build trust and solve issues through shared resources. An initiative between Cargill, Target and McDonald's, in association with The Nature Conservancy, works with farmers in their shared beef supply shed to improve soil health and store carbon<sup>14</sup>.

<sup>13</sup> Hahn, J., 2021. Júlia Roca Vera turns food waste into skincare. [online] Dezeen. Available at: <<https://www.dezeen.com/2021/02/15/julia-roca-vera-turns-food-waste-into-skincare/>>

<sup>14</sup> The Nature Conservancy. 2021. Soil Health Project Seeks Central Nebraska Farmers. [online] Available at: <<https://www.nature.org/en-us/about-us/where-we-work/united-states/nebraska/stories-in-nebraska/soil-carbon-project/>> [Accessed 12 March 2021].



Source: The Nature Conservancy. Available at: <https://www.nature.org/en-us/about-us/where-we-work/united-states/nebraska/stories-in-nebraska/soil-carbon-project/>

## Unlocking Commercial Opportunities:

Translating a corporate carbon strategy into brand strategies can help to accelerate your journey towards Net Zero, while enhancing brand engagement. Unilever's Sustainable Living Brands, which consistently outperform their other brands have demonstrated the commercial power of brand level sustainability action<sup>15</sup>.

A key first step in developing a brand sustainability strategy is to perform a materiality assessment to understand which sustainability issues present risks to supply chains and also which of them resonate with customers. If climate change scores highly on a brand's materiality assessment, developing projects with a climate lens can create increased brand engagement. Nestlé chose to do this with their Nespresso brand, setting a more ambitious deadline to be carbon neutral by 2022<sup>16</sup>. Nestlé identified water scarcity and deforestation as a real risk both to assured supply of coffee and to farmer welfare. By investing in tree-planting programmes, Nespresso protects local water supplies and prevents soil erosion from landslides to improve coffee yield while also absorbing carbon.

If a brand attracts more environmentally conscious customers, setting a more ambitious climate target for that brand could present further opportunity to establish the brand's sustainability credentials and generate greater engagement.

<sup>15</sup> Unilever, 2019. Unilever's purpose-led brands outperform. Available at: <https://www.unilever.com/news/press-releases/2019/unilevers-purpose-led-brands-outperform.html> [Accessed 12 March 2021].

<sup>16</sup> Nestlé, 2020. Every Cup of Nespresso Coffee will be Carbon Neutral by 2022. Available at: <https://nestle-nespresso.com/news/every-cup-of-nespresso-coffee-will-be-carbon-neutral-by-2022> [Accessed 12 March 2021].

## Leveraging climate goals for competitive advantage:

When undertaking any sustainability initiative in a corporate setting, a robust business case is key. How can an organisation create competitive advantage through an ambitious carbon strategy?

In a B2B context, purchasing organisations are increasingly looking to their suppliers to reduce emissions so they can hit their own ambitious scope 3 targets. Demonstrating leadership in this space and communicating clearly with customers can strengthen relationships with suppliers and may even qualify an organisation for preferred supplier status.

For consumer-facing organisations and brands, messaging is key to commercialising climate goals. It is important to engage branding and marketing teams so they understand how to translate corporate goals into brand strategies. Gregg's vegan sausage roll was so successful that all Gregg's staff shared a £7m bonus<sup>17</sup>, and Brewdog have created a \$2Bn business with their carbon negative beers<sup>18</sup>. These products demonstrate that by successfully communicating climate strategies, businesses can create clear commercial value.



Greggs shares soar as vegan sausage roll boosts profits  
Source: The Telegraph UK (2019). <https://www.telegraph.co.uk/business/2019/11/11/greggs-shares-soar-vegan-sausage-rolls-boosts-profits/>



BrewDog goes Carbon Negative  
Source: BrewDog. <https://www.brewdog.com/tomorrow>

<sup>17</sup> Chapman, B., 2020. Greggs staff share £7m bonus after vegan sausage rolls boost baker's sales. Available at: <<https://www.independent.co.uk/news/business/news/greggs-staff-bonus-vegan-sausage-roll-steak-bake-sales-a9274766.html>> [Accessed 12 March 2021].

<sup>18</sup> Brewdog, 2021. Brewdog is now carbon negative. Available at <<https://www.brewdog.com/uk/tomorrow>> [Accessed 12 March 2021].

## Conclusion:

The corporate agenda is shifting. 88% of consumers want brands to help them live more sustainably<sup>19</sup> and in 2019 the US Business Roundtable<sup>20</sup> redefined the purpose of a firm to include an organisation's responsibilities to communities and the environment.

The increasing appetite for action on climate change alongside the growing legislative commitments to a Net Zero economy, presents a clear need for companies to align their climate and supply chain strategies to not only retain credibility and their license to operate, but to unlock commercial value.

In order to develop a leading climate strategy, it is important to understand the corporate climate commitment landscape and the associated technical terminology and translate it into an appropriate and ambitious goal for the organisation.

All your teams need to be supported in developing their climate knowledge, especially in sales and marketing, where action on climate change can be used as a differentiator when pitching to customers. Successfully attaining this goal can most effectively be achieved by embedding a climate-centric culture across the organisation, to ensure climate considerations are taken into account in key decision-making processes. Embedding climate-centric thinking across the organisation will accelerate an organisation towards climate goals while supporting the development of lower emissions products.

With an effective climate strategy in place an organisation can realise opportunities to unlock value within the supply chain and improve customer relationships by leveraging climate credentials. By creating new markets, appealing to sustainability-conscious consumers, turning waste products into a value stream, or collaborating with customers to strengthen relationships, every aspect of your climate strategy can be leveraged toward commercial success.

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<sup>19</sup> Townsend, S., 2018. 88% of Consumers Want You To Help Them Make A Difference. [online] Forbes. Available at: <<https://www.forbes.com/sites/solitairerownsend/2018/11/21/consumers-want-you-to-help-them-make-a-difference/?sh=2e14668e6954>> [Accessed 12 March 2021].

<sup>20</sup> Business Roundtable, 2019. Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans' Available at: <<https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>> [Accessed 12 March 2021].



While climate action needs to focus on long-term solutions, it is important not to be distracted by 2040 and 2050, but instead to create impact and prioritise deep decarbonisation in your own practices and across your supply chain within the next 8 years. The time to act is now!

And finally, while a sustainability team can lead an organisation through this transition, Net Zero should not be viewed as a sustainability strategy alone, it is a business transformation strategy and for that to succeed, the entire organisation, including all its stakeholders, must be brought on this journey.

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