

ACTION 4: TREAT NET ZERO AS A MISSION-CRITICAL, STRATEGIC OBJECTIVE

Early successes suggest that food companies must make reaching their science-based targets a corporate strategic priority if they are to succeed. That means putting critical line and functional leaders at the centre of shaping and delivering the targets. All of a corporation's constituent parts need to be involved in reaching net zero, given the breadth of its implications, as do stakeholders beyond corporate boundaries.

Engage the whole organisation in reaching net zero. The first job is to build a **cross-business net zero taskforce** whose remit is to develop a corporate-wide strategy for reaching net zero and to lead its implementation. Taskforce members should reflect every aspect of the enterprise, from procurement, manufacturing, operations and R&D to sales and marketing, finance, logistics and packaging, across all the different brands.

Companies need to make delivering net zero integral to the organisation, rather than delegated to one or two isolated departments. To this end, they could adopt an **internal carbon price** for project evaluations and portfolio choices across the company. This will clarify the economics for capital investments proposed in the net zero strategy and strengthen the business case for emissions-cutting innovation generally. Using the internal carbon price in assessments of collaborations with external suppliers will drive reductions in GHG emissions along their value chains. Applying it to procurement decisions will optimize the balance between ingredient quality, supply security, cost and emissions.

Companies could also add detailed, practical net zero **targets and delivery metrics**. For example, procurement departments could aim to source at least 50% of ingredients from enterprises using regenerative agriculture by 2030. Pepsico's Positive Agriculture goal is to spread regenerative farming practices across 7 million acres by 2030, approximately the area of land used to grow ingredients sourced by Pepsico.

Companies will need to strengthen their emissions tracking and reporting infrastructure to get accurate numbers on their reductions and feed this data into business decisions. They will also need to add new internal **capacities and capabilities**, for example, by hiring more agronomists and renewable energy experts.

To maintain their commitment to their net zero strategies over the long term, companies may consider ring-fencing funding for their investments. Possible **funding mechanisms** include dedicated transition funds and incorporating anticipated costs associated with reaching net zero in current and future business planning cycles. Nestlé has set up an internal transition fund which is expected to invest \$1.2 billion over the next five years in engaging with the roughly 500,000 farmers and 150,000 suppliers in the company's value chain. Other companies are co-investing in professionally managed external funds set up to finance the transition to regenerative farming for specific commodities or in a particular region. One such is the Tikehau Capital Regenerative Agriculture transition fund, which has raised €1 billion. AXA and Unilever are anchor investors.

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ACTION 5: CATALYSE SYSTEM CHANGE BY FORMING PARTNERSHIPS

Food companies are just one group of actors in food and land use systems. But significant reductions in emissions from their value chains require changes in the behaviour of companies, consumers and farmers across the entirety of those systems. Food companies have to work closely with actors beyond their corporate boundaries to achieve these essential systemic changes.

In particular, food companies need to redefine how they engage with suppliers to make sure they incentivise the supply of low-emission inputs. One option is to partner with suppliers that have also set SBTs, and launch joint pilot projects producing ingredients sustainably. Companies with limited market power might join forces with other buyers keen to source ingredients sustainably and use their combined influence to shift suppliers into sustainable practices. In some cases, food brands may need to adopt direct sourcing and invest in transitioning landscapes to regenerative agriculture in priority regions.

Companies need to be open to working with partners other than their suppliers. Progressive policy can play an important role in supporting companies to take bold action without facing competitive disadvantages; collaborations with competitors, governments and philanthropic organisations can help all involved to get the best carbon and financial return on available funding for the transition to net zero and nature-positive food and land use. This is particularly true of the shift to regenerative agriculture.

At the same time, global food companies can use their visibility and influence to lead the food industry to a sustainable future. Leveraging their flagship brands and ingredients, global food giants can spearhead initiatives to cut emissions from entire sub-sectors, driving systemic change from the top as well as bottom-up. Together they can advocate for and set new industry standards. They can collaborate in industry-working groups and standard-setting organizations, such as the [Sustainable Markets Initiative](#), [Consumer Goods Forum](#) and One Planet Business for Biodiversity ([OP2B](#)), to build consensus on industry best practice. And they can be active in the growing number of global and local coalitions bringing together representatives from industry, policy, civil society and consumer groups. These are already defining and promoting actions that will speed up changes in consumer behaviour and the deployment of low carbon solutions in food and land use systems.

