



Sustainability commitments: Similarities and Differences between Retailers and Brand manufacturers

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Climate change, resource depletion, inequality. The food and beverage (F&B) and retail sector is facing an unprecedented set of sustainability challenges – many of which they are a major contributor to themselves. Instead of ignoring or denying these challenges, more and more companies are taking their responsibility and committing to positive change. Our analysis of more than 650 public commitments in sustainability reports (2020) shows that nearly all large retailers and food processing companies (EU/US) make time-bounded sustainability commitments. What can the sustainability commitments of these companies tell us? Well, it is more than you might think at first. In this article, three main subjects will be discussed: i) the number of sustainability commitments and their intended goal deadline; ii) the trending sustainability themes in the food & beverage sector; and iii) why to look beyond the sustainability commitment.

We conclude that there are significant differences in the number of commitments and their ambition levels. Climate and energy is the most popular topic amongst both retailers and brand manufacturers, and is generally approached with a long-term perspective. However, although there are many thematic similarities, comparing commitments of different companies remains challenging due to e.g. varying scopes and different definitions of key concepts.

Number of sustainability commitments varies widely between companies

A total of 651 commitments of 27 food retailers and 11 food brand manufacturers were recorded that met the methodological criteria of being SMART (Specific, Measurable, Achievable, Realistic, and Timely), having an intended goal deadline of 2020 or beyond and not being focused on a specific region or brand. Of these commitments, 386 were made by retailers and 265 by brand manufacturers. This means that on average, a retailer makes around 14 sustainability commitments and a brand manufacturer makes about 24 commitments. Substantial differences can be seen when comparing different companies, with the number of commitments ranging between 1 and 54.

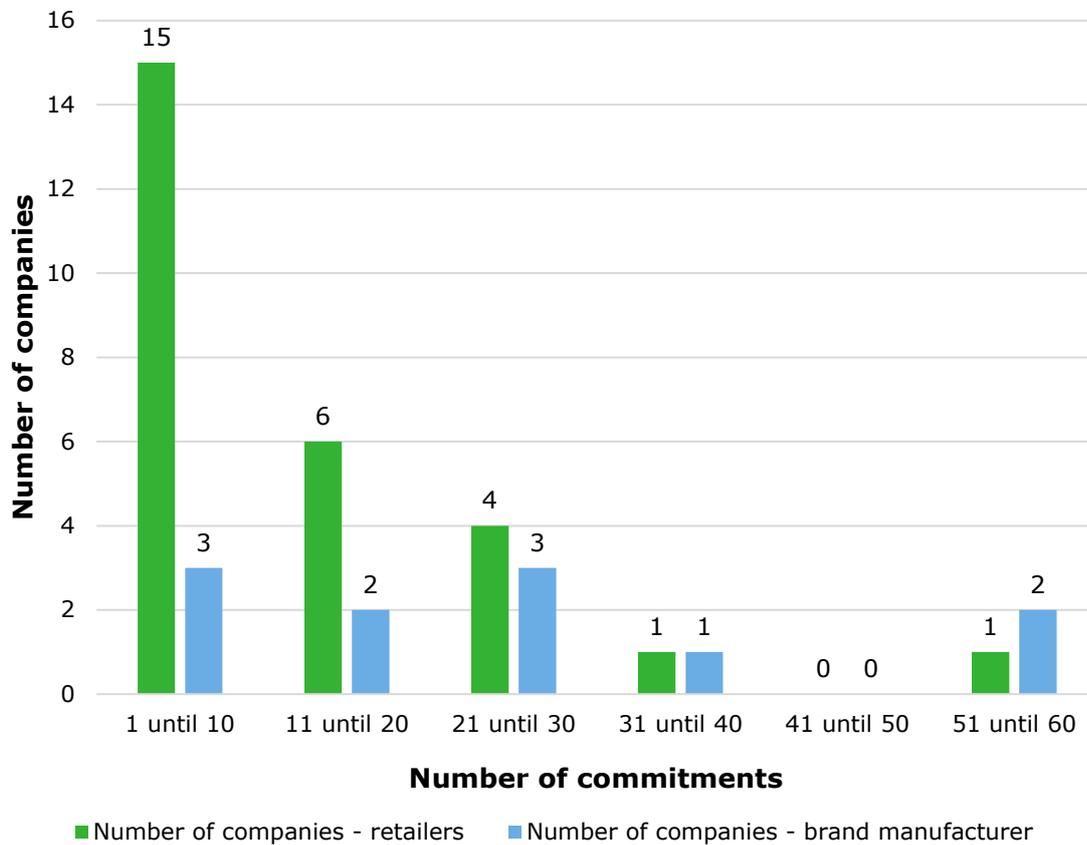


Figure 1 Number of sustainability commitments per company

It is important to emphasise that the number of commitments does not necessarily say something about the ambition levels and the scope of the individual commitments, as no value judgement was given on the impact of a commitment. Thus, switching to LED lights in a number of stores is counted as one commitment, whereas the arguably more ambitious goal of becoming carbon positive throughout the entire supply chain is counted equally. However, what this figure does indicate, is that retailers and brand manufacturers are actively making sustainability commitments. This is not just a trend for retailers and brand manufacturers: 90% of the 500 largest companies listed on stock exchanges in the United States published a sustainability report in 2019 ([G&A Institute, 2020](#)). Although sustainability reports do not necessarily give a total overview of the sustainability efforts of a company, it can be seen as one of the most important tools for communicating sustainability performance and impact.

'Commitment issues': food companies have a preference for short-termed commitments

Most food companies make relatively short-term commitments, as the majority of goals have an intended goal deadline between 2020 and 2025 (87%; figure 2). The top priority for goals that lie further ahead (≥ 2030) is climate, with a strong focus on reducing greenhouse gas emissions. The most long-term goals that are set for between 2035 and 2050 are all classified within the category climate. It is also interesting to note that 85% of the commitments have an intended deadline year that ends with either a zero or five (e.g. 2020, 2025, 2030).

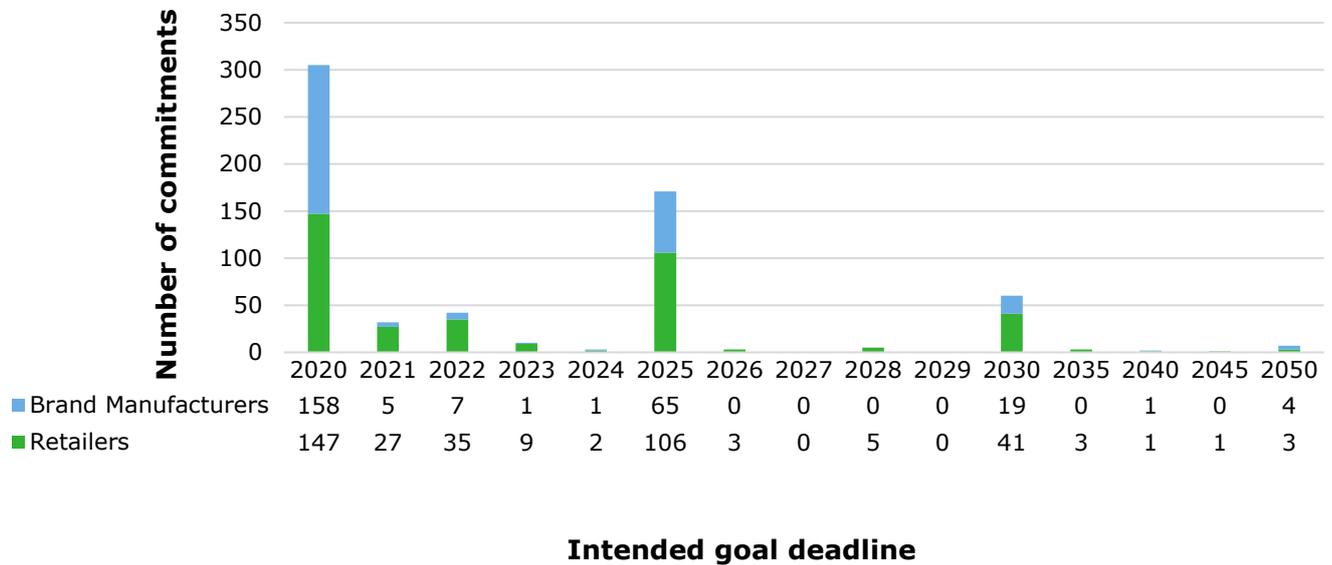


Figure 2 Intended goal deadline of sustainability commitments, excluding year-to-year goals

Retailers focus substantially more on ecological sustainability than social sustainability

We determined the trending sustainability subjects amongst food companies by dividing all commitments of retailers and brand manufacturers that met methodological criteria amongst five impact categories: climate, ecosystems and biodiversity, health and safety, resources and social well-being. These impact categories are based on the classification of [The Sustainability Consortium \(TSC\)](#), a worldwide non-profit collaboration between more than 100 businesses, NGOs, government organisations and universities, aiming to uniformly assess and improve the supply chain sustainability of more than 100 product categories.

Retailers focus substantially more on ecological sustainability as opposed to social sustainability, with the least attention for the categories 'social well-being' and 'health and safety'. Brand manufacturers focus more on social sustainability than retailers, with social well-being on top of the list with about one-third of all commitments.

Table 1 Top 5 impact categories in the sustainability reports of retailers and brand manufacturers

Retailers	Brand manufacturers
1 Climate (32%)	1 Social well-being (32%)
2 Resources (25%)	2 Resources (28%)
3 Ecosystems and biodiversity (23%)	3 Climate (17%)
4 Social well-being (15%)	4 Ecosystems and biodiversity (12%)
5 Health and safety (5%)	5 Health and safety (12%)

Climate and energy is a 'hot' topic for both retailers and brand manufacturers

We connected commitments to a more specific sustainability issue within the impact category. Both food manufacturers and retailers have focused most of their commitments on the sustainability issue 'climate and energy', with the majority of goals addressing greenhouse gas reductions. Two other sustainability issues were high on the list for both brand manufacturers and retailers, namely commitments around packaging (e.g. making packaging recyclable) and sustainable sourcing (e.g. the certification of (raw) materials and ingredients). Some differences can also be seen: retailers were more involved with the issues 'waste and circularity' and 'food waste', whereas brand manufacturers were more concerned with the issues 'nutrition' and 'water'. If we only include supply chain-related commitments of the retailers, which was 55% of their total, the issues deforestation and animal welfare are priorities as well.

Table 2 Top 5 sustainability issues in the sustainability reports of retailers and brand manufacturers

Retailers	Brand manufacturers
 Climate and energy (28%)	 Climate and energy (16%)
 Sustainable sourcing/agriculture (15%)	 Nutrition (14%)
 Packaging (8%)	 Water (13%)
 Waste and circularity (8%)	 Sustainable sourcing/agriculture (12%)
 Food waste (7%)	 Packaging (7%)

Overall, more than half of the commitments that retailers (66%) and brand manufacturers (62%) make are centred around five sustainability issues. This shows us that food companies seem to have shared priorities - with 'climate and energy' topping the list.

Looking beyond the commitment

For a true understanding of a companies' ambitions, it is necessary to look beyond the commitment. For example, a popular phrase in the analysed sustainability reports is a '100% sustainable sourcing'. Yet what counts as 'sustainable' can be subject to different interpretations. There are companies that refer to their own sustainability programmes, such as Coca-Cola's Sustainable Agriculture Guiding Principles and PepsiCo's Sustainability Farming Program, but also third party sustainability standards, such as the Rainforest Alliance and Fairtrade International. Consequently, the same terminology rests on different sustainability standards. Whether these programmes really effectuate 'sustainable' sourcing can be up for debate, depending upon how we define sustainability.

The scope of a commitment can also have a substantial influence on its impact. For example, several brand manufacturers have committed themselves to a 100% renewable electricity. However, the scope of the commitment can differ, from including manufacturing operations to offices (Table 3).

Table 3 Renewable energy commitments that seem similar, but differ significantly in scope

Brand manufacturer	Commitment	Scope
Nestlé	100% renewable electricity by 2020	Electricity of Nestlé factories, warehouses, logistics and offices
Unilever	100% renewable electricity by 2020	Grid electricity used in manufacturing operations
AB InBev	100% renewable electricity by 2025	All purchased electricity
Danone	100% renewable electricity by 2030	Company's electricity consumption

Overall, sustainability commitments are a great tool for shaping sustainability strategies and communicating this to the consumer. Yet, for a true understanding of its impact, a more detailed examination is often required.

Stay informed about the sustainability strategies in the food sector

Looking at the sustainability commitments of large companies can give many different insights into a company's sustainability strategy, the sustainability trends that we can expect in the future and the harmonisation between different companies. This can give companies the tools to communicate and cooperate with other businesses, and provide investors and consumers with the possibility to compare businesses with one another. Lastly, public actors can use the information as input for policies.

Do you want to stay informed about sustainability commitments in the food sector? All sustainability commitments of retailers are stored in the database of TSC for members only. TSC has the ambition to keep these commitments up to date and to inform its members and non-members about developments via regular publications like this one. Discover more on www.wur.eu/tsc.

Methodology

This analysis is limited to public commitments in sustainability reports that are:

- SMART (Specific, Measurable, Achievable, Realistic, and Timely),
- have an intended goal deadline of 2020 or beyond,
- and are not focused on a specific region or brand.

Commitments that are issued in other sources than a sustainability report (e.g. website, press release, et cetera) are not included, unless they are referenced in the sustainability report.

Retailers and brand manufacturers were selected based on sales volume. Some additional companies were added that show a particular interest in TSC products. The retailer database includes at least the most recent sustainability reports as of March 2020. The brand manufacturer database includes the most recent sustainability reports as of January 2021.

Retailers include: Ahold Delhaize, Aldi North, Aldi South, Amazon, Auchan, Carrefour, Colruyt Group, Costco, CVS, ICA, IKEA, John Lewis, Kesko, Kroger, Lowes, Marks & Spencer, Metro, REWE Group, S Group, Sainsbury, Spar, Sprouts, Target, TESCO, The Home Depot, Walgreens Boots Alliance, Walmart & Sam's Club.

Brand manufacturers include: AB Inbev, Coca-Cola, Danone, Kraft Heinz, Heineken, Nestlé, Mars, Mondelez, Tyson Food, PepsiCo, Unilever.

More information

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