

# NET-ZERO

Time for hospitality to step up

HIGH  
EMISSIONS



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SMART  
AGRICULTURE



WATER  
STEWARDSHIP



CIRCULAR  
PACKAGING



CLIMATE  
ACTION

FOOTPRINT  
INTELLIGENCE

# BUDWEISER BREWING GROUP UK&I

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**At Budweiser Brewing Group UK&I, sustainability is our business. Our aim is to brew the UK's most sustainable beers, and we are committed to finding solutions to continue delivering the best beers in a way that protects our planet and the people in it.**

As a global business and a proud part of the world's leading brewer, we know we can make a substantial positive impact, however we're a complex business and the route to net zero isn't straightforward. We want to get it right and to set a precedent for others to follow. We have some exceptional consultants and a dedicated team of experts working hard to help us get there.

It was a natural choice for us to partner with Footprint on this report as we believe in the power of collaboration, we aim to build a rising tide that lifts everyone, particularly when it comes to such an enormous challenge as climate change. While we have set ourselves ambitious sustainability goals and have made significant strides in our processes to make our brewing more sustainable whether that is through the production of low-carbon cans, brewing beers with 100% renewable electricity or exploring the use of green hydrogen, there is more that needs to be done, by us and by our industry.

Brands play a key role in helping to promote sustainable behaviours; it is ultimately our responsibility to make it easier for people to make greener choices in their everyday lives and to help reach the nation's net zero goals. Consumers should be able to enjoy their favourite beer knowing that it is produced in a way that is contributing to a better future for everyone.

We hope this report will bring the net zero challenges that the hospitality sector is facing to the forefront of conversation, while also recognising the steps businesses are already taking to reduce their carbon footprint, in the hope it will inspire change for the better.

# *Budweiser*

BREWING GROUP UK&I™

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# FOOTPRINT FOREWORD

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**The dust is still settling on the COP26 climate talks in Glasgow. Generally the feeling was that the final agreement wasn't ambitious enough but was still more ambitious than many had expected. There is hope that the 1.5°C limit to global heating is still possible. But only just.**

Indeed, many of the crucial issues surrounding food systems were side-stepped: the consumption of high-emissions products like meat and dairy, for example, as well as the role of regenerative agriculture in not only curbing emissions but restoring biodiversity and protecting nature.

This leaves food and hospitality businesses with much to do and little time in which to do it. Net-zero ambitions may stretch to 2050 but companies must cut their greenhouse gas emissions by around 50% by 2030 to keep that long-term target within reach.

Through interviews with industry leaders, academics, consultants, investors and business experts, as well as desk based research of corporate climate commitments, this research offers detailed insight into the challenges and opportunities facing hospitality businesses as they join the race to net-zero. We detail the urgency needed and whether the current commitments match this, and how some companies are already turning their intent into action.

Each chapter will also include data from an exclusive Vypr survey with just over 1,000 citizens to illustrate their understanding of this sector's role in reducing emissions, what they want businesses to do and how those taking the lead on this agenda will be rewarded.

As this report shows, hospitality businesses have begun preparing for net-zero; some have already set targets and made plans, others are starting to do so (and often in line with science-based targets) but many remain uncertain about where to start. The pace has begun to pick up and no-one can be left behind.

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# 1 NET-ZERO: NOW OR NEVER

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“A consensus will emerge that we are all responsible for our world and must work together to make it better – and we’ll all wonder how we could ever have thought otherwise.” The words not of a young climate activist in 2021, but the concluding line from an article in the Harvard Business Review published back in 2010 <sup>(1)</sup>.



More than a decade on and there are signs that such a consensus may, finally, be emerging.

Companies from every sector and of every size are rushing to join the ‘race to net-zero’. Hospitality is no different. From boutique hotels to fast food chains, brewers and pubs to contract caterers, net-zero has become the frame of reference for business ambition on climate change.

The UK government, as host for the recent COP26 climate talks, has been urging all businesses to commit to a net-zero target. Investors, meanwhile, are predicting a “tectonic shift” as capital is reallocated to sustainable assets<sup>(2)</sup>. Campaigners continue to beat their drums louder, with a majority of consumers also joining the chorus demanding action.

The coronavirus pandemic has amplified the scope and urgency of these demands. Far from stalling sustainability initiatives it is promising to speed them up. Climate change recently nudged ahead of covid-19 and the economy as the major worry for the British public<sup>(3)</sup>.

The grim forecasts set out in August’s report by the Intergovernmental Panel on Climate Change (IPCC) served to heighten fears. The world has already warmed by 1.1°C since the second half of the 19th century. Some changes to the climate are already fixed and will remain so for hundreds of years. This was a “reality check”, the authors said.

But there is hope. Reaching net-zero by 2050 means temperature rises could be kept within the 1.5°C limit agreed in Paris in 2015. Three decades is a long time, making this a marathon with a sprint start: emissions must be halved by 2030. No mean feat in the current climate.



This is arguably one of the most challenging moments in the hospitality sector’s history. Businesses have been ravaged by the coronavirus pandemic, stung by staffing shortages and battered by Brexit supply issues. This is also a sector with a big environmental impact and small margins. As we reveal in this report, achieving net-zero in hospitality could therefore prove harder than for many other sectors.

Again, however, there is hope. The number of companies signing up to science-based targets in line with the Paris Agreement is (steadily) snowballing, while drinks manufacturers performed well in a recent benchmarking exercise on greenhouse gas reporting<sup>(4)</sup>. Some sub-sectors, like whisky, are even moving as one down the road to net-zero.

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“There is an expectation on hospitality brands to be proactive on net-zero. I don’t think it’s a choice now for businesses.”

**Ian Peart**, commercial director Pernod Ricard UK

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Rather than chip away at reducing marginal carbon emissions, hospitality businesses are now talking of “total transformation”. This is encouraging. There is an “expectation” on hospitality brands to be proactive on this, said Pernod Ricard commercial director Ian Peart, during the launch of the Net Zero Pubs and Bars Initiative recently. “I don’t think it’s a choice now for businesses.”

Pledges to protect the planet are piling up but scrutiny of them has only just begun. A messy period lies ahead. Some liken it to the ‘dot com’ era of 25 years ago, when there was carnage followed by calm – and then the world changed. By 2050 the world will have changed again. The next three chapters reveal hospitality’s role in ensuring this change is for the better.

## 2 HOSPITALITY AND GLOBAL HEATING

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Hamish Stoddart is managing director at Peach Pubs, a chain of 19 gastro pubs. Two years ago net-zero wasn't on his agenda. Today he can fluently recount a breakdown of the company's greenhouse gas emissions.

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**13<sup>out of</sup> 18**

restaurants, caterers and  
wholesalers that have either  
set full scope net-zero  
targets or committed to start  
measuring them

Source. Wrap, 2021

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“Food is 70% [of our footprint], drink is 7% and the other stuff is 23%,” he explains. “And we serve steaks, so when you break that 70% down, 44% is meat. And when you break that down about 48% is red meat.”

This is the kind of information all hospitality businesses must get to grips with: analysis of a company's emissions and potential sources of climate-related risk across the value chain is where the journey to net-zero has to start. You can't manage what you don't measure.

It isn't easy though: gaps in data and expertise are particular headaches. Some liken collating carbon figures to “counting sales without a till system”. So what is the hospitality sector's carbon footprint and how are the emissions spread across the value chain?

## Foodservice's footprint

Wrap, a charity specialising in resource efficiency, has calculated that 35% of the UK's greenhouse gases arise from producing and consuming food and drink, including those generated overseas for imported food<sup>(5)</sup>. The hospitality and foodservice sector is estimated to account for 5%; food manufacturing and retail weigh in at 6% and 3% respectively.

This puts hospitality's direct footprint at 7.9MtCO<sub>2</sub>e in 2019; down from 8.5MtCO<sub>2</sub>e in 2015 thanks principally to decarbonisation of electricity. The Zero Carbon Forum (ZCF), a non-profit organisation supporting members in the hospitality sector to reach sustainability targets, believes another 90% of reductions in these operational scope 1 and 2 emissions are possible by 2030. Distilleries and breweries will be upgraded, brown energy switched to green and hotels better insulated.

That's just for starters. The main course of action involves tackling scope 3 value chain emissions, which account for 83% or more of the emissions across each sub-sector, apart from hotels (61%), according to ZCF. Previous research by investors has showed the inclusion of scope 3 emissions in companies' net-zero plans as a “blind spot”<sup>(6)</sup>. In the very near future “it's just not going to be acceptable to not include scope 3”, warns Karen Fisher, head of climate action strategy at Wrap.

Research by the Food Foundation charity recently found that all supermarkets and 13 of the 18 restaurants, caterers and wholesalers they assessed have either set net-zero targets that include scope 3 emissions or have at least committed to start measuring them<sup>(7)</sup>. “I think there are grounds for positivity there in so far as most of them are actually starting to address it,” says Will Nicholson who leads the foundation's Plating up Progress workstream.

Still, there is an argument for government intervention. Support, albeit soft, is growing for scope 3 emissions to be part of a net-zero mandatory reporting requirement for businesses over a certain size.

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“I think there are grounds for positivity there in so far as most of [the foodservice companies we assessed] are actually starting to address [scope 3 emissions.]”

**Will Nicholson**, Food Foundation

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## Blind data

This could also help overcome some of the issues concerning standardisation of data – an enduring bone of contention in carbon accounting. While some businesses are investing in generating precise emissions data on the specific products within their value chain, others continue to rely on existing (and ageing)

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**7%**  
reduction in  
hospitality CO<sub>2</sub>e  
2015 to 2019

Source. Wrap, 2021

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databases which use average emissions data for a given ingredient. “Whilst we all know that average emission factors are not the solution we do actually rely on them now so at least generating a common set of them would be helpful,” says Wrap’s Fisher.

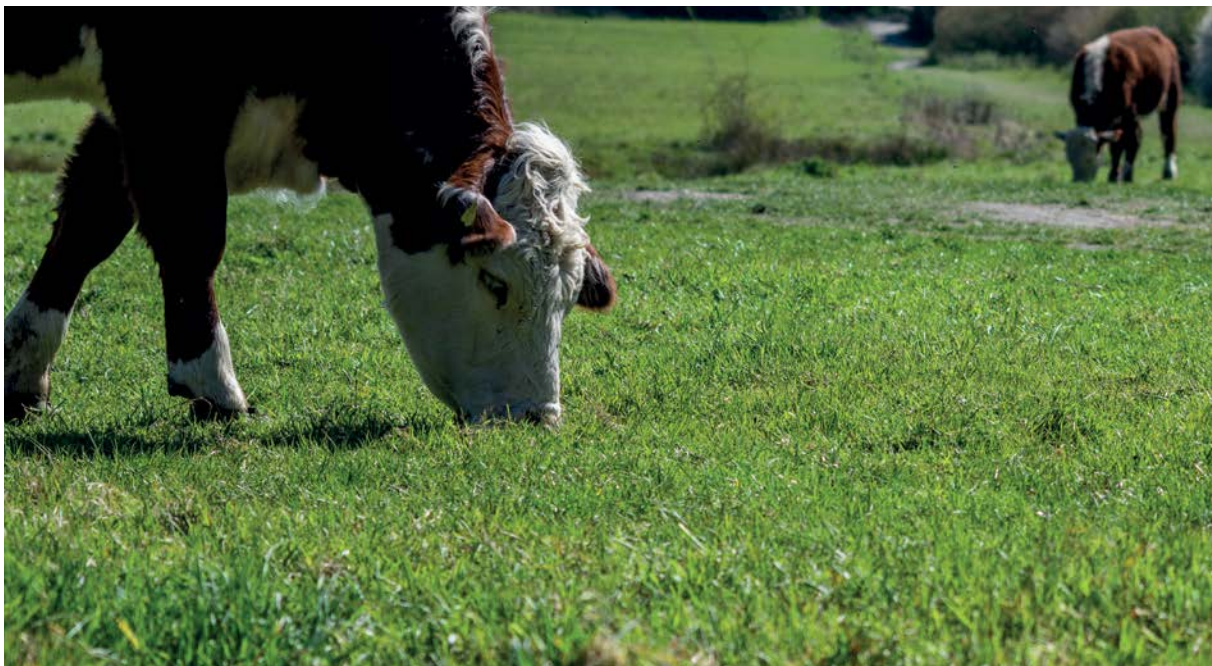
Using averages means companies can take action quickly but the values can vary to worrying degrees. UK beef producers, for example, bemoan the use of global data when reporting the footprint of beef – which they claim has a lower carbon footprint when raised on UK pasture. Precision footprinting of products allows companies to be rewarded for the changes they make, for example in switching to beef from regenerative farming, but takes money and time both of which are in short supply

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“It’s a total transformation. There’s pretty much no area of the business that isn’t vitally important in terms of contributing.”

**Carolyn Ball**, director of delivery for net-zero, Compass Group UK & I

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The process is invaluable though. Carolyn Ball, who as director for delivery of net-zero at Compass UK & Ireland is in charge of delivering the contract caterer’s 2030 net-zero ambition, suggests the use of primary data for every SKU is some way off. However the business is starting to pilot interventions which get Compass much closer to the root source of food chain emissions. “It’s a total transformation” of the business, Ball says of the company’s target. “There’s pretty much no area of the business that isn’t vitally important in terms of contributing” to net-zero.

As Simon Heppner, Net Zero Now executive director, explained during the 2020 Net Zero Festival, generating brand-level data is the ultimate ambition, “so that every product has an emissions factor and then businesses can choose on the basis of which one’s got a lower carbon impact”.



So too could consumers. Some brands are already beginning to experiment with displaying carbon footprints on menus or at the point of sale – and 72% of consumers want to see more of this, according to an exclusive Vypr survey of 1,002 consumers for this report. There is certainly a growing trend for supermarkets, manufacturers and more recently foodservice brands to adopt ecolabels (see **Chapter 4**).

## Carbon consistency

Consistency in all these carbon calculations is key. ZCF's members – which include the likes of Brewdog, Fuller's, Intercontinental Hotels, Pizza Hut, Revolution Bars and The Restaurant Group – are all starting to measure their emissions in the same way. "One of the purposes of our roadmap work is to define a clear methodology for measuring scope 1, 2 and 3 emissions," says forum founder Mark Chapman.

In 2022, a platform storing data to help visualise and track carbon footprints will come online.

One has already been launched as part of the Net Zero Pubs and Bars initiative, principally aimed at SMEs and involving the Sustainable Restaurant Association, Pernod Ricard UK and Coca-Cola Europacific Partners.






Peach was involved in the pilots. "We need leading and expertise," says Stoddart. "Like many small businesses in hospitality we're not experts ourselves, and we certainly don't have an expert employed to work it out."

The same is true of the largest companies. Experts at New York University's Stern Center for Sustainable Business recently investigated the environment, social and governance credentials of 1,188 Fortune 100 board directors. Just 69 (6%) had relevant environment experience (the 'E' in ESG) and only three (0.2%) had specific climate expertise.

Carbon reduction programmes have been an established part of corporate culture for well over a decade. Net-zero takes these to another level, something companies are quickly realising as they embark on detailed measurements of their direct and indirect emissions in a bid to map out how to meet those very public pledges.

## HOSPITALITY'S HOTSPOTS

Retailers, food and drink manufacturers and farmers have all put a figure on their total sector emissions. These are detailed in their published roadmaps to net-zero. The ZCF's new roadmap for hospitality opted against using such a datapoint, choosing instead to publish intensity figures – tonnes of greenhouse gases per million pound of revenue (tCO2e/£m).

PUBS 	RESTAURANTS 	QSR 	HOTELS 	BREWERIES 
Scope 1 & 2 <b>17%</b>	Scope 1 & 2 <b>11%</b>	Scope 1 & 2 <b>3%</b>	Scope 1 & 2 <b>39%</b>	Scope 1 & 2 <b>11%</b>
Scope 3 <b>83%</b>	Scope 3 <b>89%</b>	Scope 3 <b>97%</b>	Scope 3 <b>61%</b>	Scope 3 <b>89%</b>
Carbon Intensity <b>363.9 tCO2e/£m</b>	Carbon Intensity <b>376.9 tCO2e/£m</b>	Carbon Intensity <b>570.7 tCO2e/£m</b>	Carbon Intensity <b>579.1 tCO2e/£m</b>	Carbon Intensity <b>832.9 tCO2e/£m</b>

# 3 COMMITTED TO NET-ZERO

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Net-zero commitments have come thick and fast in the past 12 months. This is encouraging: the ambition has provided a destination and a sense of common purpose.



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8%

number of SMEs (66) among all companies (847) to have aligned their climate mitigation targets with 1.5°C and net-zero emissions by 2050.

Source. Science-Based Targets initiative, 2021.

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“The starting point is to publish a target, create transparency and follow one of the reporting standards to get there,” Steve Varley, the global vice-chair for sustainability at consultancy EY, told the FT recently<sup>(8)</sup>. “The companies we need to worry about are those without any published targets.”

So are businesses throughout the hospitality and foodservice sector moving fast enough? Are their net-zero commitments genuine or greenwash? And what do consumers make of them?

## Science-based pace

Research commissioned by insurer Zurich UK and undertaken by the University of the West of England showed how “most industry sectors in the UK are not on track to achieve their climate targets”. Emissions in the accommodation and foodservice sector are “broadly stable/slightly increasing” the authors noted<sup>(9)</sup>

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“Emissions in the accommodation and foodservice sector are broadly stable/slightly increasing.”

**Zurich UK/University of the West of England**

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A study by the New Climate Institute and others showed that hospitality had fewer companies than any other sector with quantifiable greenhouse gas emissions reduction commitments<sup>(10)</sup>.

There is much work to be done, suggests Sanne Helderma from the World Benchmarking Alliance (WBA), which has assessed the world’s 350 largest food, drink and agriculture companies on their “contributions to transforming global food systems”. Two of the indicators related to reporting on greenhouse gas emissions and the results were troubling:

- 26 (7%) businesses have set a target to reduce scope 1 and 2 emissions aligned with 1.5°C and are reporting progress against it;
- seven (2%) have a net-zero by 2050 target for scope 3 emissions or a time-bound target aligned with 1.5°C.

A *Footprint* analysis of the results for the 24 foodservice and hospitality companies involved, showed:

- Just two – Starbucks and Sodexo – had a target (aligned with 1.5°C) to reduce scope 1 and 2 emissions and were reporting progress against the target. Another four – Bidcorp, McDonald’s, Thai Beverage and Yum! Brands – had scope 1 and 2 targets they were reporting on, but these were not aligned with 1.5°C.
- Not one foodservice company had either a time-bound target (aligned with 1.5°C) to reduce scope 3 emissions and was reporting progress against it, or a net-zero by 2050 target for scope 3 emissions and comprehensive disclosure of them.
- Six companies – Bloomin’ Brands, Jollibee, Restaurant Brands International (RBI), Subway, US Food Holdings and Zensho Holdings – provided no evidence at all of reducing carbon emissions across the three scopes.

Reporting is clearly an issue for the hospitality and foodservice sector. An analysis of FTSE100, DOW30 and Euro STOXX 50 businesses by EcoAct, a consultancy, showed nearly 80% of businesses to be in alignment with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations on

climate reporting. Hospitality was the worst performing industry sector, however, with only around a third of companies aligned with TCFD.

Helderman, WBA's lead researcher, says foodservice is "clearly lagging" compared to peers in food processing, but is finding it "hard to pinpoint why". Despite some of those surveyed being huge consumer-facing brands, the quality of their reporting is poor. "It is just not out there," she adds.

## Hope for hospitality

Calling out the laggards is crucial but as Helderman argues, the pioneers can act as powerful persuaders too. Among the elite group of six companies scoring full marks on their scope 1, 2 and 3 reporting and reduction commitments, three were drinks manufacturers – Anheuser-Busch InBev, which owns Budweiser Brewing Group, Asahi Group and Kirin Holdings.

"I think we need to focus mostly on the inspirational part, because I think that helps companies move [and] get competitive when it comes to sustainability," says Helderman.

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"I think we need to focus mostly on the inspirational part, because I think that helps companies move [and] get competitive when it comes to sustainability."

**Sanne Helderman**, research lead, World Benchmarking Alliance

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Hospitality and foodservice businesses are beginning to catch up and take responsibility for their climate impact. Those WBA findings are fast going out of date as more businesses make public their pledges.

Whitbread has just announced a net-zero by 2040 target for scopes 1 and 2, plus scope 3 reduction targets of 43% by 2030 and 57% by 2040. "I hope this type of commitment is a sign of things to come and encourages other flagship businesses to show the same level of ambition," says UK government net-zero business COP champion Andrew Griffith.

McDonald's, Compass and Sodexo have all recently made net-zero commitments. Diageo has just had its targets approved by the Science-Based Targets initiative (SBTi), as has Compass.

So too has Burger King owner RBI – one of the six companies that scored zero points in WBA's analysis of carbon reporting. "We've done the hard work to determine where we stand, where we can make the most meaningful impact, and the actions we need to take to move the needle," says chief executive officer José E. Cil.

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**José E. Cil**, chief executive officer, RBI

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Compass's new commitment is not just about the company or carbon, Ball explains, but will support a sustainable food system more broadly. It would be a "hollow victory [...] if we didn't actually use our size and scale to be able to genuinely market lead meaningful change in the truest sense", she says.



## Carbon critiques

Compass has gone for a 2030 net-zero target for its UK & Ireland business, while McDonald's UK & Ireland has plumped for 2040 and Sodexo UK & Ireland 2045 (and carbon neutral for its direct operations by 2025). There is little benefit in reading too much into the dates yet, experts suggest – companies will move at different paces and target different impact areas.

Plans are malleable. ZCF says its roadmap is a “fair set of ambitions for today”. It relies heavily on offsets in scope 3 – from 22.3% in pubs to 39.8% in breweries – but the immediate focus has to be on “deep decarbonisation”.

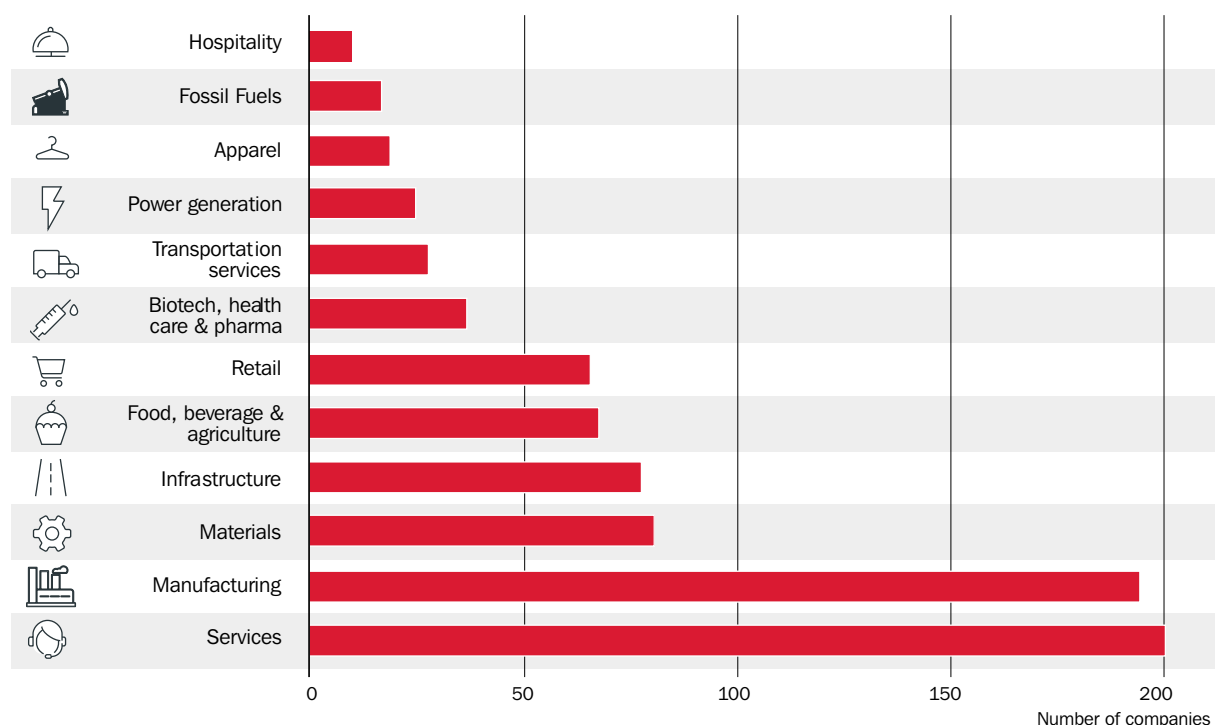
Targets can be toyed with too, but only in one direction – downwards. The goal has to remain 1.5°C, not 1.6°C or 1.7°C (SBTi now only accepts targets aligned with 1.5°C and there was a push for agreement at COP26 to address the messy twin-target agreed in Paris of 1.5°C and well below 2°C). Encouragingly, deadline dates are being brought forward as pressure builds to move further and faster (supermarket Sainsbury's, for example, has shaved five years from its scope 1 and 2 deadline).

This will please consumers and investors alike. Brands have work to do in reassuring both groups that plans are more than press releases. Only 6% of the people surveyed for this report ‘always’ trust the net-zero commitments made by pubs, bars and restaurants; 35% ‘sometimes’ do, although it depends on the brand and the claim. Almost a fifth (18%) never believe them, with 35% not aware of the claims being made.

# 90%

scope 1 and 2  
reduction target  
for ZCF members  
by 2030

### Number of companies making quantifiable GHG emissions reduction commitments by CDP-ACS Industry Classification



Source. NewClimate Institute et al, 2021<sup>(10)</sup>

## Eye on investment

The Fairr Initiative, a network of global investors aiming to create awareness over environmental, social and corporate governance issues, has said companies won't be "crucified" for making targets but investors "want meaningful discussions when announcements are made".



The launch of the first net-zero corporate standard is significant. Those adopting SBTi's new standard will be required to set both near- and long-term science-based targets across all scopes. For companies involved in the agriculture sector this means deep decarbonisation of 80% with the remaining 20% "neutralised through carbon removals".

The voluntary market for carbon credits and offsetting is also being tightened (see **Offsetting – cop out or crucial?**). Meanwhile, in October the UK government announced that businesses will be required to publish credible net-zero transition plans under new green finance rules.

## Consumer conversations

The smorgasbord of plans, commitments and targets to date range from the excellent to the "arguably fraudulent", according to experts<sup>(11)</sup>. Not all businesses will embark on their journey to net-zero with a fully fledged plan, note University of Oxford academics, but they should quickly clarify how they will reach their target<sup>(12)</sup>.

A level of ambiguity and reticence is understandable. A crystal ball detailing the technology, regulation and behaviour changes that will help achieve net-zero isn't available so brands need to be up front about the questions they can't answer. "We have to be really honest and transparent," says Compass's Ball.

Engagement with diners and in particular drinkers needs to increase. Only around one in four (26%) has thought about the carbon emissions of their drinks when visiting the pub (Vypr, 2021). More than half (57%) said it has never crossed their mind.

People are thinking about the environmental impact of what they eat but not what they drink, says Tim Etherington-Judge, co-founder of Avallen Spirits. In August he helped create the UK's first climate positive cocktail bar at the Cocktails in the City festival to raise awareness of the issues and the solutions. "We can create products that do no harm and have a positive impact," he adds.

Avallen's calvados boasts a carbon footprint of -2.73kgCO<sub>2</sub>e. It was created to show leadership and spotlight "some of the practices of the drinks industry". Putting the figures out there on a label and challenging the big guns in the industry certainly attracts attention. This is exactly what Etherington-Judge, a former Diageo employee, wants.

## OFFSETTING: COP OUT OR CRUCIAL?

Few if any hospitality businesses will be able to achieve net-zero emissions without the use of offsets, in the short term at least. Offsetting allows businesses to neutralise their impact by removing an equivalent volume of atmospheric carbon elsewhere once they have removed as much carbon as possible from their own operations (scopes 1 and 2) and value chain (scope 3).

In its roadmap to decarbonisation, the Zero Carbon Forum has estimated the need for a particular reliance on scope 3 offsets, averaging 22% of the total scope 3 footprint in pubs, 23% in QSRs, 30% in hotels, 31% in restaurants, and 40% in breweries.

Offsetting has already featured heavily as part of hospitality businesses' net-zero pledges. Accolade Wines Europe, for example, has invested in projects including afforestation in Chile, clean cookstoves in South Africa and renewable energy in the US and China to achieve carbon neutral status for its branded wine portfolio, which includes the Hardys and Kumala brands.

Brewdog, meanwhile, says it is now a carbon negative business meaning it removes twice as much carbon from the air as it emits. The brewer purchased carbon credits to offset its 2020 emissions but plans to reduce its reliance on offsets in future by reforesting its own 9,308 acre plot of land in the Scottish Highlands which will sequester carbon once mature.

Offsets can be expensive (and are expected to become more so), adding an estimated one to six pence per cover depending on the business, according to Net Zero Now. Peach Pubs managing director Hamish Stoddart, however, believes customers will be willing to pay what equates to "half a percent on the average bill" because they believe "the world needs saving".

Offsetting has its critics. Among them are environmental groups such as Greenpeace, which believes offsets "don't do what they say on the tin". In an effort to bring greater transparency to the global offsetting market, a new Integrity Council for Voluntary Carbon Markets (IC-VCM) has recently been established to create a set of standards – Core Carbon Principles (CCPs) – for the supply of carbon credits. The aim is to identify carbon credits that deliver additional, high-quality emissions reductions with real environmental and social impact.

## Climate action chasm

Startups like Avallen are out to prove that their agility allows them to move fast and tap into consumer trends around sustainability. There are concerns and anxieties though that SMEs - which constitute 99% of the UK business population – are struggling with everything from understanding what net-zero means to measuring their footprints and how to take action.

Frameworks like the Task Force on Climate-related Financial Disclosures (TCFD), the Partnership for Carbon Accounting Financials (PCAF) and the Science-Based Targets initiative (SBTi) are geared towards large corporates. Just 66 of the 847 companies to have aligned their climate mitigation targets with 1.5°C and net-zero emissions by 2050 are SMEs.

The UK government's new 'climate hub' dedicated to small businesses will help, so too the Net Zero Pubs and Bars initiative. "We feel it's absolutely essential that we provide guidance, resources and tools to businesses that are in their language, that speak to them about the things that they do every day," said Heppner at Net Zero Now.

Engagement with businesses on carbon has largely been sold on cost savings in the past, resulting in short-term and purely transactional forms of engagement. The culture of advice-giving may have to change though, argued academics Sam Hampton and Professor Richard Blundell in a recent paper. “[...] net-zero commitments require businesses to embark on a longer-term journey, and to make changes that may offer few, if any, immediate financial returns.”

The money-saving message could in fact be tertiary among the key triggers that will get businesses moving. Regulation and customer pressure could well push businesses further and faster.

## Go, go government

In the run-up to COP26, companies were collectively exerting pressure on governments when it comes to regulating emissions. Some 25 breweries, including Adnams, Beavertown, Guinness, Meantime and Toast Ale, urged world leaders to seize the “once in a lifetime opportunity” and make concrete commitments at the crucial COP26 climate summit.

Industry leaders and those involved in ZCF’s roadmap have also had “positive” discussions with the government’s net-zero champion to look at the policy “levers” that can be pulled to incentivise businesses.

Many want to see ambitious long-term policy and regulation emerging from the climate talks.

To leave tackling climate change to food and drink businesses would be “madness” suggests Nicholson at the Food Foundation. “You would never make that argument about the energy industry,” he adds.

A recent survey of World Business Council for Sustainable Development (WBCSD) members showed that just one in four (25%) were confident political leaders are doing enough<sup>(14)</sup>. “The more I live the more I believe in the power of companies to do good versus governments,” Wahaca co-founder Thomasina Miers told the Footprint 40 podcast earlier this year. “As a company owner I think you have a great power to try and lead the charge if you can.”

“

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**Thomasina Miers**, co-founder, Wahaca

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## Collaboration commitments



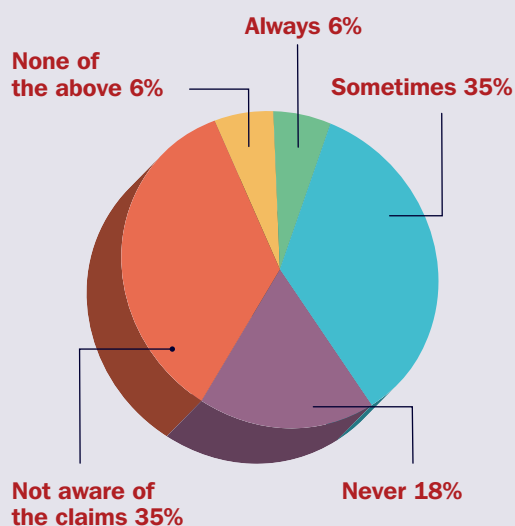
There is certainly a competitive edge to this new wave of carbon commitments – and yet collaboration is a word that cropped up time and again in interviews. “If covid has taught us anything it’s that as a sector we are stronger together,” explains Mike Hanson, director of sustainable business at caterer WSH. “We absolutely need that collaboration.”



Net-zero appears to be creating opportunities for much deeper collaboration. CEOs are writing joint letters demanding progress at COP26. Global corporates are promising to help suppliers measure their emissions and set science-based targets to reduce them. Sector-wide roadmaps are also being created.

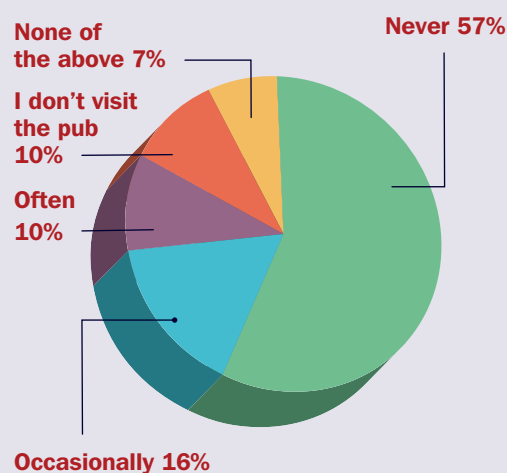
Mike Barry, long-term sustainability director at Marks and Spencer and now a consultant, is strategic advisor to ZCF whose roadmap for the hospitality sector was launched in October. “When you were reducing your carbon footprint by three per cent a year or reducing plastic use by two per cent a year, you could do it on your own. But now with net-zero goals, we need to fundamentally rebuild value chains,” he said recently<sup>(15)</sup>.

### Do you trust the net-zero claims being made by pubs, bars and restaurants?



Source: Vypr, 2021

### Have you ever considered the carbon emissions of your drinks when visiting the pub?



Source: Vypr, 2021

*Budweiser*

BREWING GROUP UK&I™

A PROUD PART OF ABInBev



SMART  
AGRICULTURE



WATER  
STEWARDSHIP



CIRCULAR  
PACKAGING



CLIMATE  
ACTION

Budweiser Brewing Group UK&I believe that partnerships are important to solving some of the most pressing sustainability issues. In 2018, they launched the 100+ Accelerator global incubator programme in 2018 to solve supply chain challenges across water stewardship, circular economy, sustainable agriculture and climate action. This year, they have partnered with Coca-Cola, Colgate-Palmolive and Unilever to help fund and pilot sustainable innovation.

## 4 TURNING INTENT INTO ACTION

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Commitments to cut carbon and reach net-zero are one thing; achieving them is quite another. Research by Goldsmith's, University of London has revealed an “intention-action gap” with 74% of companies across all sectors having “one foot in and one foot out on sustainability”<sup>(16)</sup>. In other words, they have the intent to achieve net-zero and the operational potential to do so, but they are not changing quickly enough.

An hourglass stands in a field of tall grass at sunset. The sun is low on the horizon, creating a warm, golden glow. The hourglass is made of clear glass with a dark metal frame. The sand inside is dark, and the top bulb is partially filled with a lighter, silvery sand. The background is a soft, out-of-focus landscape of green grass and a hazy sky.

19%

emissions reduction potential  
of hydrogen in whisky  
production

Source. Scotch Whisky Association/Ricardo,  
2021

Sceptics are not in short supply. Targets have been missed before: think of the zero deforestation pledges many of the world's largest food and drink brands signed up to and then failed to deliver; or the stuttering progress on reducing plastic packaging. "Net-zero by 2050. Blah, blah, blah," as the Swedish activist Greta Thunberg has put it.

"We're beyond the slogans so let's crack on," says ZCF's Chapman, citing the dozens of initiatives laid out in his sector roadmap that will decarbonise hospitality businesses.

There are immediate hotspots to aim at. For pubs and restaurants it's the switch from gas cooking and heating to electric (14.4% and 13.5% carbon reductions respectively), while for hotels optimising and retrofitting the design of buildings to minimise energy use can provide a relatively easy win. Saving energy can also help pay for the higher tariffs that often come with a switch to renewables.

## Renewable race

Work has already begun. Inroads have been made on renewables, for example, with forum members having doubled the amount of green energy they buy to 20%; the target is 100% for direct operations by 2025 (the British Retail Consortium is aiming for 2030).

Around one in four (26%) of the 30 pubs involved in the pilot for the Net Zero Pubs and Bars initiative had a renewable energy tariff. These were classed 'sustainability leaders' so the challenge – and opportunity – is considerable.

Some 15% of consumers want to see pubs and restaurants buying green energy (Vypr, 2021). "I think buying brown energy for your brand is going to be pretty toxic going forward," says ZCF's Chapman. The likes of Booking.com and Google are already looking at the green initiatives that hotels have in place.

# 26%

**pubs involved in  
the pilot for the  
Net Zero Pubs and  
Bars initiative that  
have a renewable  
energy tariff**

“

"I think buying brown energy for your brand is going to be pretty toxic going forward."

**Mark Chapman, Zero Carbon Forum**

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"The more sustainable practices we can help our partners to identify and implement, the more we can experiment with how best to highlight this information to customers," explains Marianne Gybels, director of sustainability at Booking.com. Its research showed 53% of travellers 'get annoyed if somewhere they are staying stops them from being sustainable'<sup>(17)</sup>. As Simon Gill, associate director at consultancy Arup says: "It's not just about how friendly your staff are but how green the hotel is."

This will soon extend to restaurants, pubs and bars: customer reviews are the third most important factor when deciding when to eat out (Vypr, 2021). Louise Palmer-Masterton, founder of plant-based restaurants Stem & Glory in London and Cambridge, is starting to communicate her energy sourcing and saving policies to customers. The emissions from the restaurants would jump 30% on switching back to brown energy, she explains.

Green energy is a big win in terms of scope 1 and 2 emissions. ZCF believes pubs can reduce these emissions by 90% by 2030, with renewable energy accounting for 34%. For a restaurant aiming at the same target renewables account for more than 32% of the reductions, while in breweries it reaches 43%<sup>(18)</sup>.

# 57%

UK consumers that don't mind paying more for products that are 'good for the environment'





Source. Yougov, 2021

The UK government has said it will decarbonise the country's electricity system by 2035. Gradual decarbonisation of the grid will offer around 10% of the emissions reductions required in hospitality to 2030.

Brands, increasingly, will want to move quicker. Budweiser Brewing Group has built three solar farms and two wind turbines – 100% of its beers brewed in the UK are made with renewable electricity. Heineken and Asahi are among those signed up to RE100, an initiative to accelerate the move to renewable energy. The average target date for 100% is 2028.

Treasury Wine Estates has gone for an "ambitious" deadline of the end of 2024, says Michael Parks, director of sustainability. Indeed, using only renewable energy isn't as easy as flicking a switch – whether it's a distillery or hotel, businesses will need to have a much better understanding of their sites and their energy demands, for example.

## DRIVING DOWN EMISSIONS

	PUBS	RESTAURANTS	QSR	BREWERIES
				
Emissions from transport & distribution	28%	20%	10%	9%
Scope 3 reductions from fleet decarbonisation & electric vehicles	19%	28%	11%	11%

Source. Zero Carbon Forum, 2021

## Better brewing

Spooked by the recent spike in energy prices some businesses are looking closely at generating more of their own energy. 'Brownouts' in America impact Treasury's ability to produce and package its wine; producing more energy on its own sites will therefore increase the company's resilience.

Adnams, a long-term advocate of green energy, is also looking afresh at on-site production of renewables. Budweiser Brewing Group, meanwhile, has just announced a pilot to build a large-scale hydrogen generation system at its Magor brewery, saving 15,500 tonnes of emissions from 2027.

Hydrogen could play an important role in the net-zero ambitions of Scotland's whisky sector too. Analysis for the Scotch Whisky Association (SWA) by Ricardo, a consultancy, showed hydrogen could realistically represent 19% of emissions reductions by 2045, with anaerobic digestion (14%), heat pumps (9%) and biomass (3%) also contributing.



There is much excitement around new low carbon technologies and the opportunities to create greener breweries, distilleries and foodservice outlets:

- Diageo, which is aiming for 100% renewable by 2030, has just opened its first carbon neutral whisky distillery in North America.
- McDonald's has just promised to create "a blueprint for new freehold restaurants to be built to a UK industry net-zero emissions standard from 2022".
- Brewdog is installing a CO2 recovery system in its Ellon brewery that will capture the CO2 produced during fermentation and then use it downstream to carbonate its beers.

These flagship initiatives sit well with CEOs craving a legacy. So too do efforts to reduce energy use that look good on the bottom line.

## Scope 3 stretch

ZCF members have targeted a 90% reduction in scope 1 and 2 emissions by 2030. Alongside this runs the work on scope 3 emissions: this is where the real impact is and where the greatest opportunity for reductions is, explains Chris Morris, principal consultant at Anthesis, a consultancy. "But it's also the place where realising those huge opportunities is the hardest."

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"Scope 3 emissions is where the real impact is and where the greatest opportunity for reductions is. But it's also the place where realising those huge opportunities is the hardest."

**Chris Morris**, principal consultant, Anthesis

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WBCSD members have growing confidence in electrifying fleets (70%), using renewable energy (68%) and net-zero reporting (68%). But work on implementing carbon pricing (41%), incentivising suppliers to make commitments to meeting net-zero targets (39%) and implementing nature-based carbon removal or neutralising strategies (34%) was moving more slowly.

For pubs, restaurants and breweries the lion's share of scope 3, and in turn overall emissions, comes from purchased goods and services. Food and drink will be responsible for most of that, as is the case across catering companies. So food waste must be reduced (see **No time to waste**, p.23), menus changed, packaging adjusted and ingredients swapped or improved as the supply chain is decarbonised.

Some businesses have already begun engaging with their suppliers, focusing on those with the biggest impacts. Whether it is paper, coffee or beer "we're going back and saying 'you need to be better' – it's in your scope", Peach's Stoddart explains.

Logistics is one area in which businesses can look to reduce emissions in the supply chain. SWA has mapped the distribution of products to the industry's top markets in order to understand the emissions associated with different routes to market. The process is "incredibly intensive" says the association's energy lead Peter Clark.

Adnams production director Fergus Fitzgerald reveals the brewer has recently brought its kegging back in-house having previously been contracted to Marston's. The change saves three tanker loads of beer going to Marston's each week and six truckloads of packaged kegs coming back.

# 66%

reduction in  
emissions from  
Compass events  
menu 2021 versus  
2019

Studies in Australia show transport of packaging account for 68% of the wine industry's footprint (growing the grapes and the winemaking are responsible for 15% and 17% respectively)<sup>(19)</sup>. These areas are the focus for the likes of Treasury Wine Estates (TWE) as it hones in on its emissions hotspots. Of the 5,500 suppliers it has globally "probably less than 100" would be "consequential" in terms of moving the needle on scope 3, says Parks. Some of those supplying glass for example can already report back monthly on their emissions; the response from others is "You're doing what? What are you talking about?".

Glass represents around 40% of TWE's emissions. Packaging can be a significant chunk of overall emissions for drinks brands. Decisions on what material to use have become crucial to net-zero plans (see **Bottles and Bags**, p27). Manufacturers are already innovating to

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"Some suppliers can already report back monthly on their emissions; the response from others is 'You're doing what? What are you talking about?'"

**Michael Parks**, director of sustainability, Treasury Wine Estates

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squash their carbon footprints. Budweiser Brewing Group's UK produced beers are now plastic-ring free, which together with the removal of tertiary packaging, resulted in removing 850 tonnes of plastic from their supply chain. It also recently announced a new beer can with "the lowest ever carbon footprint" – the "cradle to gate" emissions come in at 2.5tCO<sub>2</sub> per tonne of aluminium, or "85% lower than the industry average". Russian company Rusal will supply five million cans for the pilot. Other big firms are also rushing to develop carbon-free versions of aluminium.

Juliane Caillouette Noble, managing director at the Sustainable Restaurant Association, says there is a "lot of innovation going on in the bar space to figure some of these challenges [out]". This includes refills – premium tonic brands are looking at this approach in order to strip huge tonnages of glass out of the system. Reuse schemes for wine, where the bottle is returned, sterilised and reused "up to 20 times" can reduce the footprint of each bottle by 95%, according to Sustainable Wine Solutions. Wet-led bars and pubs may even be able to move faster than restaurants, adds Caillouette Noble.

## Emissions hotspots (as a percentage of overall emissions)

**Pubs: purchased goods and services**



**37%**

**Restaurants: purchased goods and services**



**51%**

**Quick service restaurants: franchises**



**64%**

**Hotels: franchises**



**24%**

**Breweries: purchased goods and services**



**42%**

Source. Zero Carbon Forum, 2021

## NO TIME TO WASTE

For hospitality companies with a large food business, reducing emissions from waste will be critical to achieving net-zero. Wrap says emissions associated with UK food waste are 36MtCO<sub>2</sub>, equivalent to 23% of total food system emissions. However reporting on food waste remains patchy at best – the NGO's latest food waste reduction roadmap found that foodservice and hospitality data on waste is not yet sufficiently robust to calculate comparisons over time.

Although 29 hospitality and foodservice businesses are now implementing Wrap's best practice 'target, measure, act' approach to food waste, only one, BaxterStorey, is publicly reporting its levels of waste in accordance with Wrap guidelines<sup>(22)</sup>. This is despite government plans to make food waste reporting mandatory for large businesses.

From an emissions perspective, Wrap's head of climate action strategy, Karen Fisher, says waste prevention must be a priority for businesses. Wrap is currently working on a playbook of interventions that will set out the most important actions foodservice businesses can take to reduce waste of those products with the highest embodied emissions, like meat and dairy. It will replicate the approach Wrap has already taken with household waste. "We've quantified the scale of impact you can get from adding shelf life, removing date labels or getting the right pack sizes. We can be very directional and can track and report progress in adopting those actions. We'd like to get to the same place with hospitality and foodservice for some really key items," says Fisher.

Businesses looking to reduce food waste at a site level should be careful not to assume a single, standardised approach will work across all locations. "It would be lovely and neat to have a strategy that you could just roll out across 6,000 locations, but the reality is that for it to be practical and meaningful we do need to take into account the operational nuances of each site," says Carolyn Ball, director for delivery of net-zero at Compass UK & Ireland.

## Sustainability sells

Vypr's poll showed a willingness among the public to switch from their favourite drinks brands to lower carbon options provided there was parity on price. A third (33%) would be willing if the footprint was half; almost a quarter (23%) would be swayed by a beverage boasting 25% less carbon. Two thirds (66%) said the provision of carbon information on products would influence their choice of drinks and meals.

Some drinks brands have been marketing their solar-powered brews for several years. Others are now quickly moving to promote carbon neutral products or splash environmental footprints on their menus. Greenwashing has spread but regulators have spotted it: new guidance is available and claims have to be backed up<sup>(20)</sup>.

Claims around carbon neutrality, in particular, are attracting interest and criticism in equal measure. Brands have to be clear about how much they are reducing emissions by and how much they are relying on offsetting, for example. They also have to ensure the credibility of the schemes they are using. Transparency, as ever, is key.

This carbon information remains rare – fewer than one in 10 people surveyed by Vypr had seen a carbon footprint either on a menu (8%) or on a drink in a pub (8%). But the next 12 months could prove pivotal for ecolabels. Many span wider metrics than carbon, such as chemicals and biodiversity, helping to ensure there is a balanced approach to sustainable food systems.

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**O** foodservice and restaurant companies that have a sales-based time-bound target for replacing animal proteins with alternative proteins as a percentage of its total portfolio

Source. World Benchmarking Alliance/Footprint 2021

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Indeed, businesses are concerned that a laser-focus on greenhouse gas emissions could result in unintended environmental consequences elsewhere, for water and nature in particular, but also animal welfare. “There are a lot of other great things to consider that aren’t just the carbon footprint,” says SRA’s Caillouette Noble.

## Menu manipulation

Those businesses serving food will be targeting their menus in order to make the biggest emissions gains. “Ingredients are two thirds of our carbon footprint and 15 suppliers are over 70% of that,” explains Lee Sheppard, director of corporate affairs and policy at caterer Apetito, which has set science-based targets and committed to net-zero by 2040. He says that in time it would be “great” to look at every ingredient but right now focusing on the “four or five big ones will have a massive impact”.

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“The fact the big high street chains are talking about regenerative agriculture feels really powerful.”

**Juliane Caillouette Noble**, managing director, Sustainable Restaurant Association

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Meat is often the big-ticket item for those serving food. Apetito has saved 20% carbon on some hospital menus thanks to small tweaks to dishes rather than ‘veganising’ everything. Compass, which is targeting a 40% switch from animal to plant-based proteins by 2030, has discovered that comparable plant-forward menus today are as much as 66% lower in carbon than they were even two years ago.



## ADNAMS PINS HOPES ON LOCAL HOPS

Suffolk brewer Adnams has historically looked to support local growers when sourcing ingredients for its range of beers and spirits. The majority of its barley is grown by the Holkham Estate in North Norfolk, while Adnams rye is grown by its chairman, Jonathan Adnams, on his farm just up the road in Reydon.

Hops, on the other hand, have proved more of a challenge, as Adnams production director Fergus Fitzgerald explains. “The flavours that people want in beer nowadays have changed. People want more citrus, fruit-type flavours and they tend to come from American, Australian or New Zealand hops.”

Shipping hops halfway across the world adds significant transport emissions to a regional brewer like Adnams. That’s in part why earlier this year the business made a pledge that every beer it produces has to use some English hops “even if it’s only for bittering”, says Fitzgerald.

The pandemic has been another key driver of the pledge. “Because cask beer in particular uses a lot of English hops and has been dramatically hit by closures of pubs, that then feeds back to the English hop growers. It was already a relatively small industry and it’s now at the stage where if it drops much lower it’s probably not going to justify having the drying and processing [capacity] in the UK,” says Fitzgerald.

Along with other brewers, Adnams is working with UK growers to encourage them to diversify, where conditions allow, to produce more varieties with those fashionable flavours in craft beers. By offering longer-term contracts of three or four years, Fitzgerald says producers have the certainty needed to invest in new varieties.

While home grown hops will never entirely replace imports, they can give brewers like Adnams more choice and supply chain resilience, while at the same time reducing transport-related emissions and helping to sustain an important domestic industry.

Smaller companies are also adapting their menus to save as much carbon as possible and appease increasingly inquisitive customers. “As a vegan brand, we are definitely subjected to a higher level of scrutiny generally,” says Palmer-Masterton at Stem & Glory, which is integrating more British produce in a bid to lower the footprint of its meals. A shakshuka bowl emits 1.4kg CO<sub>2</sub>e due to the chickpea content: “That’s a simple swap to a British pea which will make it really low [emissions],” she explains.

Buying British can often (but not always) help shrink the footprint of food and drink. Budweiser Brewing Group UK&I sources 100% of its barley from 300 British farms – a move that has reduced emissions but took several years of work with agronomists. Supply chain switches can often prove tricky (see **Adnams pins hopes on local hops**). Still, ‘buying local’ (28%) was the most popular carbon reduction action that consumers wanted to see from pubs and restaurants (Vypr, 2021). Changing the products and menus was less popular (7%), however.

Changes in production processes can also help reduce emissions from food and drink. Curbing methane emissions from a cow or growing net-zero barley for whisky are considerable challenges – but work is underway to find solutions for these challenges and more. Caillouette Noble is excited by the fact the big high street chains, often cast as the “bad guys”, are talking about regenerative farming and trying to figure out how they can shift their supply chains. Questions remain over what regenerative farming is, the benefits it brings and the reality of scaling it up, but the momentum “feels really powerful,” she says.

# 68%

would be more inclined to visit a pub or restaurant that had made a net-zero commitment than one that hadn't

Source. Vypr, 2021

## Alt-protein pushers

Guests do want more vegetarian options, however. The reasons are myriad but the trend is positive from a carbon perspective. Livestock is responsible for 14.5% of global emissions, according to the Food and Agriculture Organization. The UK's Climate Change Committee has called for a 20% reduction in meat and dairy consumption by 2035 in order to put the country on track to achieve net-zero.

To-date, politicians have shown themselves unwilling to influence people's food choices through, for example, introducing carbon taxes. This means it's up to industry – at least in the next five to 10 years – to change behaviour.

Footprint's analysis of WBA's data on protein diversification showed none of the world's top 24 restaurant and foodservice companies has a sales-based time-bound target for replacing animal proteins with alternative proteins as a percentage of its total portfolio. Only one – Aramark – is reporting on this at all, although most<sup>(15)</sup> have offered qualitative evidence of protein diversification activities or commitments.

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“It would be great to look at every ingredient but right now focusing on the four or five big ones will have a massive impact.”

**Lee Sheppard**, director of corporate affairs and policy, **Apetito**

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Again, momentum is gathering. Compass UK & Ireland has said that by 2030 there will be a 40% switch towards plant-based proteins, with an interim target of at least 25% by 2025. What's more, 70% of the top five food categories (dairy and cheese, fruit and vegetables, pork, beef and chicken) will be sourced from regenerative agriculture by 2030<sup>(21)</sup>.

A clear target for the protein shift has “got to be fundamental in your scope 3 emissions” work, says Nicholson at the Food Foundation. Companies have to tread carefully though. Menus are the major focus for carbon reduction plans at Peach but guest choice has to remain front of mind. “It's really important you don't knacker your business,” says Stoddart.

### Carbon reductions that would encourage you to switch from a favourite brand

50% less CO<sub>2</sub>e



33%

25% less CO<sub>2</sub>e



23%

10% less CO<sub>2</sub>e



9%

Would not switch



24%

None of the above



12%

Source. Vypr, 2021

## BOTTLES AND BAGS

Material use didn't prove a top concern at COP26, largely because politicians are nervous about the c-word: consumption. But there is little doubt that drinks brands in particular are waking up to the links between resource use and climate change. Indeed, the packaging they use will be crucial in their bids to hit net-zero.

Packaging accounts for 24% of PepsiCo's emissions footprint, for example, and as one of its three largest emissions drivers represents a "clear link between climate and our other sustainability activities", the company says. Under the Ellen MacArthur Foundation's global commitment, many corporates have set 2025 targets to include more recycled content in plastic packaging: Coca-Cola (25%), Diageo (40%), Pernod Ricard (25%), Molson Coors (30%) and PepsiCo (25%). Most have struggled to hit double figures but the pace has begun to pick up according to the 2021 progress report<sup>(23)</sup>. Indeed, these deadlines have become critical in the context of carbon savings: recycled plastic has a carbon footprint that can be up to four times lower than that for virgin plastic, according to the UK government.

Plastic can weigh in with fewer emissions than the alternatives of course. Glass is heavy to transport. Whisky and wine producers have used glass for years; the material is seen as 'premium' by consumers. But it weighs a lot and this can pump up the footprint of products. Across the Scotch Whisky Association's membership, packaging weight increased by 2.6% between 2012 and 2018; the target is to reduce it by 10% by 2020. "It's actually proved to be one of the most challenging targets we set," says energy lead Peter Clark, "but is reflective of premiumisation."

Scotch whisky in plastic bottles would be hard for marketing teams to swallow. Drinks producers are therefore looking at alternative materials, like paper, and claiming this is "plastic-free". The carbon footprints will be closely scrutinised.

There are other factors to consider – recyclability, convenience, cost and of course consumer acceptance. But carbon will become a focal point of packaging discussions and decisions as net-zero pledges evolve into action plans.

### What should pubs and restaurants do to reduce their environmental impact?

Buy local products



28%

Switch to renewable energy



15%

Change Products and menus



7%

Reduce Food Waste



26%

Reduce packaging



15%

None of the above



9%

Source. Vypr, 2021



## 4 WHAT NEXT?

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Many companies have been caught short in this climate storm. Four approaches have broadly emerged: ignore the net-zero agenda altogether; say nothing until you're ready but prepare to be criticised in the interim; make pledges that demonstrate engagement with the issue but are wafer thin on detail; or get ahead of the pack and position the business as a pioneer with time-bound targets and detailed roadmaps for achieving them.



**ACTION**



This has resulted in lots of intent, but tangible action remains the exception rather than the rule. So what comes next?

COP26 may well accelerate progress as politicians threaten regulation, but in the short-term hospitality and foodservice businesses are unlikely to be singled out for government attention. “Madness” perhaps given the sector’s footprint but this report shows that a growing number of hospitality and foodservice businesses are preparing for transformation and keen to drive change.



Savvy businesses realise the clear shift in the mood among consumers and investors when it comes to sustainability, plus how covid-19 has both amplified and accelerated it. Staff, which are in short supply, will also be attracted to companies with a climate conscience: 67% of UK employees expect their employer to take action to reduce the business’ climate footprint, according to Goldsmiths’ research.

Pledges are turning into science-based targets; footprints are being calculated and carbon hotspots identified; scope 3 emissions are increasingly included rather than swerved; and suppliers are being engaged.



It is early days and the pace will undoubtedly need to quicken. ZCF members have for example targeted 2025 for public reporting of scope 1, 2 and 3 emissions. This is in line with the British Retail Consortium’s plan, but feels late. The roadmap in fact notes how “leading companies will embrace transparency and use it to enhance their reputation and drive engagement with customers, investors and employees”.

This can be easier said than done. Data and expertise remain in short supply; pioneers remain the exception rather than the rule; and the impact of covid-19 lingers on. There are problems with defining net-zero and a lack of clarity on what net-zero means in the medium and longer-term for businesses. Questions flying around boardrooms and businesses include:

- What will the price of carbon be?
- How will future growth impact their reduction targets?
- What are the costs of net-zero and the risks of not acting?

As ZCF’s Chapman explains: “Making a commitment to something that you haven’t fully costed out and you’re not quite sure how you’re going to do is [not the behaviour] of a listed company’s CEO.”

Apetito’s Sheppard admits that looking ahead at the forecast costs for offsets throws up some “pretty frightening numbers”. The cost of carbon credits could increase ten-fold, according to recent research, and is undoubtedly too low at the moment. Companies setting net-zero and carbon neutral climate targets need to plan for substantially higher carbon credit prices and make informed trade-offs between reducing emissions internally and buying credits from outside the company’s value chain, the researchers warned.

There is confidence that this market will change, driving companies to deliver deep reductions in carbon rather than rely on neutralising emissions. New technology will also come online. More businesses will embrace internal carbon pricing too, a strategy that 67% sustainability professionals polled by Globescan recently see as an effective action to take<sup>(24)</sup>.

They also said effective carbon pricing (a hot topic at COP26) was the second largest barrier to achieving the Paris goals. Top was public apathy, awareness and culture. This is an area where hospitality can really drive change.



The UK has over 40,000 pubs; over half the adult population regularly visit licensed premises as a free time activity. Restaurants and cafés are crucial parts of communities and local economies. All these businesses are in a unique position to become informal forums for climate conversations that can play a key role in the transition of the national economy.

As Stoddart at Peach suggested at the launch of the Net Zero Pubs and Bars initiative, hospitality could have a crucial role to play in the country's climate change conversation. "We serve one million meals a year. If we can have conversations [about climate change] at the table or bar ... it will change the world."

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“We serve one million meals a year. If we can have conversations [about climate change] at the table or bar ... it will change the world.”

**Hamish Stoddart**, managing director, Peach Pubs

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# ABOUT THIS RESEARCH

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Footprint Intelligence was commissioned by Budweiser Brewing Group UK & I to write this report. The research comprised in depth, semi-structured interviews with foodservice experts, desk-based research, involvement in industry events and forums, and comments and insights gathered from other opinion leaders linked to the industry. Footprint Intelligence is hugely indebted to the industry experts who generously gave their time and insights as part of the research process. Please see the acknowledgements opposite.



We are also grateful to consumer research expert **Vypr** for providing access to its consumer research panel. A series of consumer surveys were published through Vypr's panel in February and March 2021, garnering over 1000 responses per question, though product comparisons closed at c.500 responses, and free text answers at c.50. For alcohol-related questions, the sample was drawn from those who selected daily, weekly or monthly alcohol consumption.

Vypr is a leading predictive consumer intelligence platform that combines research into behavioural science with a well-segmented consumer panel. Vypr works with retailers including The Co-op Food and Starbucks, brands like Weetabix and Müller, and large manufacturing groups such as Cranswick PLC and 2 Sisters Food Group.

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