

Sustainability Cents

Is the buzzword an opportunity for added beef value or a risky investment?

by Morgan Boecker, Certified Angus Beef

Results are required for viability. A live calf, a healthy rain, a black bottom line — tangible things necessary to maintain a ranch.

Sustainability is an all-encompassing term for social, environmental and economic business needs. The popular, updated term describes many of the same best practices cattlemen have put to work for generations.

It's getting a lot of new attention, and not just from popular press. In 2020 more than \$30 billion were invested globally in sustainability financing and bonds.

"How can we make the most of this?" asks Dustin Aherin, former vice president, animal protein analyst at Rabo AgriFinance, now director of strategy for Tyson Fresh Meats. "Because it's not going away. It's worth evaluating how we can

position ourselves to capitalize on it in the future."

Aherin says carbon credits may provide value, but the real promise is in the transfer of data and the power of brands to help cattlemen capitalize on their information.

Customer goals

Food businesses (packers, grocery store chains, food distributors and restaurant groups) are quickly setting goals. However, their ability to successfully meet those targets relies on what the supply chain can deliver.

Three of the four largest meatpackers have announced emission reduction targets. JBS committed to net-zero by 2030, while Tyson aims for carbon neutrality by 2050. These commitments include the participation of the entire beef value chain down to the kernel of

corn cattle consume.

While few have plans on how to get there, there is money driving progress. Cargill invested \$20 million into research projects to discover new technologies and strategies that reduce water use and emissions.

Walmart is targeting zero emissions by 2040, getting to 100% renewable energy sources by 2035. Giant Eagle, a *Certified Angus Beef*® (CAB®) brand retailer with stores across Pennsylvania, Ohio, Indiana, West Virginia and Maryland, has set a goal of net-zero emissions by 2040 with plans focused on sustainable product sourcing.

Continued attention on sustainability is causing food producers, brands, marketers and retailers to showcase good work and potential climate solutions. Without action now to benchmark and



showcase improvement, change may come in the form of regulations.

“If we can’t prove that we’ve made a certain amount of progress, I think there’s a real risk,” Aherin adds. “I don’t know the timeline, but I don’t want to find out either.”

Consumer perception

Do consumers really care?

A subset of them do, says Nicole Erceg, director of communications for CAB, but it’s not a niche market like organic or natural.

“I’d compare it more closely to the war on fat,” she says. “Research is showing this is something that’s going to have a long-lasting effect on consumption across different generations of our consumers. Unless — like the cattle and beef industry made changes that boosted consumer satisfaction to solve the issues of that era — we respond to the challenges of this one.”

Aherin agrees a small group of consumers will pay for some sustainability attribute, while the vast majority of beef consumers will still base their decisions on quality, safety and price.

Unlike some other consumer misperceptions, this isn’t simply a myth to be busted, Erceg says. Consumers want to vote for a better world with their dollars, and those selling beef want to communicate that their product is the right choice.

It is a lot like the relationship breeders have with their bull buyers, Erceg says.

“If you do not have the genetics that your customer needs, they’re going to go to your neighbor. If you don’t have the type of animal that they’re looking for, they’re just not going to purchase from you anymore,” she explains. “It’s the same

thing with our consumers and our customers — and customers is the big one. If we cannot deliver on these sustainability metrics that they need to be able to either market on or communicate to their customer base or their stakeholders, then they’re going to go to someone who can and it’s not going to be us.”

That means either turning to a competing beef program, a competing protein, or worse.

“The reason people are switching to alternative proteins isn’t that they don’t want to eat meat. They love the taste of meat. It’s delicious,” Erceg says. “They just want it without any worry about animal welfare or environment. We can deliver on that today; we just need to continue to prove it with data, showcasing progress tomorrow.”

CAB partners, such as grocery stores, steakhouses, chefs and food distributors, ask the brand to help demonstrate a sustainable story.

According to consumer research done by the National Cattlemen’s Beef Association (NCBA), about half of consumers trust farmers and ranchers as a source of information on how beef is raised. However, for other consumers, proof of production practices and management decisions may be required to maintain or gain trust.

The same research shows roughly half of consumers change their behavior based on sustainability factors. Only 16% say they don’t care about the topic.

Chefs like Lamar Moore look to source local, sustainable products

that they feel good about serving. It’s how he chooses suppliers for Eleven Eleven restaurant in Chicago, Ill., where he currently uses CAB.

“It’s being able to understand how to take what we call pasture to the plate and sharing that story with our guests about the farmer,” he says. “We’re constantly getting things

fresh and working to understand how the cattle are raised and the families who raise our beef.”

For him, it’s about family — both the ones enjoying his

food and the ones raising his beef.

“It’s really important for us to be connected with ranchers and the rest of the supply chain,” says David Norton, North American president of specialty meat and seafood at Sysco, “Because collectively we can help solve the sustainability challenge versus being a recipient of top-down decisions.”

Simply put, sustainability demands are a request for more communication around shared values.

“We don’t want people to feel bad because they enjoyed a good steak,” he says.

Where cattlemen can start

Angus breeders already have an advantage as big data collectors in the cattle industry. There are already systems in place.

“The work remains in quantifying and documenting these metrics,” Aherin says. “Then, how we trace and share those metrics up and down the supply chain.”

For the cattleman, meeting climate goals, consumer desires and


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brand-building opportunities need to make cents.

“The one thing that I can suggest producers start doing today is capturing as much information as you can on your resources, feed efficiency and management practices,” Aherin says.

He also recommends cattlemen continue to bring ideas and potential solutions to the table.

“When I think about some of the innovative, successful ideas that evolved our supply chain over the last 40 or 50 years, one of them was CAB, the other is value-based grids,” Aherin says. “Both of those ideas came from producers and producer-level organizations to their customers. So, focus on understanding what our customer wants and what they need to hit these targets and sustainability goals. Cattlemen know how we operate and what we can do. Don’t be afraid to come to customers with ideas on getting them to their targets. And then maybe that gives a little opportunity for negotiation, a little more value for you at the table.” 

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Angus University panelists agree: producers can influence beef sustainability

by Jessica Wesson, Certified Angus Beef intern

U.S. Premium Beef and the National Beef Quality Audit — these are just two examples where farmers and ranchers have led progress before, and they have an opportunity to do it again.

Since 2006, sustainability has evolved from greenhouse gas emissions to include animal welfare, nutrition, worker safety and overall environmental effects, said Kim Stackhouse-Lawson, director of AgNext at Colorado State University.

She spoke as part of an Angus University panel on the topic alongside Dustin Aherin, director of strategy for Tyson Fresh Meats, and Kansas cattle rancher, Debbie Lyons-Blythe during the 2021 National Angus Convention & Trade Show.

It comes down to understanding customer wants and needs, Aherin said, and then adapting to meet them.

Significant food companies, from the packing plant to restaurants and grocery stores, are setting aggressive sustainability goals, Stackhouse-Lawson said. When these goals aim to be net zero or carbon neutral, “that absolutely involves the entire supply chain.”

It’s a new target for producers. While there are no plans to meet these goals yet, there is interest in how cattle can be part of the solution.

“The question I get asked the most is, ‘Who pays for this?’” Aherin said. “I don’t know if that’s quite the right way to think about it. I think it’s more along the lines of what incentives there are to do this, and where they are coming from.”

It comes down to the adage, “trust but verify,” and verification will need to come from those raising beef.

“When we look at the full life cycle of beef, 75% of the carbon footprint is actually happening in the cow-calf sector,” Stackhouse-Lawson said. “So, ranchers really have an important role to play from the perspective of the emissions coming from their operation.”

Increasing efficiency will help add value.

“A lot of these things that reduce environmental impact are also probably going to improve your bottom line,” Aherin said.

He expects future incentives to be tied to good documentation of everything from how resources are used, improved or changed over time to the health and performance of cattle.

Lyons-Blythe suggested writing out a grazing management plan, culling open cows and tagging calves. She suggests having a record of which animals are not producing or performing as expected and using that as a basis for management decisions.

“Open cows consume resources and belch methane with zero production,” Lyons-Blythe said. “I know I’ve made plenty of excuses for cows through the years. I know it’s hard to do, but let’s help our customers.”

There are many unknowns when it comes to sustainability, for every segment in the supply chain.