Snapshot Report

Developing a sustainability assessment framework and strategy

Project Code	Prepared by	Date Submitted
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Project Description

This report summarises the Thomas Foods International Consolidated Pty Ltd (TFI) carbon management project. This included a comprehensive baseline for TFI's Australian operations including red meat processing and distribution, separate to Thomas Cappo Seafoods and TFI USA. The analysis included an assessment of the company carbon account (scope 1, 2, 3) and product carbon footprint of major products. Additionally, selected energy and water data were reported according to the sustainability framework established by the company.

Project objectives were:

1. Develop an endorsed sustainability framework and emission reduction strategy.
2. Determine the carbon account (inventory) and carbon footprint through to the end customer.
3. Develop a net emission reduction strategy and trial options to reduce net emissions.
4. Gather consumer insights to inform the development and commercialisation of new products featuring low / no carbon and / or climate positive net impacts.
5. Develop a reporting platform and strategy that aligns with internal and external communication needs.

The project used GHG Protocol, ISO and National Greenhouse Gas (GHG) Inventory methods to meet Australian and international reporting requirements.

Project Content

The study found the business has a moderate scope 1 and 2 carbon account and a large scope 3 account, in relative terms for major corporate businesses. Of the scope 1, 2 and 3 account, scope 1 contributed 3% of emissions, scope 2 contributed 1.1% and scope 3 contributed 95.9%. This emissions profile is not unusual for meat businesses due to the relatively high carbon footprint (CF) of purchased livestock, compared to emissions from processing. However, it is more unique in the broader corporate business context, where scope 3 emissions are typically smaller.

The major sources of Scope 1 emissions for FY 2022-23 were fuel use for processing and enteric methane from beef and sheep at the feedlot and farms owned by the company. The large contribution of scope 3 emissions was due to the high emissions arising from livestock. Land use (LU) and direct land use change (dLUC) emissions and removals were assessed for TFI owned facilities and resulted in minimal changes to the carbon account (<0.5%), but were subject to higher levels of uncertainty. Future practice changes have been made to increase soil carbon and measure this under an ACCU Scheme project, which should result in greater removals in the future.

A scenario analysis was undertaken for the business with a series of strategies focused on scope 1 and 2, and scope 3 emission reductions. The scenario pathways were created using a comprehensive approach that included screening and shortlisting of 44 potential emission reduction options. These options were evaluated based on their technical and economic feasibility, potential impact, and alignment with Thomas Foods International Consolidated Pty Ltd's strategic goals. The shortlisting process identified key strategies for scope 1 and 2 pathways including energy efficiency in processing, implementing low methane supplements, and enhancing removals via soil carbon sequestration. These scenarios are the first step towards more detailed plans. Given the size and scale of the emission reduction task and the complexity of reducing agricultural emissions, achieving short-term abatement will be more difficult than for businesses primarily dealing with energy-related emissions.

Scope 3 emission reduction is more complex as it relates to emission reduction on thousands of supplier farms. While the full cost of this cannot be carried by the meat processing company, there is a key role to play in co-ordinating activities, managing funding for decarbonisation, and in measuring, monitoring and verifying (MMV). This is a major undertaking in the large and complex supply chain managed by TFI.

Research was conducted as part of the project on consumer attitudes and interest in carbon in the USA market. The findings showed that consumers favoured terms such as “reduced emissions” or “reduced carbon” and preferred natural feed additives.

Project Outcome

The present analysis provides Thomas Foods International Consolidated Pty Ltd with a comprehensive carbon account and a product carbon footprint based on best practice methods. This analysis is a suitable starting point for corporate reporting and disclosure requirements though further work will be required to model temperature impacts and in climate risk management which was out-of-scope in the present study.

The project began the important work of engaging suppliers in emission reduction and this work will be vital for the future success of decarbonisation. Market support, via co-funding or premium market access, is vital for delivering a supply chain decarbonisation program into the future. Considering stakeholder sentiment, this is likely to be a long-term initiative beginning with change that focuses on dual benefits for productivity and carbon reduction.

The following summary of key recommendations were made based on the findings of the report:

- Implement emission reduction strategies.
- Enhance producer engagement.
- Expand carbon sequestration projects.
- Regularly review and update sustainability framework.
- Set emission reduction targets.

Benefit for Industry

This project provides insight into the carbon account and carbon footprint of one of Australia’s largest red meat exporters. The project developed scope 3 accounting methods, examined emission reduction options and explored market engagement.

Reporting and reducing scope 3 emissions is a major challenge facing the red meat industry. This study demonstrated a method for predicting carbon footprints of sheep meat, goat meat and beef which will assist large processors to meet obligations without imposing new, complex reporting requirements on thousands of small businesses. This can provide a blue-print for other processors.

The emission reduction pathways and consumer survey outcomes will inform similar businesses of the technologies, reduction potential, and engagement strategies that can be used to deliver decarbonisation in large, complex red meat supply chains.