Building resilient agricultural supply chains

How to move regenerative agriculture from intention to implementation

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Introduction

The case for regenerative agriculture has never been stronger. Globally, soil health is decreasing, water systems are stressed, biodiversity is under threat and extreme weather is disrupting agricultural supply chains with increasing frequency.

For businesses reliant on agricultural commodities, this is a direct risk to continuity, cost stability and competitiveness. Yet while businesses and scientists recognise the potential of regenerative agriculture to mitigate these threats, adoption remains slow, fragmented and not of sufficient scale to build future-ready agricultural systems.

At Sancroft, we recognise that the agricultural sector is a key part of the economy that requires a systems-level shift if we are to build a more sustainable and resilient world in which people, planet and business can thrive. This is because agriculture is both one of the biggest contributors to global warming and highly exposed to negative impacts from a changing climate. We believe that regenerative agriculture sits at the heart of how we start to change the food system from one of extraction and degradation to one of regeneration and resilience.

This report sets out why regenerative agriculture is now a business necessity. We also look at what's preventing widespread adoption, and how businesses can collaborate with farmers, supply chain partners and other stakeholders to make it core to strategy, not a side project.

What is regenerative agriculture?

Regenerative agriculture is an umbrella term for a set of farming practices that work with nature and are context-specific. What works on one farm may not work on another. Solutions depend on a detailed understanding of local ecosystems, soil types, microclimates and the knowledge of the farmers who manage them.

While we recognise that solutions are heterogeneous, not homogeneous, we define regenerative agriculture as:

"A set of farming practices focused on improving soil health, biodiversity and water quality by working with nature to regenerate degraded landscapes and build ecosystem resilience."

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The case for change

There is widespread recognition that regenerative agriculture helps to both minimise the environmental impact of farming and protect against the negative impacts of extreme weather events.

Multiple studies have shown that practices such as crop rotation, cover cropping, reduced tillage and cutting synthetic inputs can significantly improve resilience.[1] Greater biodiversity supports natural pest control and pollination. Reduced dependency on artificial pesticide and fertiliser inputs can lower greenhouse gas emissions and reduce a farm's costs. Healthier soils store more carbon, retain water better during droughts and help prevent flooding.

Despite this, a recent global scan of large agri-food companies found that while 63% publicly refer to the potential of regenerative agriculture as a solution to the climate and biodiversity crises, only 8% have set financial targets to support farmers in their supply chains or created incentives to support their transition.[2]

This gap between purpose and action is an increasing danger to the performance and viability of many businesses, not just in the food industry but in sectors like fashion, pharmaceuticals and cosmetics that also rely on agricultural commodities.

The transition of agricultural supply chains to regenerative agriculture should no longer be a niche pursuit. It is now critical to maintain business continuity and resilience. For many companies, the question must no longer 'if', but 'how' to make the shift by scaling regenerative practices as a core part of their business strategy.

[1] Science Societies, Rooted in resilience: regenerative agriculture and the future of food systems, 2025

[2] FAIRR, The Four Labours of Regenerative Agriculture, 2023

Why we aren't where we need to be

Part of the problem with achieving this shift is that the transition to regenerative systems has proven hard to scale. Three key barriers stand out:

Financial strain on farmers

In the UK, the discontinuation of the Basic Payment Scheme along with the new inheritance tax for agricultural properties has left many farmers with limited access to capital. The move to regenerative practices requires an up-front investment in new training, methods and equipment, while financial benefits often take at least three to five years to come to fruition.[3] These timescales, lack of capital and the perceived uncertainty of making the transition means many farmers are unable to finance the shift to regenerative practices. Consequently, the cost often falls on other supply chain actors, such as budget-conscious corporate buyers of agricultural products who have so far been either unable or unwilling to foot the bill.

Divided supply chains

Increased collaboration between companies that procure agricultural products and farmers is essential to drive progress. However, historically fragmented and complex supply chains make collaboration difficult. The result is inertia that holds progress in check. Another problem is that procurement teams often chase short term savings over long term resilience, for example by seeking different suppliers when one supplier faces a shock. In a world where extreme weather events are becoming more prevalent, this strategy blocks strategic efforts to build resilience and locks in fragility.

[3] World Council for Sustainable Business Development, Cultivating Farmer Prosperity: Investing in Regenerative Agriculture, 2023

Different contexts mean different challenges

The unique properties of individual farms mean that there is no one-size-fits-all solution. The package of regenerative practices that will succeed on any farm will be particular to its local context. Scaling up regenerative practices needs to be carried out on a farm-by-farm basis. This requires local experimentation and long term backing that builds trust.

Circularity often begins with good intentions but limited scope: a reuse pilot, increasing recycled packaging on individual SKUs or localised refill projects in distinct regions. These projects will generate learnings, but without wider operational integration, they rarely scale or create lasting impact.

To drive real value, circularity must evolve into a shared business principle, one that informs decisions at every stage, from sourcing and design to distribution and end-of-life. This means aligning circular goals with broader organisational aims such as cost efficiency, innovation, or supply chain resilience. When this happens, circularity becomes a strategic enabler rather than a siloed experiment.

The payoff can be significant. With materials accounting for as much as half of production costs, even small gains in resource efficiency can unlock major savings and reduce exposure to volatile inputs. A unified, principle-based approach also minimises duplication, and accelerates learning across teams. It's not just about using less. It's about doing better, together.

From intention to implementation:

4 steps to establish and scale regenerative agriculture in your supply chain

The transition to regenerative agriculture will not be an easy one. The current system values short term yields and volume, rather than long term soil health and resilience. This means to begin scaling up regenerative agriculture, we must focus on rebuilding the pillars that hold up the current system. In our experience of working with agri-dependent businesses, focusing on the following four critical steps is a great starting point for initiating systems change.

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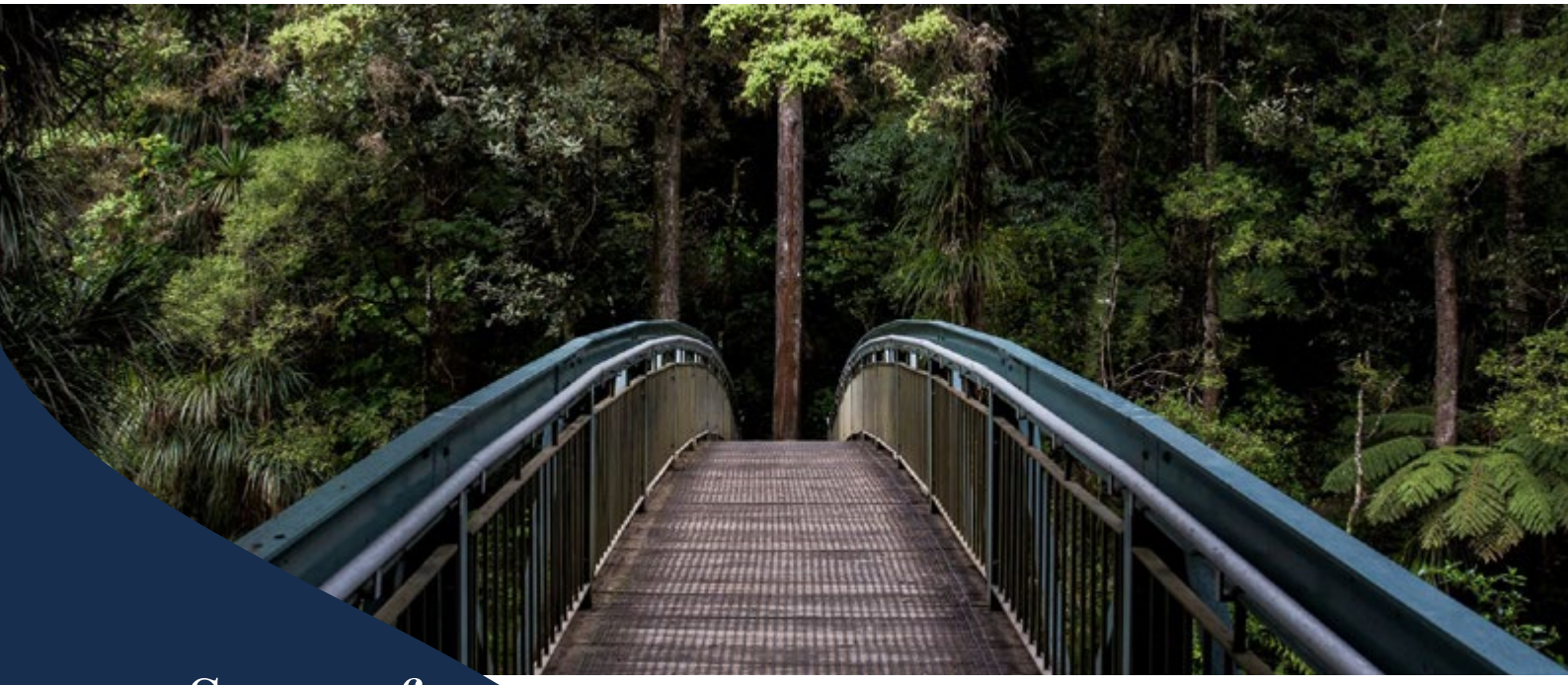
Transparency:

Map and prioritise high-risk ingredients and geographies

While it's difficult to achieve complete visibility over the farms that produce your raw ingredients, particularly in complex global supply chains, detailed mapping of those supply networks is the essential first step.

This starts by identifying ingredients and geographies that are most at risk from climate, water and biodiversity impacts and are therefore susceptible to supply shocks. This analysis should focus not only on internationally sourced ingredients such as cocoa, coffee and palm oil, but also domestic crops impacted by a warming climate, drought and flooding.

Businesses also need to understand where they already have strong supplier relationships. Regenerative transitions rely on collaboration, so focus on identifying partners that are most willing to engage in the transition. Work with suppliers that carry a high risk of negative environmental impacts, plus a willingness to engage in the transition, and you have a great place to start. In the long term, this can also help to generate learnings that will support engagement with partners that are more resistant to change.



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Communicate:

Make the financial case

Transitioning your supply chain to regenerative practices needs to make financial sense for your organisation, both in terms of funding and ROI.

We've already noted that businesses dependent on agriculture will need to be involved in funding this transition. However, businesses don't necessarily need to stand the cost alone. The most forward-thinking companies increasingly explore collaboration with financial institutions and joint initiatives with other members of the supply chain. Strategies for funding include partnerships with investors, philanthropies, banks or development finance institutions. Leading organisations will also collaborate with other members of the supply chain. Some businesses, for example, have worked in partnership with water companies to pay premiums to farmers who adopt regenerative practices. This is a win-win situation, because reduced pesticide runoff saves water companies money in the long run.[4]

ROI for agriculture dependent businesses will not be immediate but will materialise through lower exposure to supply shocks and ingredient price volatility over time. As part of the calculation, it's important to determine the cost of inaction. At a global level, studies project that climate damages alone could reduce the value of primary food production industries by USD $13 trillion between 2025 and 2070. By contrast, the estimated cost of transitioning to regenerative food systems is $250–430 billion per year over ten years, representing a fraction of that loss.[5]

When you build your financial case, establishing a direct ROI and a cost of inaction specific to your own organisation's context will be more difficult. To counter this challenge, it helps to frame investment in regenerative agriculture similarly to an investment in brand building or R&D. The ROI may not be immediate, but it's essential to ensure the long-term resilience of the business. The key financial message, though, is that the cost of inaction will always outweigh the cost of transition, particularly in a world of increasing climate instability.

[4] Farming Online, Wildfarmed secures exclusive water company premiums for its regenerative farmers, 2024

[5] The Food and Land Use Coalition, Growing Better: Ten Critical Transitions to Transform Food and Land Use, 2019

3

Collaborate:

Support farmers with relevant incentives, advice and practical support

Farmers are the heart of the system. They produce the agricultural products your business depends on. They know their land and ecosystem most intimately, and it's important to speak their language.

For these farmers, the transition is rarely about reaching net-zero or supporting corporate decarbonisation targets. They are far more focused on their need to reduce input cost and make their soil and ecosystem more economically resilient.

Businesses need to design partnerships accordingly. When structuring incentives, for instance, consider both outcome-based and practice-based payments. The incentive structure that works best will vary depending on the situation. It is important to consider carefully whether your incentive structure is truly creating the desired change in practice.

Also work to provide practical support through environmental monitoring, plus education through agronomists or farmer-to farmer learning networks. Taking a longer-term view, and given that the average age of a farmer in the UK is 59, companies should consider how they can help educate and build the next generation of farmers.[6] For example, Tesco is working with Harper Adams University to develop a Future Farmer Programme aimed at encouraging new entrants into the farming industry, equipping them with the knowledge and skills they need to build sustainable and resilient farms.[7]

As one of our clients, EFG Holding, also notes: "Regenerative agriculture requires collaboration between business, education, and community. Through the EFG Hermes School of Agri-Tech, we are equipping young farmers with the skills, science, and entrepreneurial mindset to build a resilient green economy and sustain both soil and society." (Hanaa Helmy, CEO, EFG Foundation & Group Chief Sustainability Officer, EFG Holding)

Additionally, farmers respond to solid market opportunities. This requires cross-industry collaboration. No one company will be able to shift the entire market alone, but they stand a much better chance of driving change if they partner with other organisations pre-competitively to provide incentives and more certainty for farmers who are willing to make the transition.

Collaborating in this way helps to build credibility and trust. Farmers need multiple partners who listen, learn, provide practical input and share risk. Without the farmers' buy-in, regenerative strategies cannot work.

6. BBC.com, The Ageing Crisis Threatening Farming

7. A Greenprint for UK Farming report, 2025

4

Finance:

Provide certainty for farmers making the leap

Farming has always operated on fine margins. In the UK, many farms now run at or below breakeven. For these producers, any transition is perceived as a major risk, particularly when existing practices have been used for generations.

To overcome this, businesses dependent on agricultural products must make regenerative agriculture a solid business proposition for farmers. This means finance for the transition must aim both to mitigate short term risk and lay the foundation for a more stable future. That means addressing two fundamental concerns:

Financing the "yield dip"

Most farmers experience an initial decline in productivity as soil systems recalibrate. As many farmers live harvest to harvest, the yield dip can be a fatal barrier to adoption. It's essential that companies design financial mechanisms to alleviate this challenge.

Guaranteeing market security

Farmers need assurance that their investment in new practices will have a stable buyer, or at least that there will be a market for the products they are investing in. Long-term purchase agreements, multi-year contracts or price-stabilisation mechanisms can provide this certainty and signal genuine commitment.

Often, a single buyer may not have the necessary scale to provide enough funding or a strong enough market signal to farmers. To overcome this, companies have begun collaborating pre-competitively to pool capital and support farmers to transition to regenerative practices at scale. For example, PepsiCo, Mars and ADM have recently entered into a pre-competitive collaboration to fund and implement regenerative agriculture in Poland.[8]

By offering security, companies turn regenerative transition into not just shared risk but shared opportunity.

[8] PepsiCo, MARS and ADM, Press release, September 2025

Conclusion:

Making the regenerative transition work for your business

Regenerative agriculture is no longer a fringe strategy. For companies reliant on agriculture, it is business critical and a powerful defence against systemic risk. Yet many companies still begin with promising pilot projects, but struggle to expand beyond this point.

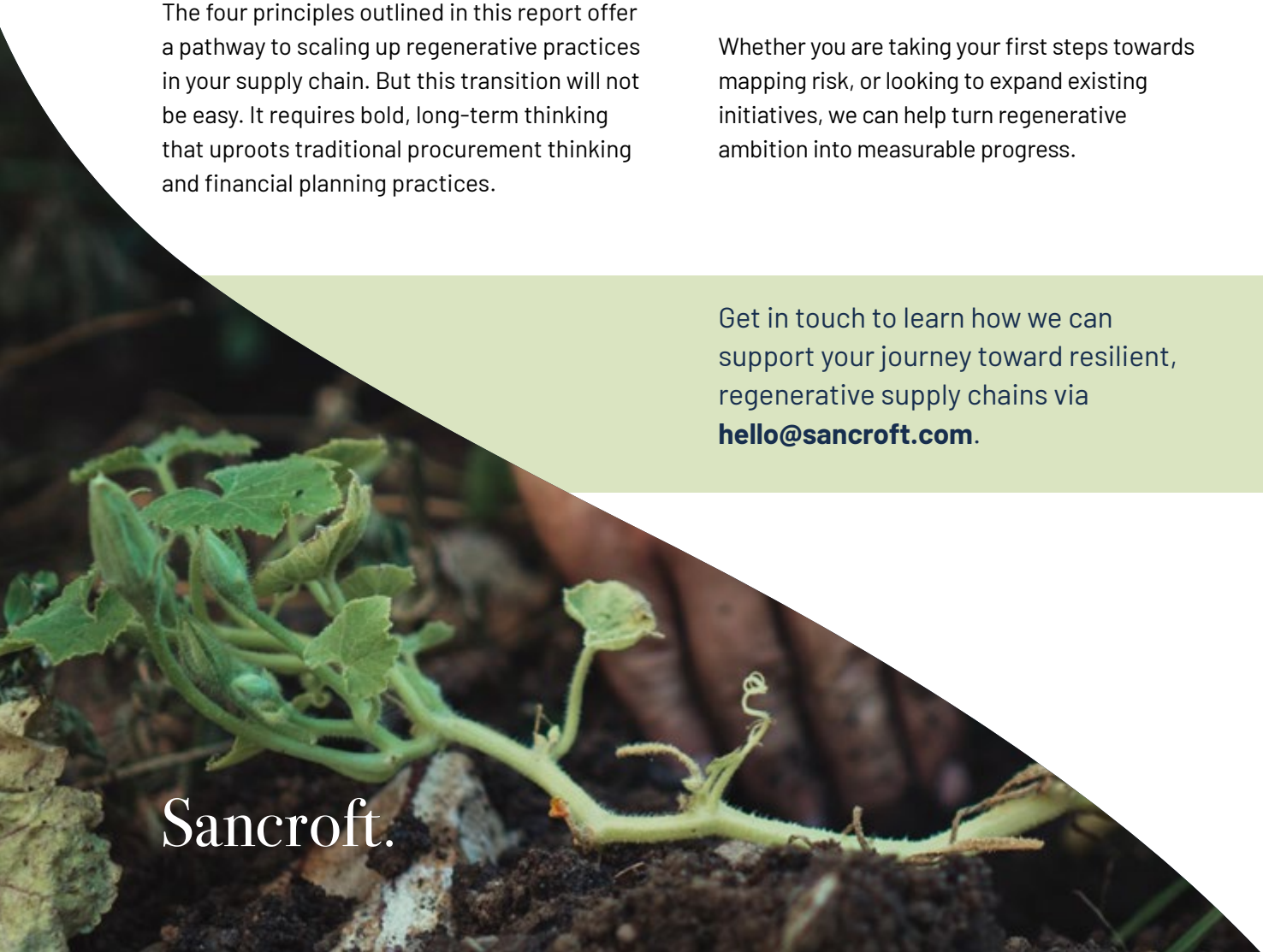
Companies must transition their supply chains to regenerative agriculture not as a standalone side project, or solely through pilot programmes that deliver good publicity, but through programmes that scale regenerative practices and are core to their business strategy.

The four principles outlined in this report offer a pathway to scaling up regenerative practices in your supply chain. But this transition will not be easy. It requires bold, long-term thinking that uproots traditional procurement thinking and financial planning practices.

At Sancroft, we work with companies to support their transition to regenerative agriculture, from identifying key risk ingredients or geographies, to building alignment across departments and scaling up regenerative solutions by creating stakeholder engagement and collaboration strategies within the industry.

Whether you are taking your first steps towards mapping risk, or looking to expand existing initiatives, we can help turn regenerative ambition into measurable progress.

Get in touch to learn how we can support your journey toward resilient, regenerative supply chains via **hello@sancroft.com**.



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About Sancroft

Sancroft is a leading sustainability consultancy founded and chaired by Lord Deben. We help businesses turn environmental and social risk into resilience, strategy and leadership, through expert advice, practical frameworks and long-term partnerships.

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