

Building Global Food and Beverage Companies

Key Trends Shaping the Sector in 2026



Contributors

UCC

Professor Thia Hennessy
Head, College of Business and Law
thia.hennessy@ucc.ie

AIB

Ultan Trimble
AIB Corporate Banking
ultan.trimble@aib.ie

Goodbody

Joe Gill
Director of Corporate Broking and Origination
joe.r.gill@goodbody.ie

Patrick Higgins
Head of Consumer Research
patrick.m.higgins@goodbody.ie

KPMG

Brian MacSweeney
Partner
brian.macsweeney@kpmg.ie

A&L Goodbody

Vincent Power
Partner
vpower@algoodbody.com

Eoghan Browne
Partner
ebrowne@algoodbody.com

Denise Daly Byrne
Partner
dedalybyrne@algoodbody.com

Roise Nic Ghráinne
Senior Associate
micghrainne@algoodbody.com

Damien Ryna
Senior Associate
daryan@algoodbody.com

Jill Shaw
ESG & Sustainability Lead
jishaw@algoodbody.com

Foreword

Coinciding with the fifth annual Food and Beverage Finance Summit, A&L Goodbody, Allied Irish Banks, Goodbody, KPMG, and University College Cork have come together to produce this publication, *Building Global Food and Beverage Companies: Key Trends Shaping the Sector in 2026*. The report is intended to provide senior food and beverage executives with practical, evidence-based insights to support strategic business planning, investment decisions, and long-term competitiveness in an increasingly complex operating environment.

The publication opens with an overview of the macroeconomic environment shaping the food and beverage (F&B) sector in 2026. This contextual foundation outlines key global and regional economic indicators, including inflation trends, interest rates, consumer spending patterns, supply chain pressures, labour market conditions, and the accelerating impact of digital and AI-enabled technologies.

Building on this backdrop, the report draws on leading industry and consumer sentiment research to identify the major risks and opportunities facing the sector, alongside evolving business priorities for 2026. The report also provides an update on regulatory developments relevant to the F&B sector from both an EU and Irish legislative perspective. These include evolving requirements in packaging and waste reduction, emissions reporting, labelling standards, and increased scrutiny of health claims. Collectively, these changes are acting as both a constraint and catalyst for innovation, particularly in reformulation, packaging design, and supply chain traceability.

A further section considers the growing “war on ultra-processed foods” and its implications for the sector. For F&B companies, the focus on ultra-processed foods is accelerating reformulation, ingredient simplification, and investment in healthier portfolios, while also creating challenges around classification and consumer perception. The evolving role of sustainability from a standalone ESG ambition to a core operational and financial priority is also discussed.

Factors Shaping the Food and Beverage Sector

The food and beverage (F&B) sector entered 2026 facing great uncertainty and complexity. Geopolitical tensions, trade fragmentation, climate-related disruption, weak consumer sentiment, technological transformation and rising operating costs are reshaping the competitive landscape. At the same time, opportunities are emerging through advances in artificial intelligence (AI), growing demand for health and wellness products, the emergence of GLP-1 medications and the increasing integration of sustainability into business strategy.

While inflation has eased from the peaks experienced in 2022 signs of inflation have returned in the spring of 2026 following sustained political unrest in the Middle East. Inflation rates for May 2026 are the at the highest monthly rates since September 2023.

Harmonised Index of Consumer Prices in the Eurozone: Jan 2020-May 2026



Source: <https://data.ecb.europa.eu/>

Economic Pressures and Cost Competitiveness

Cost inflation remains one of the greatest business challenges facing the sector. F&B companies continue to face elevated labour, energy, logistics and financing costs. The persistence of inflation means that many firms are operating in an environment where margins remain under pressure despite revenue growth.

Energy costs have emerged as a particular concern. Geopolitical instability in the Middle East and disruptions to global energy markets have contributed to higher oil and gas prices, increasing costs across production, refrigeration, packaging, transportation, and agricultural inputs. During 2026, Brent crude oil prices experienced significant volatility, from January to May 2026 oil price per barrel rose by more than 60% as markets reacted to conflict in the Middle East and concerns regarding supply disruptions through the Strait of Hormuz. European natural gas prices also rose sharply, adding further

pressure to energy-intensive sectors such as food processing and manufacturing.

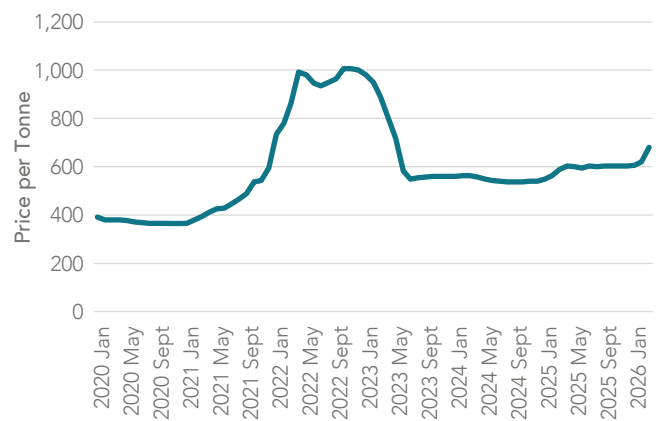
European Brent Spot Oil Price: Jan 2020-May 2026



Source: <https://www.eia.gov>

On the back of rising energy prices in early 2026, agricultural input prices also began to increase. Fertiliser prices have risen sharply, adding further pressure on primary producers and food manufacturers. Fertiliser prices paid by farmers in Ireland in March 2026 were 16% higher than the same month in 2025. Increased fertiliser prices will have knock-on effects on the cost of producing crops and animal feeds which will likely fuel further food price inflation in the short to medium term.

Fertiliser prices Ireland (10-10-20): Jan 2020 – March 2026



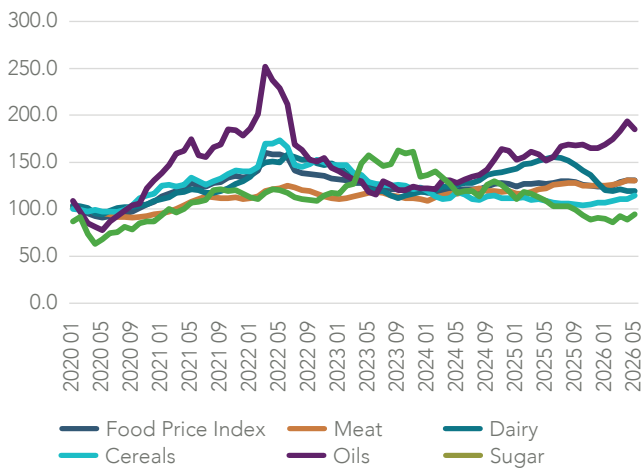
Source: www.cso.ie

Insurance markets are becoming increasingly constrained as climate-related events become more frequent and severe. Traditional insurance models are struggling to absorb escalating losses, leading to higher premiums and reduced coverage. As a result, businesses are increasingly investing in resilience and risk mitigation rather than relying solely on insurance protection.

Rising Food Prices and Consumer Sentiment

The FAO Food Price Index averaged 130.8 points in May 2026, 3.7 points (2.9 percent) higher than May 2025 but 29.4 points (18.4 percent) below its peak reached in March 2022. Increases in the price indices for cereals and sugar were offset by declines in vegetable oils and dairy products, while the index for meat products remained almost unchanged. Recent increases in energy and agri-input prices are likely to transmit to higher food prices in the medium term, other things being equal.

FAO Food Price Index Data 2016 to May 2026



Source: <https://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>

For consumers, several years of food inflation continue to weigh on household budgets. Although wage growth has improved in some markets, purchasing power remains under pressure, particularly for lower and middle-income households. Consumers are increasingly value-conscious, prioritising essentials and reducing discretionary spending, driving stronger demand for private-label, promotions and value-oriented brands, while premium and foodservice categories face softer growth. In response, companies are focusing more on affordability, product value, targeted innovation and efficiency. Overall, the market is increasingly defined by selective purchasing behaviour, where value, functionality and clear benefits are key drivers of growth.

Geopolitical Risk and Trade Disruption

Global trade conditions have become considerably more complex. The rules-based international trading system that underpinned decades of globalisation and political stability is now being challenged by protectionist policies, tariffs, and geopolitical competition. Tariffs and non-tariff barriers continue to affect market access and increase costs for exporters. For food businesses operating internationally, geopolitical intelligence, supply chain flexibility, and market diversification have become essential coping strategies. Food systems are now viewed by many governments as strategic national assets, leading to greater intervention in agricultural and food markets.

The continued uncertainty surrounding trade relationships between major economic powers, alongside evolving agreements such as the EU–Mercosur trade deal, demonstrates how political decisions influence commercial outcomes. For exporters, maintaining competitiveness requires not only access to markets but also the ability to respond quickly to changing regulatory requirements and trade conditions.

Climate Change, Environmental Pressure and Resource Security

Climate change is increasingly shaping every aspect of the F&B value chain. More frequent and severe weather events are disrupting agricultural production, damaging infrastructure, increasing insurance costs, and creating greater volatility in commodity markets.

Climate-related disruption is already having tangible impacts on food markets. According to Rabobank, severe drought conditions across parts of Europe, North America and key commodity-producing regions in 2025 affected yields of crops including corn, coffee, cocoa and sugar, contributing to supply shortages and price volatility. The resulting increases in commodity prices reinforced concerns that climate change is becoming a significant driver of food inflation and supply chain risk across the global food system.

Water security has emerged as one of the most significant long-term challenges. Increasing competition for water resources between agriculture, industry, and communities is driving regulatory scrutiny and investment in water management systems. In many regions, access to reliable water supplies is becoming a critical determinant of future production capacity.

Beyond climate impacts, businesses are facing growing awareness of the consequences of environmental degradation and biodiversity loss. The concept of planetary boundaries has moved into mainstream business strategy as companies recognise the dependence of food systems on healthy natural ecosystems. Consequently, sustainability is evolving from a compliance exercise into a business resilience strategy. Increasing numbers of organisations are integrating nature-based solutions, circular economy principles, and bioeconomy opportunities into their operating models. Investment in resource efficiency, waste reduction, and regenerative production systems is increasingly viewed as both an environmental and commercial necessity.

Technology, Artificial Intelligence and Digital Transformation

Technology is rapidly becoming one of the most significant drivers of competitive advantage within the F&B sector. The adoption of AI offers substantial opportunities to improve productivity, reduce waste, optimise inventory management, and enhance decision-making. However, successful implementation requires investment in digital infrastructure, workforce capabilities, and data governance.

Changing Consumer Behaviour and Health Trends

Consumer preferences continue to evolve rapidly, influenced by economic pressures, demographic changes, health concerns, and technological developments. While convenience remains important, health and wellness are becoming increasingly central to purchasing decisions. High-protein products, functional foods, fibre-rich products, and gut health solutions continue to experience strong growth.

One of the most significant developments in 2026 is the growing adoption of GLP-1 medications. These treatments are beginning to reshape food consumption patterns by reducing appetite and encouraging greater focus on nutrition density, satiety, portion control, and metabolic health. In particular, there is a growing demand for protein, as those taking GLP-1 medications seek to negate muscle loss. This trend is creating opportunities for innovation in functional foods and health-oriented product categories.

Regulation, Compliance and Market Access

The regulatory environment continues to become more demanding. New regulations addressing packaging waste, deforestation, emissions, food labelling, and supply chain transparency are increasing compliance requirements across the sector within the EU. The EU Packaging and Packaging Waste Regulation and the EU Deforestation Regulation illustrate the growing emphasis on sustainability and traceability throughout global supply chains. Meanwhile, restrictions on high-fat, salt, and sugar products in several markets are influencing product development and marketing strategies.

In the US, the "Make America Healthy Again" (MAHA) agenda is becoming an important policy and consumer trend for F&B companies operating in or exporting to the US market. Driven by growing concern around obesity, ultra-processed foods and chronic disease, the movement is increasing pressure on manufacturers to reformulate products, improve nutritional profiles and reduce artificial ingredients and additives. Greater scrutiny of sugar, sodium and highly processed foods is expected to influence future US food regulation and labelling requirements.

For European F&B executives, the implications are both commercial and strategic. Demand is growing in the US for products positioned around high protein, natural ingredients, clean label and functional health benefits, creating opportunities for Irish and European exporters with strong quality and traceability credentials. However, companies may also face higher compliance costs, reformulation pressure and greater reputational risk if products are perceived as overly processed or lacking transparency.

Conclusion

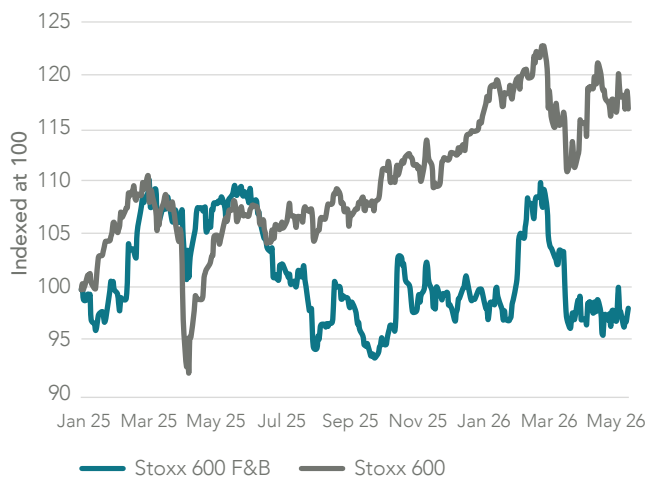
The F&B sector in 2026 is being shaped by a range of economic, geopolitical, environmental, technological, and social forces. Rising costs, trade disruption, climate pressures, and regulatory complexity are creating significant challenges, while advances in AI, digital technologies, health-focused innovation, and sustainability offer some opportunities. Across all these trends, a common theme emerges: resilience. Given the complexity and uncertainty facing F&B companies, resilience in all aspects of business is crucial.

Food and Beverage Equity Market Analysis

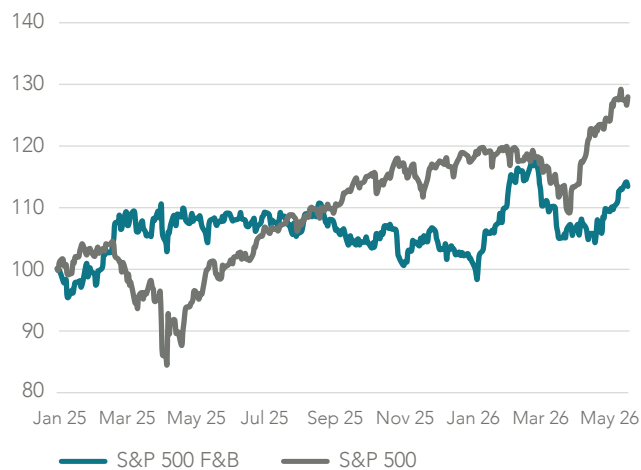
Early 2025 optimism gives way to renewed uncertainty, persisting into 2026

As of May 2025 global markets were still grappling with the potential effects of US tariffs placed on countries and sectors. As illustrated below, the F&B subsectors in both Europe and the US were initially viewed as relatively well positioned to navigate the challenge, outperforming the broader regional market indices. In hindsight, this proved overly optimistic, with 2025 ultimately another challenging year for the global consumer as persistently high price points and ongoing geo-political uncertainty weighed on end-market consumption.

EU F&B has lagged reflecting soft consumer backdrop



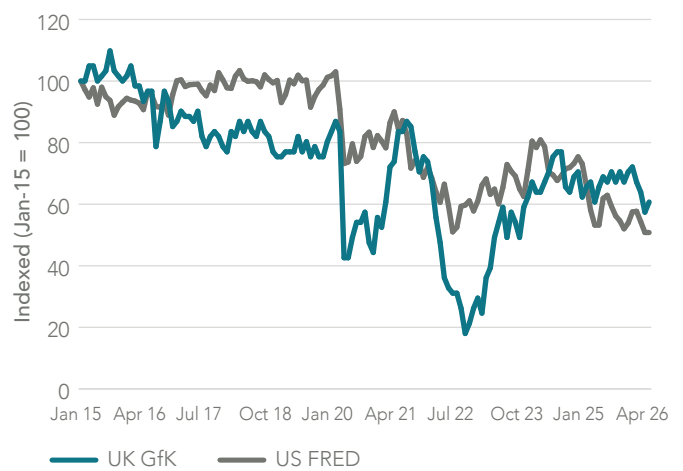
US F&B more resilient but still weaker than wider market



2026 began with a degree of renewed optimism. This was due to: i) most global F&B players reported better-than-feared FY results; ii) inflation pressures had continued to ease; and iii) there was a growing expectation for interest rate cuts later in the year. Encouragingly, companies also signalled a strategic shift away from price/mix-led growth toward volume recovery, supported by increased promotional activity and innovation aimed at re-engaging

an increasingly value-conscious consumers. However, the outbreak of conflict in the Middle East has challenged this narrative, The resulting uncertainty around inflation, interest rates and consumer confidence has weighed on sentiment. Consequently, having started the year +10% before the war began, the EU F&B sector has given up all of those gains and is now -2% year to date. Against this backdrop, three key forces are shaping the sector in 2026: (1) fragile volume recovery, (2) re-emerging cost inflation risk, and (3) evolving consumer behaviour.

UK and US consumer confidence way below pre-COVID levels



Ireland* consumer confidence also weakening...



Deterioration growth backdrop reflected in lower valuations

Combined, the 27 members of the STOXX 600 F&B index have a market capitalisation of c.€656 billion – including food retail sees this stretch to over €800 billion. The index is down almost 10% on last year as the soft global consumer backdrop has led to muted volume growth and limited ability to drive incremental price/mix.

Top 20 F&B companies in Europe as of May 2026

Prim Exchange	Name	Curr Adj Mkt Cap	P/E Curr Yr	EV/ EBITDA Curr Yr
Zurich	Nestle	223,254	18.0	14.1
Brussels	AbInbev	145,386	19.1	10.3
London	Compass	46,650	21.6	12.2
Paris	Danone	42,342	15.8	10.4
London	Diageo	41,326	13.0	11.1
Amsterdam	Heineken	39,297	13.4	8.1
London	Tesco	34,333	15.1	8.0
Amsterdam	Ahold	32,700	13.2	6.6
Zurich	Givaudan	29,195	24.3	17.3
Zurich	Lindt	24,283	29.0	17.8
Copenhagen	Novonosis	24,102	24.6	16.3
Amsterdam	DSM-Firmenich	18,226	21.1	12.3
London	Coca-Cola HBC	18,140	17.3	9.9
Paris	Pernod Ricard	16,403	11.1	9.9
Copenhagen	Carlsberg	16,348	13.6	9.4
London	Associated British Foods	15,080	11.7	6.5
Paris	Carrefour	12,690	10.1	4.9
Dublin	Kerry Group	11,954	14.9	11.3
Lisbon	Jeronimo Martins	11,900	15.2	6.0
Frankfurt	Symrise	11,131	20.1	11.8

Source: Bloomberg

In aggregate, the index trades on a forward price/earnings ratio of less than 16x, down from c.18.5x this time last year and well below the 10-year average valuation of >21x. Ultimately, while the recent de-rating in the sector means valuations are less demanding, a lack of visibility on earnings, both in the near and mid-term, is keeping a cap on expectations and valuations.

Defensive credentials and long-term growth potential under scrutiny

A sector once characterised by defensiveness and earnings visibility has come under pressure from both macro and structural headwinds. An already weak global consumer backdrop and heightened demand uncertainty post the Iran conflict have combined with sector specific structural headwinds, including the rise of anti-obesity treatments and increasing scrutiny around ultra-processed foods. This has driven the sector to materially underperform more “in vogue” sectors such as AI-exposed technology, and, more recently, Energy as higher oil prices support earnings in that sector while simultaneously increasing input costs and pressuring consumer demand within F&B.

Q1 resilience, but risks building beneath the surface

Encouragingly, and despite the deterioration in consumer confidence and sentiment towards the sector, Q1 trading outcomes and FY outlooks across F&B companies were at worst in-line with expectations. Performance was supported by stronger execution on volume-driving initiatives, albeit against a still subdued underlying demand backdrop. Corporates have also remained committed to new volume-led strategies, with particular emphasis around healthier reformulations emphasising protein and fibre content and generally eschewing “ultra processed” or artificial ingredients, reflecting: i) elevated competition for share of consumer wallets from private label and local players, particularly among lower-income cohorts; and ii) still limited evidence of renewed cost inflation.

Inflation risk: delayed, rather than avoided especially if Middle East conflict remains unresolved

Unlike 2022, where supply shocks were immediate due to the loss of Ukrainian agricultural output, the current supply shock pressures are more likely to emerge with a lag. Fertiliser shortages will impact crop yields, and therefore prices, over time, rather than immediately. The presence of fertiliser inventory already held on farms and within supply chains has helped defer the impact, particularly for larger, better-capitalised producers, with the Northern Hemisphere Spring/Summer harvest only likely to be modestly curtailed.

In addition, hedging strategies provide short-term protection for F&B manufacturers. However, inflationary pressure increasingly appears a question of timing rather than direction, particularly if the conflict persists, given the critical role of fertiliser in global agricultural yields (which can decline materially in its absence). In this context, cost inflation appears delayed rather than avoided.

Early signs of inflation in more oil-adjacent food categories

Having eased through late 2025, and briefly turning negative in October, the FAO Food Price Index turned positive year-on-year in March (+1.1%), with a further acceleration in April (+2.0%). This inflection has been driven primarily by vegetable oils, which were +22.7% year-on-year in April, reflecting rising demand from the biofuel sector alongside higher crude oil prices. Meat prices also remain inflationary, due to tight supply conditions, while other categories such as dairy and sugar remain deflationary (c. -21%) and cereals broadly flat.

A prolonged disruption, particularly given the importance of the Strait of Hormuz (c.30% of global seaborne fertiliser flows), would likely result in broader-based food inflation, with implications for both agricultural yields and input costs across the F&B supply chain. In this scenario, margin pressure would re-emerge just as volumes begin to stabilise, complicating the outlook for earnings recovery across the sector.

Industry Sentiment

Given the significant challenges facing the F&B sector outlined earlier, it is important to understand the broader industry sentiment. Drawing on industry surveys, market intelligence and sector-specific research, this section explores the key trends shaping strategic decision-making across the F&B value chain, highlighting both the risks confronting businesses and the opportunities emerging through innovation, technology adoption and changing market demand.

Irish Perspectives

The Irish Business Employers Confederation (IBEC)¹ conducted a survey of Irish CEOs, across all business sectors, in February 2026. The IBEC Survey presents a picture of resilient but increasingly cautious Irish businesses facing a more challenging economic environment. While overall sentiment remains broadly positive, confidence has softened compared with previous years. The proportion of CEOs rating the Irish business environment as “very good” has halved over the past year, reflecting growing concerns around costs, competitiveness and global uncertainty.

The strongest theme running through the survey was the sustained impact of rising business costs. An overwhelming 91% of firms reported an increase in the cost of doing business during 2025, with 85% expecting further increases in 2026. Labour costs, maintaining profit margins and input cost inflation were identified as the most significant business challenges for 2026. While many firms continue to grow, only 35% reported increased profitability, highlighting how cost inflation is absorbing gains. As a result, almost half of businesses expect to raise prices further in 2026 in order to protect margins.

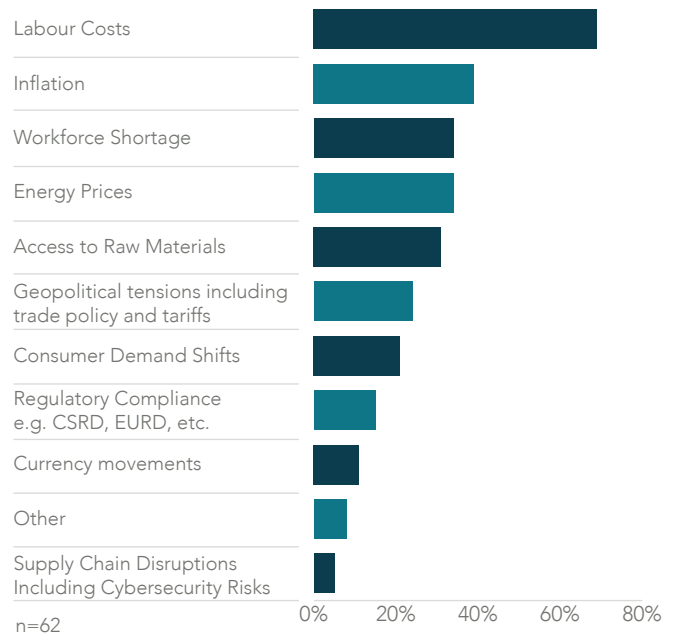
In response to these pressures, companies are increasingly focused on internal efficiency and productivity improvements. Improving productivity emerged as the top internal priority for 2026, cited by 73% of respondents. The survey also highlighted growing interest in digital transformation and AI adoption, with 38% of firms prioritising AI solutions or digital strategy.

Even before the war in Iran, the survey pointed to rising anxiety around geopolitical risks and international trade tensions. Concerns around trade disputes and tariffs increased significantly year-on-year, alongside worries about planning delays and global instability. Overall, the survey portrays an Irish business community that remains resilient and growth-focused, but one that is becoming more cautious as persistent cost pressures, infrastructure gaps and international uncertainty increasingly shape strategic decision-making.

Looking at the F&B sector specifically, Bord Bia² conducted a survey of 62 exporting F&B company CEOs in early 2026. These companies represented approximately €9.5 billion in exports. At that point in time, just over half of the respondents still expected export growth in 2026, demonstrating that businesses continue to see opportunities in global markets despite mounting uncertainty. However, optimism was notably more restrained than in previous years.

The key risks facing the sector were identified by survey participants, see table. Even before the war in Iran, one of the clearest themes emerging from the survey was the persistence of cost inflation and its impact on competitiveness. Labour costs were identified as the single greatest threat facing exporters, with businesses also citing ongoing inflationary pressures across energy, logistics, packaging and raw materials. CEOs identified geopolitical instability and softer consumer demand as major concerns heading into 2026. More cautious consumer spending behaviour was considered especially concerning in sectors where premiumisation and discretionary spending have driven growth in recent years. Many CEOs indicated that protecting margins and maintaining operational efficiency are critical priorities in 2026.

Key Risks for 2026 as identified by the Bord Bia CEO Sentiment Survey



Source: Bord Bia CEO Sentiment Survey (2026)

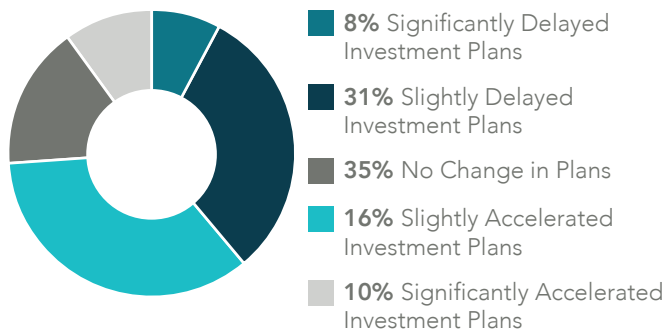
The survey also reflected growing caution around capital expenditure and expansion decisions, particularly in the face of geopolitical instability, fluctuating consumer demand and uncertain global trade conditions. While

¹ <https://www.ibec.ie/influencing-for-business/ibec-campaigns/ibec-ceo-survey>

² <https://www.bordbia.ie/industry/insights/performance-and-prospects/export-performance-prospects-2026/>

companies remain committed to long-term growth, almost two in five companies surveyed said they were delaying planned investment because of economic and market uncertainty.

Investment Intentions for 2026 as identified by the Bord Bia CEO Sentiment Survey



Source: Bord Bia CEO Sentiment Survey (2026)

The overall message from the Bord Bia survey is one of cautious resilience. Irish food and drink exporters are preparing for a more demanding commercial environment, but they continue to believe that Ireland’s reputation for quality, sustainability and traceability provides a strong platform for future growth.

International Insights

Looking further afield, Food and Drink Europe conducted a survey of 77 food and drink CEOs representing 49 large companies and 28 small and medium sized enterprises (SMEs) across 13 EU Member States. Consistent with the Bord Bia survey, the results signalled a broad weakening of optimism across the food and drink industry with only 13% of companies reporting improved business conditions over the past year. Over half (61%) of SMEs reported low confidence that their business will grow in the next 12 months. Overall the survey pointed to a weakening confidence in Europe’s business environment, with growing indications that investment and innovation are being redirected elsewhere.

According to survey results, Europe had slipped to third place as an investment destination, with Asia overtaking it in 2026. In 2025, Europe still held second position, just behind North America. According to the survey, only 31% of respondents consider Europe an attractive place to invest in innovation relative to other global markets. The loss of Europe’s competitive position is driven by a combination of mounting threats, including input cost inflation (52%), reduced consumer purchasing power (49%), and geopolitical conflicts destabilising markets (43%). Such pressures continue to erode operating stability for manufacturers across the food and drink sector.

These challenges reinforce the need for urgent policy action, as according to the survey, confidence in EU

decision making has declined with 60% of business leaders saying they are not confident that the EU can deliver a regulatory environment that supports competitiveness and sustainability.

In March 2026 KPMG³ New Zealand conducted a series of interviews and roundtable discussion with 136 senior agribusiness executives, designed to capture in-depth perspectives on sector risks, priorities, and transformation. Across the interviews and roundtables, a clear cluster of themes centred on system resilience, climate pressure, and geopolitical uncertainty. Leaders consistently emphasised that resilience is no longer about short-term shock absorption, but about redesigning supply chains, infrastructure, and business models to operate under continuous volatility. Climate change was described as a commercially material risk rather than a purely environmental issue, with increasing impacts on production, input costs, and long-term asset value. Industry leaders also reported that shifting global trade dynamics and geopolitical fragmentation are reshaping export conditions, making market diversification, traceability, and regulatory agility central to maintaining competitiveness in their businesses.

A second cluster of themes focused on technology, investment pressure, and social licence to operate. Leaders highlighted rising capital pressure, with ageing infrastructure, tighter margins, and increasing compliance requirements intensifying the need for productivity gains and smarter investment decisions. Alongside this, expectations around sustainability, animal welfare, and transparency are becoming structural requirements for market access, meaning social licence is now embedded in core strategy rather than treated as reputational management.

As part of the process, executives were asked to rank their top 10 priorities for 2026, see table. World-class biosecurity is a top priority. The second priority, high-quality trade agreements, reflects concern over market access in a volatile geopolitical environment. While recent FTAs were welcomed, leaders stressed that agreements alone are not enough; they must be supported by strong domestic systems and ongoing adaptation of existing arrangements. Priorities 3 to 10 cluster into three themes. First, resource and climate resilience infrastructure, centred on water storage and climate adaptation, reflecting the need to redesign production systems to manage environmental volatility and resource constraints. Second, connectivity and system infrastructure, including broadband equality and energy resilience, highlighting the importance of affordable digital access and secure energy sources. Third, innovation, knowledge, and market trust systems, covering resilient supply chains, public-private science partnerships, and provenance storytelling, focusing on stronger logistics, applied research

3 <https://kpmg.com/nz/en/insights/agribusiness/2026-agribusiness-agenda.html>

collaboration, and maintaining consumer confidence through transparency and origin assurance.

Top Priorities for 2026 as identified by the KPMG Agribusiness Agenda

Top 10 Priorities for 2026	Rank		Priority Score	
	2026	2025	2026	2025
World-class biosecurity	1	1	9.40	9.03
Sign high quality trade agreements	2	2	8.82	8.29
Build water storage to manage resources	3	5	8.39	7.75
Invest in resilient rural infrastructure	4	=12	8.20	7.41
Broadband equality for all	5	=10	8.04	7.45
Transition to climate resilient systems	6	18	8.01	7.24
Public/Private mission science partnerships	7	6	7.92	7.74
Telling engaging provenance stories	8	8	7.88	7.59
Develop resilient supply chains	9	3	7.87	8.06
Build platform for local sustainable energy	10	=12	7.81	7.45

Source: KPMG Agribusiness Agenda 2026

In summary, the central message of the KPMG report is that the agrifood sector is moving beyond incremental change. Executives increasingly see themselves operating in a period of structural transition, where resilience, climate adaptation, technology, and geopolitical fragmentation are reshaping how value is created and sustained.

Industry Sentiment in Summary

Across Irish and international CEO surveys, sentiment is broadly consistent: businesses remain resilient but are becoming more cautious due to persistent cost inflation, margin pressure, and geopolitical uncertainty. In Ireland (IBEC and Bord Bia), firms continue to grow but face sharply rising labour and input costs, with increasing focus on productivity, efficiency, and selective digital/AI adoption, alongside growing caution on investment and pricing pressure. At a European and global level, confidence is weakening, with declining investment attractiveness for Europe and concerns about regulation, competitiveness, and shifting capital towards other regions such as Asia.

Consumer Sentiment

In addition to considering industry sentiment, it is important to reflect on the views of consumers and how these are shaping the sector. According to Mc Kinsey⁴ consumers are fundamentally reassessing food purchasing decisions in 2026. Rising food prices have forced households to become more selective, with 61% of consumers globally saying price matters more now than it did two years ago. However, value is no longer defined purely by low price. Consumers increasingly want products that combine affordability with stronger functional or health benefits. Health and wellbeing has become the fastest-rising purchase consideration globally, with 57% of consumers now ranking it among their top three buying factors. Consumers are actively seeking products with protein, fibre and fresh ingredients while reducing consumption of highly processed foods, sugar and artificial ingredients. Mc Kinsey also suggests that GLP-1 weight-loss medications could further accelerate shifts toward healthier eating and reduced consumption of calorie-dense products.

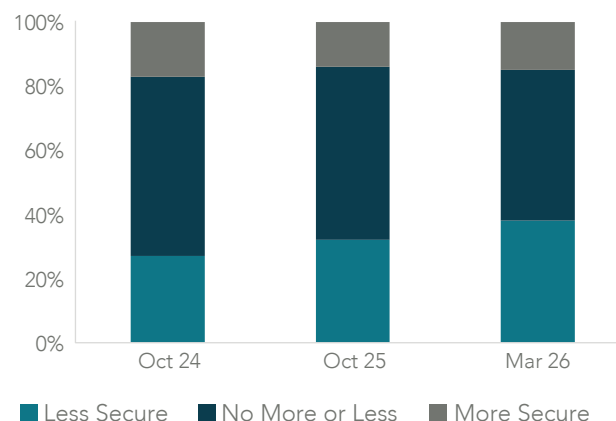
McKinsey identifies four major changes in how consumers allocate food spending. First, many consumers are trading down to private-label products, which are increasingly viewed as equal or superior to branded alternatives in quality and value. Second, some consumers are trading up and paying premiums for products with clear functional or health benefits. Smaller disruptor brands are performing particularly well in areas such as protein snacks, functional foods and wellness products. These smaller brands now account for a disproportionate share of category growth, especially in the US. Third, consumers continue spending more on convenience, including food delivery, takeaway and dining out. Food away from home now accounts for an estimated 58% of total US food spending. Finally, consumers are simultaneously cooking more meals from scratch, particularly millennials, driven by cost savings, health and enjoyment.

Mc Kinsey also warns that large incumbent brands are increasingly “stuck in the middle.” Private labels are winning on price and perceived value, while smaller independent brands are winning on innovation, functionality and cultural relevance. Retailers are also becoming far more sophisticated in developing their own brands, using consumer data and AI tools to identify trends quickly and launch products faster than traditional Consumer Packaged Goods (CPG) companies. This is eroding many of the historical advantages held by global brands.

McKinsey argues that CPG leaders now need a “dual agenda” to restore growth. First, companies must reshape portfolios toward faster-growing categories such as health, functionality and premiumisation through acquisitions, partnerships and sharper capital allocation. Second, organisations must rebuild product superiority, restore household penetration and improve marketing relevance. AI is presented as a key enabler across product development, pricing, consumer insights, supply chain optimisation and productivity improvements. The report concludes that the next generation of winning F&B companies will be those that combine sharper consumer relevance with AI-enabled productivity, allowing them to reinvest savings into innovation, growth and stronger brand differentiation.

In an Irish context, the KPMG Retail Tracker surveyed just over 1,000 Irish consumers in March 2026 on their spending habits. Overall the results reinforce the findings of Mc Kinsey, with Irish consumers reporting a decline in their financial security, and this is increasingly reflected in their shopping behaviour. As shown in the figure, 38% of survey participants reported feeling financially less secure in March 2026 since the start of the year compared to 27% in October 2024.

Feeling of Financial Security versus Beginning of the Year

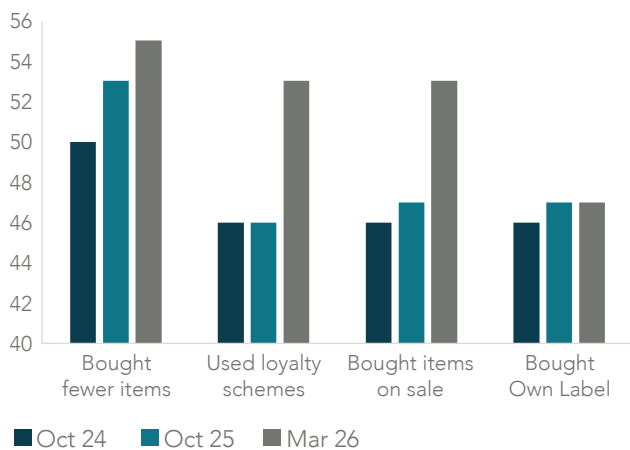


Source: KPMG Retail Tracker (2026)

The KPMG data also shows that shoppers are looking for ways to save. Between 2024 and 2026 the number of shoppers buying fewer items increased from 50% to 55%, while those using loyalty schemes for lower prices and choosing products that are on promotion or discounted also increased.

4 <https://www.mckinsey.com.br/industries/consumer-packaged-goods/our-insights/state-of-food-and-beverage>

Shopping Habits of Irish Consumers



Source: KPMG Retail Tracker (2026)

Price and quality continue to be the primary factors influencing consumers' choices when shopping, with the importance of these factors growing over time. Factors such as the location of the shopping outlet, supporting local retailers, buying Irish goods and sustainability credentials are all less important.

Factors Affecting Consumers' Choices

In summary, weak consumer sentiment, combined with expectations of continued increases in food prices into the latter half of 2026, is likely to remain a significant challenge for the F&B sector. This environment will continue to place pressure on household spending and influence purchasing behaviour, with consumers remaining highly price sensitive. As a result, businesses will need to prioritise value-led strategies, including affordable product ranges, targeted promotions, and sustained discounting, as key mechanisms to maintain demand and market share.

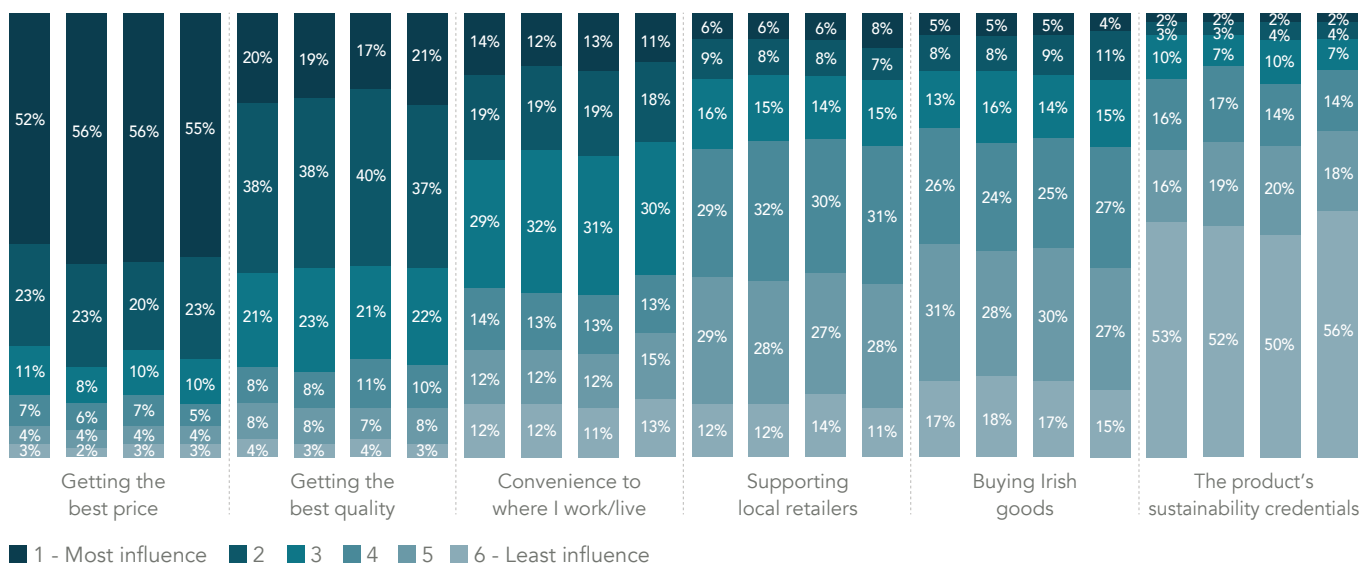
Key Consumer Trends: Protein

The role of protein in consumer diets has broadened significantly. Once associated primarily with athletes and fitness enthusiasts, it is now positioned as a core component of healthy living across age groups and demographics. Consumers increasingly associate protein with energy, productivity, recovery, healthy ageing, and weight control. According to insights from Innova Market Insights⁵ around 80% of consumers now actively monitor protein intake, signalling a structural shift in how food is consumed, marketed, and innovated. This rising demand is reshaping product development, supply chains, pricing dynamics, and even agricultural value structures.

Reflecting this shift, protein has moved well beyond traditional categories such as sports nutrition powders, bars, and supplements. It is now widely embedded in mainstream everyday food and drink products, including yoghurts, cereals, bakery items, snacks, beverages, and ready meals. While animal protein continues to be viewed as a benchmark for quality due to its complete amino acid profile, there is growing pressure on both supply and positioning. Rising affordability concerns, sustainability considerations, and structural supply constraints are contributing to increased interest in alternative protein sources and more resource-efficient production systems.

A further important driver of demand is the rapid adoption of GLP-1 weight-loss medications. These treatments are changing eating behaviours by reducing appetite and shifting consumer focus towards nutrient density rather than volume of food consumed. A key side effect is the potential loss of muscle mass, which has led many users to deliberately increase protein intake as part of their dietary strategy. This is creating a new demand segment within the market, particularly for products positioned around satiety, muscle maintenance, and metabolic health.

Ranking Factors of Importance When Choosing Where to Shop



Source: KPMG Retail Tracker (2026)

5 <https://www.innovamarketinsights.com/trends/protein-trends-global/>

On the supply side, growth in protein availability is becoming increasingly constrained. Rabobank⁶ projects that global animal protein production growth will slow in 2026, with modest expansion in poultry and seafood offset by declines in beef and pork production. These declines are being driven by disease pressures, including avian influenza and African swine fever, as well as trade disruption and broader structural constraints in livestock systems. Rising fertiliser prices and knock-off effects for animal feed costs are expected to place upward pressure on animal and plant based protein prices in 2026 and into 2027.

Plant-based proteins continue to develop and mature, with legumes now the most widely accepted alternative source. Younger consumers tend to be more open to experimenting with novel protein formats, while older demographics generally prefer clean-label, natural, and minimally processed options. Despite the growth in plant-based protein, one of the most notable developments has been the transformation of whey protein isolate. As reported by the Financial Times⁷, whey which was once considered a low-value byproduct of cheese production has become a highly sought-after commodity, with prices reportedly increasing fivefold since 2023 to approximately €28,000 per tonne. This dynamic highlights a broader structural shift in food systems, where byproducts are increasingly being revalued as core inputs into high-growth nutrition markets.

Key Consumer Trends: Fermented Foods

Fermented foods are increasingly moving from a niche or traditional category into the mainstream, driven by growing consumer interest in gut health, immunity, and overall wellbeing. This reflects a broader shift towards functional nutrition, where food is seen as a tool for preventative health rather than just basic sustenance. Innova Market Insights highlights gut health as one of the leading health claims shaping new product development globally, with digestive health positioning continuing to expand across F&B launches. According to Fortune Business Insights⁸, the global fermented food market size was valued at USD 788.33 billion in 2025 and is projected to grow from USD 828.84 billion in 2026 to USD 1,243.60 billion by 2034, exhibiting a CAGR of 5.20% during the forecast period. Asia Pacific dominated the fermented food market with a market share of 40.59% in 2025.

The wider availability of fermented products in mainstream retail channels is a growing trend. Products such as yoghurt, kefir, kombucha, kimchi, sauerkraut, and miso are now widely available in supermarkets, while innovation is extending fermentation into beverages, snacks, sauces, and plant-based alternatives. Consumer demand is being supported by rising awareness of the gut-microbiome connection and its links to digestion, immunity, and mental wellbeing.

Ageing populations are also contributing to demand, as digestive comfort and immune support become more important with age. However, while awareness is high, regular consumption is still developing in many markets, suggesting significant room for further growth. Fermented foods also align strongly with clean-label and minimally processed food trends, reinforcing their appeal among health-conscious consumers. Overall, fermented foods are transitioning into a core functional food category, supported by health trends, retail expansion, and continued product innovation, but still with considerable headroom for deeper market penetration.

6 <https://www.rabobank.com/knowledge/q011409742-global-animal-protein-outlook-2026>

7 <https://www.ft.com/content/897cc9c0-d236-4c60-b0cb-4930406e8173?syn-25a6b1a6=1>

8 <https://www.fortunebusinessinsights.com/fermented-food-market-114382>

Regulatory Developments

Health-Focused Legislation at an EU level

European BioTech Act

In December 2025, the European Commission published a proposal for a Regulation strengthening the Union's biotechnology and biomanufacturing sectors, particularly in the area of health (European BioTech Act). The "health-focused" European BioTech Act notes that it is essential to expand the mandate of the European Food Safety Authority (EFSA) to include all aspects of nutrition. To give effect to this, the European BioTech Act proposes amending Regulation (EC) No 178/2002 such that the mission of the EFSA shall include the provision of "scientific advice and scientific and technical support on human nutrition", removing the existing limitation "in relation to Community legislation". This proposed expansion of the EFSA's role is reflective of the increasing prevalence of diet-related health issues. The proposal provides that without prejudice to the outcome of the negotiations on the next Multiannual Financial Framework (MFF) proposal, strategic health biotechnology projects and high-impact strategic biotechnology projects may be supported by Union programmes, funds and instruments. A contribution is expected to come from the "health, biotechnology, agriculture and bioeconomy" window under the European Competitiveness Fund which, according to the proposal of the Commission, would receive a total allocation of EUR €20.4 billion over the MFF 2028-2034.

The European BioTech Act is still in the early stages of the legislative process. However, it is important for F&B companies to note the potential expansion of the EFSA's role.

The European Health Data Space Regulation

In March 2025, the European Health Data Space Regulation (EHDS) entered into force in the EEA. The EHDS aims to establish a common framework for the use and exchange of electronic health data across the EEA. The definition of health data holders is broad and may include F&B companies who develop products or services intended for the health, healthcare or care sectors or who perform relevant research. From 26 March 2029, companies may lawfully access health data for secondary use for any of the purposes set out in Article 53 of the EHDS.

This may be relevant to F&B companies, as it includes companies engaged in scientific research, related to health or care sectors that contributes to public health, and includes the development and innovation of products and services, with the aim of benefitting end users such as patients, health professionals and health administrators. The EHDS sets out a strict prohibition on access to electronic health data where a company is developing

products that may harm individuals, public health or society at large. Alcoholic beverages are included in this prohibition.

EU Initiatives Relevant to F&B Companies

Safe Hearts Plan

In December 2025, the European Commission published an EU cardiovascular health plan, entitled the Safe Hearts Plan. The Safe Hearts Plan identifies young people as vulnerable to the marketing of so-called "ultra-processed" foods, foods high in fat, sugar and salt, as well as tobacco and emerging products. However, the Safe Hearts Plan falls short of introducing concrete measures. Rather, the publication highlights the European Commission's intention to evaluate the Audiovisual Media Service Directive by the end of 2026. This includes rules to protect minors from harmful content. Under the Safe Hearts Plan and with the support of EU research programmes, the EU is stepping up investments to improve understanding and treatment of cardiovascular disease. This includes an incubator to speed up the roll out and use of artificial intelligence and data-driven tools in cardiovascular healthcare. The EU4Health programme has €20 million as of 2026 available for this. The Safe Hearts Plan will make €64 million available for dedicated research on personalisation prevention and care for cardiovascular diseases and diabetes, including artificial intelligence and digital methods. €12 million is made available under the Horizon Europe programme for dedicated research on sustainable and healthy diets' role in cardiovascular disease prevention.

The Safe Hearts Plan is an important communication from the European Commission. Although it does not introduce binding measures, it is important for F&B companies to be aware that the marketing of "ultra-processed" foods to children is on the Commission's radar.

Choose Europe for Life Sciences

In July 2025, the Commission published its strategy to position the EU as the world's most attractive place for life sciences by 2030. By way of this publication, the Commission committed to developing a strategic R&I agenda on food systems. This is important from an F&B perspective as the agenda aims to foster development of competitive, sustainable and resilient food systems solutions. Over €10 billion from EU funding programmes (Horizon Europe, EU4Health, Digital Europe, LIFE, Innovation Fund, Erasmus+) annually supports action to implement this strategy in the current MFF.

Health-Focused Legislation at an Irish level.

Alcohol Labelling

The Public Health (Alcohol) Act 2018 and the Public Health (Alcohol) (Labelling) Regulations 2023 introduced comprehensive health labelling of alcohol products sold in Ireland. Among the requirements, labels must include a warning of the link between alcohol and liver disease. These obligations place extra compliance burdens and costs on companies producing alcohol products. The labelling requirements were due to apply from May 2026. However, "in light of economic circumstances," the Government decided to delay the implementation of the measures. These changes are now expected to come into operation in September 2028.

Irish Policies Relevant to F&B Companies

FSAI and Department of Health Food Reformulation Programme

The Food Safety Authority of Ireland (FSAI) and Healthy Ireland at the Department of Health established the Food Reformulation Task Force (Task Force). This Task Force is responsible for implementing *A Roadmap for Food Product Reformulation in Ireland*. By way of this initiative, the food industry is encouraged to voluntarily reduce salt, sugar, saturated fats and calories in food. In reports published by the Task Force, progress is being made in respect of certain food categories. For example, statistical reductions ranging from 57-64% were observed in six breakfast cereal subcategories. However, other categories have seen limited progress. Therefore, the programme is extended until 2027.

The work undertaken by the Task Force signals increased policy pressure on F&B companies to reduce salt, sugar, saturated fats and calories in foods. The extension of this programme into 2027 highlights that food product reformulation will remain a policy focus in the future.

Successor Obesity and Action Plan

The Obesity Policy and Action Plan 2016-2025 (OPAP) was developed to identify policy measures and interventions aimed at promoting healthy eating and preventing and managing overweight and obesity. A number of measures were implemented on foot of this policy, including the introduction of a Sugar-Sweetened Drinks Tax in 2018. A successor OPAP is due to be drafted this year. It will be interesting to see what measures will result from this, and how they may impact F&B companies.

Opportunities for F&B Companies in the Health & Wellness Space

Study on Role of Microbes in Early Brain Development

In January 2026, a study by researchers from APC Microbiome Ireland at UCC uncovered a connection

between gut bacteria and brain development. The study established that signals from the community of organisms that live in our gut influence the development of the layer surrounding nerve fibres and enables efficient communication with the brain. Gut health products are currently very topical. For example, Teagasc, the Agriculture and Food Development Authority, notes that fermented foods have seen a recent resurgence in popularity. Teagasc suggests that this trend is being driven by increasing evidence of the beneficial effects of fermented foods on gut health.

From the point of view of F&B companies, there are opportunities to use this type of research to inform product development and capitalise on growing consumer demand in this area.

Competition and Market Regulation

Scrutiny by the Competition Agencies of Deals in the F&B Sector

Any purchaser or seller of a business in the F&B sector should factor in the possibility of review by the Competition and Consumer Protection Commission (CCPC). Most transactions notified to the CCPC are cleared unconditionally.

In 2026, the merger notification thresholds in Ireland are expected to increase. The CCPC has asked the Government to raise the jurisdictional thresholds so that a transaction will be notifiable only where the aggregate turnover in the State of the undertakings involved is at least €100 million (up from €60 million) and the turnover in the State of each of at least two of the undertakings involved is at least €15 million (up from €10 million). If implemented, this would reduce the number of transactions requiring notification to the CCPC. At the same time, the CCPC now has the power to "call in" mergers for review regardless of the parties' turnover. Earlier this year, it exercised that power for the first time in M/26/029 Uniphar/TouchStore⁹. The CCPC also imposed interim measures requiring the parties to hold separate and continue to operate as competitors pending the outcome of its review.

Outside Ireland, consolidation in the European F&B sector has continued. In December 2025, the European Commission unconditionally cleared Mars, Inc.'s \$36 billion acquisition of Kellanova following a lengthy Phase II review.¹⁰ The Commission also approved Vandemoortele Group's acquisition of Délifrance S.A., creating a European-based global player with combined bakery product revenues of €2.4 billion.¹¹ On 28 May 2026, the Commission approved Arla Foods' acquisition of DMK, creating Europe's largest dairy cooperative, with more than 12,000 farmers and combined revenues of approximately €19 billion.¹²

⁹ M/26/029 Uniphar/TouchStore

¹⁰ Case M.11753 Mars/Kellanova

¹¹ Case M.11974 VANDEMOORTELE / DELIFRANCE

¹² Case M.12115 ARLA / DMK EG / DOC

“Foreign Investment” Deals on Security Grounds including in the “Food Security” Space

Ireland’s FDI screening authority, the Minister for Enterprise, Tourism and Employment, recently published the first annual report on FDI screening under the Screening of Third Country Transactions Act 2023 (the 2023 Act), covering transactions notified in 2025. The 2023 Act establishes a mandatory suspensory filing requirement where a third-country investor (that is, a non-EEA/non-Swiss investor) acquires control of a target active in certain sensitive activities or sectors. These activities include the supply of critical inputs, including those relevant to food security. The report did not identify any transaction relating to food security as having been screened in 2025. Notably, the US accounted for the highest number of screening notices in 2025 (9 transactions), followed by the United Kingdom (8 transactions).

Competition Enforcement

There were no reported investigations opened into businesses in the F&B sector in 2025.

In August 2025, the CCPC produced a high-level analysis of the Irish retail grocery sector, examining market concentration, pricing trends, supply chain dynamics, and retailer profitability to assess whether competition is functioning effectively.¹³ The report finds that, although the Irish grocery market is dominated by five main retailers (Dunnes Stores, Tesco, SuperValu, Lidl, and Aldi) holding approximately 93% market share, it has become less concentrated over time, with ongoing store expansion and aggressive price competition among retailers. Irish consumers have experienced a 27% increase in grocery prices since 2021; however, this remains below the 35% EU average, and retailer profit margins (estimated at 1% to 4%) are in line with international comparators. This suggests that competitive pressures have helped limit the pass-through of rising input costs to consumers. Overall, the CCPC concluded that there is no evidence of market failure or excessive pricing in the sector.

Agri-Food Regulator

The Agri-Food Regulator is now two and a half years into its role as Ireland’s enforcer of agri-food unfair trading law and as the statutory body tasked with improving transparency in the functioning of the agri-food supply chain. Following the prosecution of Asba Meats Ltd at Ennis District Court in November 2024, the first Irish proceedings under the Unfair Trading Regulations¹⁴, there have been no reported prosecutions against other companies in Ireland.

At an EU level, a new regulation will introduce a mutual assistance mechanism, through which national agri-food regulators can exchange information or ask authorities in other EU Member States to collaborate on investigations

into unfair trading practices. It also allows regulators to coordinate enforcement actions. Regulation (EU) 2026/697 will enter into force in all Member States across the EU on 10 September 2027. However, in the interim, there appears to be a level of informal assistance between national regulators in the enforcement of unfair trading rules in the EU.

The Agri-Food Regulator is also charged with promoting fairness and transparency in the agricultural and food supply chain. The Regulator’s website now contains a “dashboard” of price and market data for each of the beef, dairy, egg and poultry, fruit, horticulture and sheep sectors. In 2025, the office of the Agri-Food regulator expressed disappointment with the level of engagement from stakeholders, and a formal request was made to the Minister for Agriculture, Food and the Marine to grant powers to the Agri-Food Regulator to compel the disclosure of market information by businesses trading in the agri-food industry. The Minister signed a new statutory instrument giving the Agri-Food Regulator the power to compel businesses within the agricultural and food supply chain to disclose commercial data impacting upon price and margins which the Regulator considers necessary to carry out its function. The categories of data that may be sought are broadly defined and include prices paid and received, margin, financial and accounting data, throughput of agricultural produce, data in relation to policy and procedure, employment status, and salary. These powers will come into effect on 31 December 2026.

Competition law in F&B Supply Chains

The European Economic and Social Committee adopted an opinion on 29 April 2026 calling on the European Commission to consider proposing new legislation to address territorial supply constraints (TSCs). TSCs are restrictions imposed by multinational brand manufacturers that prevent retailers and wholesalers from sourcing products wherever they wish within the EU single market. In practice, these constraints take the form of refusals to supply distributors in other Member States, unexplained differences in packaging or labelling for different EU countries, and significant and unjustified price differences between countries. Although EU competition law (Articles 101 and 102 TFEU) has been used to address certain TSCs, it cannot capture TSCs that take the form of unilateral practices by firms that are not technically “dominant” under competition law. The European Commission is now facing increased pressure to take preparatory steps to introduce legislation to address this issue.

ESG

While there is a significant amount of legislation coming down the track on a diverse range of environmental, social and governance issues, this section of the Report focuses

¹³ *Competition and Consumer Protection Commission (C), Updated High-Level Analysis of the Irish Grocery Retail Sector (August 2025)*. The report is a research publication by the CCPC updating its earlier June 2023 analysis of competition in the Irish grocery retail sector.

¹⁴ *Agricultural and Food Supply Chain (Unfair Trading) Regulations 2023 (S.I. No. 625 of 2023)*

on key legislative updates on sustainability reporting, sustainability due diligence, environmental claims and unfair commercial practices.

The Corporate Sustainability Reporting Directive (CSRD)

The CSRD entered into force on 5 January 2023. EU member states were required to transpose the CSRD by 6 July 2024. CSRD was transposed into Irish law by the European Union (Corporate Sustainability Reporting) Regulations 2024 with the European Union (Corporate Sustainability Reporting) (No. 2) Regulations 2024 and the European Union (Corporate Sustainability Reporting) Regulations 2025 providing clarity around specific provisions (together, the Regulations). The Regulations amend the Companies Act 2014 and the Transparency (Directive 2004/109/EC) Regulations 2007.

On 26 February 2025, the European Commission (Commission) published the Omnibus package on sustainability. As part of this package, the Commission published two separate proposals for directives to amend CSRD. The first, referred to as the "Stop the Clock" Directive, came into force on 17 April 2025 and postponed the application date for certain in scope companies to report under CSRD. Its provisions were to be transposed into national law by 31 December 2025. The European Union (Corporate Sustainability Reporting) Regulations 2025 implemented the provisions of the "Stop the Clock" Directive into Irish law.

The second proposal sought to introduce substantive amendments to the provisions of CSRD. The proposed amendments were heavily negotiated with the final text of the Omnibus I directive published on 26 February 2026. One of the key changes introduced by this directive was to increase the thresholds for companies to fall within scope of the sustainability reporting requirements. Ireland and other EU member states have until 19 March 2027 to implement the provisions of this directive.

Separately on 13 November 2025, a delegated act providing "quick fix" amendments to the European Sustainability Reporting Standards (ESRS) introduced under CSRD came into force. This delegated act provides certainty on the types of information that will need to be included in the sustainability statement for the 2025 and 2026 financial years for those companies that were first required to prepare a sustainability statement in respect of their 2024 financial years (wave 1 companies).

From the 2027 financial year, CSRD will apply to EU companies with more than 1,000 employees and a net turnover of more than €450 million. These thresholds also apply to non-EU companies with securities traded on an EU regulated market.

For wave 1 companies out of scope under these new thresholds, reporting obligations will continue until their

2027 financial year. Under the Omnibus I directive, an option has been made available for member states to exempt such companies from reporting obligations for financial years beginning between 1 January 2025 and 31 December 2026. Ireland will need to introduce national legislation to implement this transitional exemption before it can be availed of by Irish wave 1 companies.

Additional requirements will apply in respect of the 2028 financial year for non-EU ultimate parents where certain thresholds are met.

Separately, amendments are being made to the ESRS to simplify the information being sought from in scope companies and to reduce the number of data points that need to be reported on. On 6 May 2026, the Commission launched a consultation on the draft revised ESRS with feedback sought by 3 June 2026. It is expected that a delegated act containing the revised ESRS will be published later this year.

Carbon Border Adjustment Mechanism (CBAM)

CBAM is designed to prevent carbon leakage by putting a price on carbon emitted during the production of certain carbon intensive goods as they enter the EU. It complements the EU's Emissions Trading System although it only applies to certain types of goods being imported into the EU such as iron and steel, cement, aluminium, fertilisers, electricity and hydrogen.

On 17 May 2023, CBAM Regulation came into force. Its transitional phase started on 1 October 2023, initially requiring importers of in scope goods to report specific information quarterly from January 2024. The application date for the definitive regime was 1 January 2026, imposing obligations on importers of in scope goods into the EU, including to report the embedded emissions and buy/surrender CBAM certificates. Simplification measures introduced in October 2025 introduced a 50 tonne per year threshold that needs to be exceeded before these obligations are applicable. It is important to note that this threshold does not apply to imports of electricity or hydrogen.

Due Diligence

Corporate Sustainability Due Diligence Directive (CSDDD)

The CSDDD entered into force on 25 July 2024 and introduces due diligence obligations for in scope companies relating to actual and potential adverse human rights and environmental impacts with respect to their own business operations, those of their subsidiaries and the operations of their business partners.

On 26 February 2025, the Commission published the Omnibus package on sustainability including proposals to amend CSDDD. These proposed amendments were heavily negotiated with the final text of the Omnibus I directive published on 26 February 2026. The deadline for

member states to transpose the provisions of CSDDD into national law was pushed out to 26 July 2028. These provisions will apply to in scope companies from 26 July 2029.

The thresholds for companies to meet to fall within scope of CSDDD were raised as part of these amendments. Only EU companies/groups with more than 5,000 employees and net turnover in excess of €1.5 billion will be in scope. Non-EU companies/groups will be in scope where they have net EU turnover exceeding €1.5 billion. There are separate franchise and licensing thresholds that companies need to consider if relevant.

A simplified due diligence process will apply, with an obligation for in scope companies to conduct a risk-based assessment and to prioritise adverse impacts involving their direct business partners. The obligation for companies to adopt a climate transition plan has been deleted.

There are a number of other pieces of legislation that set out due diligence obligations, including the Deforestation Free Products Regulation, the Forced Labour Regulation, the Batteries Regulation and the Conflict Minerals Regulation.

Deforestation Free Products Regulation (EUDR)

The aim of the EUDR is to minimise the EU's contribution to deforestation and forest degradation worldwide and reduce the EU's contribution to greenhouse gas emissions and global biodiversity loss. This regulation essentially imposes a due diligence obligation on in scope companies, being those that place or make available on the EU market or export of the following commodities and derivative products – palm oil, cattle, soy, coffee, cocoa, timber and rubber as well as derived products such as beef, furniture, or chocolate listed in the Annex to the Regulation.

The EUDR came into force on 29 June 2023. While it was originally due to apply from 30 December 2024, this timeline has been revised with the application date for large and medium-sized businesses being 30 December 2026. Micro and small businesses have a further six months to comply.

Irish legislation relating to certain provisions of the EUDR was included in the Spring 2026 Government Legislation Programme and is in the early stages of preparation.

Forced Labour Regulation (FLR)

The FLR bans the placing or making available on the EU market, or export from the EU, of products made with forced labour. The FLR entered into force on 13 December 2024 with most of the obligations applicable from December 2027. By 14 June 2026, the Commission must publish guidelines to support the implementation of the FLR.

Member state authorities and the Commission will be able to investigate products suspected of being made with forced labour. If a product is found to have been manufactured using forced labour, it cannot be made available or placed on the EU market or exported from the EU market. Where such a product is already on the EU market, the economic operator responsible must promptly remove it.

The FLR does not impose additional due diligence obligations on businesses and will instead complement and operate alongside existing and future due diligence obligations.

Green Claims and Green Transition

Existing legal frameworks on consumer protection in EU member states address environmental claims to a limited extent. This is primarily under the Unfair Commercial Practices Directive (as implemented in Ireland by the Consumer Protection Act 2007 (as amended)) which prohibits "misleading commercial practices". The Green Claims Directive (GCD) and the Green Transition Directive (GTD) are intended to tackle, more specifically, unsubstantiated and misleading environmental claims and labelling. The GTD is already in force at EU level, had a transposition deadline of 27 March 2026 and is due to apply to businesses from 27 September 2027. On 20 June 2025, the Commission announced its intention to withdraw the GCD however this has not yet taken place.

Green Transition Directive (GTD)

The GTD affects commercial practices at all stages of a consumer transaction, with a primary focus on implementing rules for making environmental claims and banning unaccredited sustainability labels. The changes have been introduced as amendments to two pillar pieces of EU consumer law, the Unfair Commercial Practices Directive (UCPD) and the Consumer Rights Directive (CRD).

Environmental claims related to future environmental performance without clear, objective and verifiable commitments and targets, and an independent monitoring system, are to be considered "misleading commercial practices" under the UCPD if they cause or are likely to cause the average consumer to take a transactional decision that they would not have otherwise taken.

The list of commercial practices which are always considered unfair (i.e. 'prohibited commercial practices') is now extended to encompass the following practices associated with greenwashing:

- displaying a sustainability label which is not based on a certification scheme or not established by public authorities

- making a generic environmental claim without being able to demonstrate recognised excellent environmental performance relevant to the claim
- making an environmental claim about an entire product when it actually concerns a certain aspect of the product
- making claims that a product has a reduced, neutral or positive impact on the environment in terms of greenhouse gas emissions, based on offsetting
- presenting legally required features as a distinctive feature of the trader's offer
- carrying out certain practices in relation to the planned obsolescence of goods

All businesses in the EU market offering products for sale to consumers, including non-EU based businesses are in scope of the GTD. The GTD specifies that the UCPD and the CRD should continue to function as a "safety net", ensuring a high level of consumer protection in all sectors by complementing sector and product-specific EU law that prevail in case of conflict.

The Irish legislation implementing the GTD was published on 3 April 2026. This regulation amends both the Consumer Protection Act 2007 and the Consumer Rights Act 2022 with its provisions to apply to businesses from 27 September 2026.

Green Claims Directive (GCD)

As consumer demand for more sustainable products and practices increases, a study commissioned by the European Commission found that significant proportions of environmental claims made by businesses were either vague, misleading or unfounded, or entirely unsubstantiated. The same study also noted that "green labels" used within the EU had varying levels of robustness included as to transparency and supervision. The GCD is intended to work in tandem with other initiatives to drive capital flows towards more sustainable activities by ensuring that stakeholders can assess commercial environmental claims in an objective manner.

The GCD introduces minimum requirements to substantiate claims. Scientific evidence will be required to support environmental claims and there is a prohibition on only highlighting positive environmental impacts. In particular, the GCD targets explicit environmental claims made by businesses to consumers, about the environmental impacts, aspects or performance of a product or the trader itself. This includes a proposed ban on the use of terms such as "eco" and "green", and climate-related terms such as "climate neutral", "carbon neutral" and "biodegradable", without evidence to support the legitimacy of such claims.

The GCD also proposes criteria for environmental labelling schemes i.e. certification schemes which certify that a product, process or trader complies with the

requirements for an environmental label. New schemes will require advance approval, and new third country schemes will require European Commission approval before being used in the EU market. The GCD will apply to explicit environmental claims and labelling, and the substantiation of these claims and labels on a business-to-consumer level.

All businesses making voluntary green claims in the EU market; including SMEs, and international or third country businesses will be within scope except those with fewer than ten employees and annual turnover of less than €2 million, unless they choose to participate in approved environmental labelling schemes. The GCD does not aim to change any existing sectoral rules - i.e. it will only apply to voluntary environmental claims which are unregulated by any other EU legislation. Examples of existing regulated areas include organic farming labelling, CE marking for energy-related products, and the marketing of construction products.

Whether this legislation will continue making its way through the EU's legislative process or will ultimately be withdrawn remains to be seen.

Product Liability and Litigation

EU Revised Product Liability Directive

The product liability regime in Ireland will soon be transformed by the EU Product Liability Directive 2024/2853 (the PLD) which will apply to products placed on the EU market or put into service after 9 December 2026.

The new regime broadens the scope of claims and will potentially make it easier for consumers to bring them. For example, the PLD will allow product liability claims with an expanded range of products in scope, damage suffered (including psychological damage) and potential defendants. The PLD also introduces some procedural changes which will make it easier for claimants to pursue their claims. These changes mark a material shift in both risk exposure and compliance expectations for all sectors, including F&B.

Key changes to be introduced include the following:

- Products in scope: The PLD will continue to apply to all tangible products. In addition, the definition of a "product" will be expanded to include software, AI systems and "related services" embedded in or connected with a product.
- Damage which may be compensated: Personal injury now expressly includes "medically recognised damage to psychological health". While personal injury claims remain the most immediate exposure for the F&B sector, the inclusion of psychological harm may now broaden claims linked to food contamination, allergen exposure or product recalls and associated distress.

- **Potential defendants:** The PLD establishes a revised hierarchy of liability to ensure that there is always an EU-based party who can be pursued by a claimant. Manufacturers will remain primarily liable. If the manufacturer cannot be identified or is outside the EU, liability falls to the importers, the authorised representative and, where there is no importer within the EU or authorised representative to “*fulfilment service providers*”. Where none of these can be identified, liability falls to distributors. Online platforms may also now face distributor liability where they present a product in a way that would lead consumers to believe that the product is provided by them or by someone under their control.
- **Relevant time limits:** Standard limits for claims will be 3 years from when the claimant became aware of damage, defectiveness and the identity of the relevant economic operator. There will also be longer backstop dates for damage or injury which was not discovered or discoverable.
- **Disclosure obligations:** New disclosure obligations which enable national courts to compel disclosure of “*relevant evidence*”. These rules are similar to existing discovery rules in Ireland.
- **Presumption of defectiveness and causation:** While claimants retain the burden of proof under the PLD, rebuttable presumptions of defectiveness and causation may arise in certain circumstances. In practice, this may shift the burden onto businesses to demonstrate that products were not defective, particularly in food safety cases.
- **Defences available to economic operators:** The PLD preserves a number of important defences for economic operators (subject to certain exceptions). These include demonstrating that: (i) the defectiveness did not exist when the product was placed on the market; (ii) the defectiveness is due to compliance with mandatory legal requirements; (iii) the objective state of scientific and technical knowledge at the relevant time; or (iv) in the case of a component manufacturer, the defect is attributable to the design of the product into which the component was integrated or to the instructions given by the product manufacturer.

F&B businesses should use the lead-in period before transposition to review their existing product safety and liability frameworks. In practice, that is likely to include stress-testing traceability systems, reviewing product warnings and instructions, assessing contracts and indemnity structures across the supply chain, checking whether internal escalation procedures are robust enough for recalls and safety incidents, and ensuring that testing, quality assurance and complaint-handling records are complete and accessible.

Class Actions Update

Historically, Ireland has lacked a meaningful framework for class actions comparable to those in other jurisdictions. Claimants were instead required to litigate individually or rely on limited procedural mechanisms to manage multi-party claims, including representative actions, test or pathfinder cases, joinder of parties, and consolidation or coordination of hearings.

None of these mechanisms were designed to operate as a comprehensive class action regime. As a result, mass claims in Ireland have typically proceeded as individual actions, and class actions have remained relatively uncommon.

Current legal framework

Ireland does not yet have a general class action regime. However, the introduction of the Representative Actions for the Protection of the Collective Interests of Consumers Act 2023 (the Representative Actions Act) gives effect to the EU’s Representative Actions Directive 2020/1828 and provides for representative actions for breaches of consumer law. The Representative Actions Act came into force on 30 April 2024 and introduces a more structured framework for collective redress procedures in Ireland for consumer claims. For the F&B sector, this is particularly relevant in areas such as product safety, food labelling, marketing practices and online sales of food products, all of which fall within the scope of EU consumer protection law.

Cases are taken by designated ‘qualified entities’ on behalf of affected consumers. At present, three Irish entities are designated.

Where redress (including damages, as well as repair, replacement or reimbursement) is sought, consumers must ‘opt-in’ and are bound by the outcome. By contrast, injunctive actions operate on an optout basis (i.e. affected consumers are in scope unless the expressly ‘opt-out’).

Look Forward

To date, the impact of the Representative Actions Act has been limited by several factors. One is that, to date, the Irish designated qualified entities are largely focussed on tech and data breaches. Another significant factor is the almost total bar on third party litigation funding in Ireland. On the latter point, the Irish Law Reform Commission is expected to publish its report on the outcomes of its consultation on third-party litigation funding in late summer of 2026, which will inform any policy reform. However, representative actions still present a latent risk as claims could be taken on a cross-border basis and the risk of claims could move quickly if additional consumer-focused qualified entities are designated or if third party funding is opened up. For the F&B sector, any move towards a more formalised multi-party actions regime would be particularly significant, given the potential for

large groups of consumers to be affected by the same alleged product, safety or labelling issue.

Green claims directive

Over the past number of years, consumer laws have expanded to capture potentially misleading environmental claims (aka “greenwashing”). Existing consumer protection laws are already broad enough to capture misleading environmental claims. This includes the unfair and misleading commercial practices provisions of the Consumer Protection Act 2007.

The EU Green Transition Directive will introduce specific new laws to govern green claims, coming into effect on 27 September 2026.

The GTD will introduce new “misleading commercial practices” and “prohibited commercial practices” relating specifically to environmental and social claims.

The GTD will introduce the following new rules:

- New “prohibited commercial practices” including bans on the use of “generic” environmental claims (e.g. terms like environmentally friendly, green, energy efficient) unless the business can *demonstrate “recognised excellent environmental performance”*, prohibitions on carbon reduction claims based solely on offsetting and prohibitions on claiming that compliance with a legal obligation is a distinctive feature of the trader’s offering.
- Expansion of misleading commercial practices provisions to include the environmental, social or circularity aspects of a product.
- Requirements to have measurable and time-bound targets and implementation plans if making claims to future environmental performance and verification by an independent third party expert.

These claims will mean that environmental claims carry increased regulatory risk, as well as risk of actions under the Representative Actions Act.

These rules apply in addition to the specific rules on environmental claims which apply under the Irish Advertising Standards Authority Code of Standards for Advertising and Marketing Communications in Ireland. While not legally binding, dealing with complaints can be resource-intensive and adverse decisions can lead to media coverage.

Environment and Planning Packaging Regulations

The EU Packaging and Packaging Waste Regulation (PPWR) introduces a comprehensive, harmonised regime governing packaging across its full lifecycle. It entered into force on 11 February 2025, with the first substantive obligations applying from 12 August 2026. The PPWR applies broadly across the supply chain, capturing not only

manufacturers but also brand owners, importers and other economic operators placing packaged goods, including F&B, on the market.

Key Manufacturer Obligations

From August 2026, manufacturers must comply with a number of immediate and enforceable requirements. These include a ban on PFAS in food-contact packaging, obligations to minimise harmful substances, and the prohibition of excessive packaging designed to mislead consumers as to product volume. Manufacturers must also carry out conformity assessments before placing packaging on the market and retain technical documentation demonstrating compliance.

Further obligations are phased in over time. All packaging must meet recyclability criteria by 2030 (recyclable at design stage) and 2035 (recyclable at scale), while minimum recycled content thresholds will apply to plastic packaging from 2030. Harmonised labelling requirements, including QR codes for additional information, will apply from 2028 onwards.

Food Contaminants Regulation

Commission Regulation (EU) 2023/915 is an important development for the F&B sector, consolidating the EU rules on maximum contaminant levels and replacing Regulation (EC) No 1881/2006. It prohibits the placing on the market of food exceeding prescribed limits and restricts its use in ingredients or blending. While the regime covers a wide range of contaminants, PFAS is likely to attract particular attention for F&B operators, given increasing regulatory scrutiny and its relevance to categories such as fish, dairy and meat products.

The Evolving Role of Sustainability

Sustainability remains a core strategic issue for F&B companies in 2026, but its role has shifted significantly from the high-ambition, narrative-driven ESG phase of the early 2020s. It is no longer treated as a standalone corporate objective. Instead, it is increasingly integrated into cost management, supply chain resilience, regulatory compliance, and food security strategy. Five forces are driving this evolution: the consumer cost-of-living crisis, a more politically contested ESG environment, rising concern over food security, a more disciplined investor stance on sustainability-related capital allocation and a shift from ideology to operational decisions.

Cost of living is reshaping sustainability priorities

The most immediate pressure facing the sector is the persistent cost-of-living crisis. Food prices remain structurally elevated compared with pre-2020 levels and with the ongoing conflict in the Middle East, prices are unlikely to decline in the short-term. This has significantly changed consumer behaviour, with affordability now outweighing sustainability in most purchasing decisions. This has forced F&B companies to rethink how sustainability is delivered. Instead of positioning “green” products at a premium, companies are embedding sustainability into mainstream value ranges through efficiency gains. For example, major food retailers have expanded private label value ranges while quietly improving sourcing standards, reflecting the need to balance affordability with ESG commitments.

ESG in a more contested political environment

The political environment for sustainability has also become more fragmented, particularly in the US. ESG has shifted from being a broadly accepted corporate framework to a politically sensitive term in some jurisdictions. As a result, many companies are reducing visible ESG branding while maintaining underlying initiatives. In practice, this has led to a language shift rather than a strategic retreat. Many F&B companies now frame sustainability under terms such as “risk management,” “operational resilience,” and “long-term value creation.” According to a 2025 Harvard Business Review article, this reflects a broader trend where ESG is becoming more commercially pragmatic and less ideologically framed, particularly in politically polarised markets.

A strong example is Nestlé’s regenerative agriculture initiatives, particularly in its dairy and coffee supply chains. Nestlé is supporting farmers to improve soil management and nutrient efficiency, with the goal of reducing fertiliser dependency while improving productivity and resilience to climate-related shocks. The strategy is both sustainability and supply chain resilience motivated.

Food security has moved to the centre of policy and corporate strategy

A defining shift in 2026 is the growing convergence of sustainability and food security. Climate volatility, geopolitical instability, and supply chain disruptions have elevated food availability and affordability as strategic priorities for both governments and corporations. The FAO highlights that agrifood systems must now simultaneously address emissions reduction, climate adaptation, and food security. This “triple challenge” is increasingly shaping government policy, particularly in Europe, where environmental goals are now being explicitly balanced against resilience and affordability concerns within EU policies.

Are investors still committed to sustainability?

Investor enthusiasm for sustainability has not disappeared, but it has become more selective and disciplined. The early phase of broad ESG capital allocation has given way to a more performance-driven approach focused on measurable outcomes and financial returns. According to KPMG’s Global ESG Outlook (2025–2026), investors are prioritising sustainability-linked investments that demonstrate: clear emissions reductions, regulatory alignment (particularly CSRD and ISSB readiness) and tangible cost or revenue benefits.

A shift from ideology to operational decisions

Sustainability in the F&B sector is increasingly moving from an ideological or reputational agenda to a set of operational and financial decisions. Rather than being framed as a values-led commitment, it is now driven by cost reduction, efficiency gains, and supply chain resilience. Companies are focusing on the “double dividend” of sustainability, lower operating costs alongside improved long-term stability, through measures such as energy efficiency, fertiliser optimisation, and waste reduction. In a volatile geopolitical and economic environment, reducing dependence on fossil-fuel-intensive inputs is also seen as a risk management strategy. Regulatory pressure further reinforces this shift, embedding sustainability into core business performance requirements.

Conclusion

Overall, sustainability in the F&B sector in 2026 is not retreating but maturing into a more pragmatic and operationally focused agenda. It is increasingly shaped by affordability pressures, geopolitical uncertainty, food security concerns, and more selective investor behaviour. The result is a shift away from ESG as a broad ideological framework towards sustainability as a tool for resilience, efficiency, and long-term business performance.

The War on Ultra Processed Foods

Ultra-processed foods (UPFs) have become one of the most contested issues in global food policy. Once largely a scientific classification used in nutrition research (notably the NOVA framework), UPFs are now at the centre of a broader “war on processed food” involving governments, regulators, public health bodies, and major food manufacturers. Although no universal definition of UPFs exists, in simple terms UPFs are considered to be foods that are significantly transformed through industrial processes and contain multiple industrial ingredients (5 to 10+) that you would not typically use in home cooking. At the core of the issue is growing evidence linking high consumption of UPFs to obesity, cardiovascular disease, type 2 diabetes, and other chronic conditions. The US Food and Drug Administration (FDA) notes that ultra-processed foods make up a substantial share of the American diet, with estimates suggesting they account for around 70% of the US food supply and more than 60% of children’s caloric intake. A major study published in *The Lancet*¹⁵ in 2025 concludes that the displacement of long-established dietary patterns by ultra-processed foods is a key driver of the escalating global burden of multiple diet-related chronic diseases.

Despite the concerns about human health, there is ongoing disagreement within the scientific community about how UPFs should be defined and the extent of the health risks they pose. Some researchers argue that health impacts are driven more by what foods contain, such as high levels of salt, sugar, and fat rather than the level of processing itself. This suggests that the UPF category may be too broad and may oversimplify the relationship between food processing and health outcomes. For example, a sugary soft drink would be considered a highly processed food linked to negative health effects, while a fortified wholegrain breakfast cereal may also be classified as ultra-processed despite being perceived as part of a balanced diet.

US policy direction

In the US, policy action is still in its early stages but is accelerating. There is currently no statutory or regulatory definition of UPFs in US law. However, in 2025 the FDA, USDA, and Department of Health and Human Services launched a joint Request for Information to establish a uniform federal definition. This is a critical step because regulation, labelling, and dietary guidance cannot advance without agreement on what constitutes an ultra-processed food. The proposed direction broadly aligns with definitions used in public health literature: packaged foods high in added sugars, refined grains, sodium, and additives, and low in fibre and micronutrients. Alongside this definitional work, US policy is also exploring front-of-pack labelling and tighter scrutiny of additives, as part of broader efforts to address diet-related chronic disease.

At the state level, litigation is also emerging. For example, San Francisco has filed the first major government led legal action against 10 major food manufacturers, alleging that UPFs contribute to public health harms and that companies have misled consumers about product health impacts. While still early, according to *Harvard Law Today*¹⁶ such cases signal a shift toward treating UPFs as a potential analogue to tobacco- or sugar-style public health regulation.

EU approach

In the European Union, the approach is more cautious and less legally prescriptive, but the policy direction is becoming clearer. The EU does not currently regulate UPFs as a category. Instead, regulation focuses on individual nutrients (such as sugar, salt, and fat), labelling rules, and restrictions on health claims under the European Food Safety Authority (EFSA). Unlike the US, the EU is less focused on defining UPFs legally and more focused on indirectly reducing their prevalence through reformulation targets, advertising restrictions (particularly to children), and sugar reduction programmes. The result is a soft regulation model: shaping outcomes without formally legislating the UPF category itself.

Industry response

Leading F&B companies are responding in three main ways: reformulation, portfolio diversification, and repositioning.

First, reformulation is accelerating. Global manufacturers such as Nestlé, Unilever, and Danone have expanded “healthier product” pipelines, reducing sugar, salt, and artificial additives across core brands. This is partly driven by regulatory pressure (especially in Europe and Latin America) and partly by consumer demand for “clean label” foods. Second, companies are reshaping portfolios through acquisition and innovation. There is sustained investment in minimally processed, high-protein, high-fibre, and plant-based products that are perceived as closer to “whole foods”. McKinsey research on food system transformation highlights that manufacturers are increasingly balancing traditional packaged goods portfolios with healthier, functional nutrition categories to mitigate regulatory and reputational risk. Third, firms are actively reframing product narratives. Rather than focusing on “processing”, companies emphasise nutrition, fortification, and functionality. For example, dairy companies are highlighting protein and gut health benefits, while snack manufacturers are repositioning products as “better-for-you” through fibre enrichment or reduced sugar claims.

¹⁵ [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(25\)01565-X/abstract](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(25)01565-X/abstract)

¹⁶ <https://hls.harvard.edu/today/the-new-case-against-ultraprocessed-food/>

Conclusion

The themes explored in this report highlight a sector operating at a point of sustained transition, where macroeconomic pressure, regulatory change, shifting consumer expectations, and structural innovation are shaping the F&B landscape in 2026. While the operating environment remains challenging, it is also increasingly defined by opportunity for those companies able to adapt.

Across the macroeconomic backdrop, businesses continue to navigate persistent cost pressures and weakened consumer confidence. The analysis of industry sentiment reinforces the importance of supply chain resilience as a core strategic priority. In 2026, supply chains are being shaped by the need to withstand repeated disruption. Extreme weather and climate volatility are affecting agricultural output and input stability, while geopolitical fragmentation and logistics constraints continue to introduce uncertainty into global sourcing networks.

Alongside these operational pressures, regulation is playing an important role in shaping sector strategy. Across the EU and Ireland, expanding requirements in sustainability reporting, packaging, emissions, labour standards, and labelling are shifting regulation from a compliance function to a key driver of innovation and investment decisions. While this increases complexity, it also creates opportunities for differentiation where companies can align with emerging policy and consumer expectations.

The discussion on ultra-processed foods underscores a significant inflection point, as public health narratives increasingly influence policy direction and consumer behaviour. This is accelerating reformulation efforts and driving a shift towards simpler, more recognisable ingredients, while also introducing complexity in classification, communication, and product strategy.

Sustainability has firmly moved into the core of business decision-making. No longer a parallel ESG agenda, it is now embedded in cost structures, supply chains, and investment planning, with a stronger emphasis on measurable impact, resilience, and deliverability.

Taken together, these dynamics point to a sector actively redefining its business models. The companies that will lead in the next cycle will be those that integrate macro awareness, regulatory foresight, consumer insight, and sustainability execution into a coherent and agile growth strategy.

