



WORKING
TOGETHER FOR
SUSTAINABLE
FOOD



Food Ethics Council

REPORT
SUMMARY

UK

2015



FROM INDIVIDUAL TO COLLECTIVE ACTION

EXPLORING BUSINESS CASES FOR ADDRESSING SUSTAINABLE FOOD SECURITY



EXECUTIVE SUMMARY

In the space of a few years there's been a welcome increase in appetite among progressive food businesses to address long-term food security challenges. WWF-UK's direct contact with senior executives from a broad cross-section of businesses shows they are starting to move beyond business as usual and are now starting to develop solutions.

This goes beyond the actions business can take. Our research shows food businesses recognise that appropriate Government interventions (including new regulations) are critical to their long-term success and indeed their very survival.

WWF-UK commissioned the Food Ethics Council to work with business to understand how they approach food security and why. What emerged was that food business leaders didn't share an agreed definition of food security. In the main, the current position expressed by businesses on security of supply does not take account of all aspects of food security and is neither secure nor sustainable.

**FOOD BUSINESS LEADERS
DIDN'T SHARE AN
AGREED DEFINITION OF
FOOD SECURITY**

Most of the people spoken to in compiling this report recognised that failing to act on food security – as an individual business and collectively – won't just result in falling long-term profitability, but will ultimately threaten the viability of food companies.

Growing demand, climate change, water availability, soil fertility, fossil fuel dependence and biodiversity loss are just a few of the issues the food industry must both adapt to and have a positive influence over.

The purpose of this work was to determine the strength of the business cases to address food security issues; how those cases can be strengthened; and what further positive interventions businesses can take to deliver long-term food security for everyone.

This is important, because a narrow or partial understanding of food security can result in business policies that at best fail to deliver a genuinely fair and sustainable food system, and at worst move us even further away from achieving it.

We also found that the motivation – or business case – for food businesses to work collaboratively to take bold action for sustainable food security is weak.

It is our belief that unless and until those two key issues are addressed, efforts to tackle food insecurity will be piecemeal and ineffective.

Clearly this is of concern to an organisation such as WWF-UK whose mission is to safeguard the natural world by creating solutions to the most serious environmental issues facing our planet. It is also of concern for businesses whose very future success depends on what the natural world can provide.

What is food security?

Food security is not just a ‘nice to have’ – it is inextricably linked to the health and well-being of the planet, to the global economy, and to the profitability of individual businesses. No single company can tackle this many challenges on its own. Instead, we need collective action. To achieve this, it’s fundamental to gain agreement among businesses, governments and civil society about what food security actually means.

Food security can be defined at a global, national or household level. This report focuses on *global* food security¹.

The Food and Agriculture Organisation (FAO) defines food security as *‘all people, at all times, having physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life’*².

People often refer to the ‘four pillars’ of food security, which are embodied in the FAO’s definition: physical and economic accessibility, availability, utilisation (food safety and quality) and stability of supply and access.

**FOOD SECURITY IS NOT
JUST A ‘NICE TO HAVE’
- IT IS LINKED TO THE
GLOBAL ECONOMY AND
THE PROFITABILITY OF
BUSINESSES**

¹ Note – the research was primarily seeking attitudes from those food companies who have a major UK presence, but was asking about their role in global food security.

² FAO (1996) Rome Declaration on Food Security and World Food Summit Plan of Action. Food and Agriculture Organisation of the United Nations, online: www.fao.org/docrep/003/w3613e/w3613e00.HTM (Accessed 12.08.15).

Others have suggested adding environmental sustainability as a fifth ‘pillar’. Environmental sustainability assumes ‘food and production systems [that] do not deplete natural resources or the ability of the agricultural system to provide food for future generations’³.

As such, we think this is so fundamental to all the other aspects of food security that rather than being a fifth standalone ‘pillar’, environmental sustainability should instead be the bedrock of a secure food system.

We found that many companies confuse or conflate the meanings of ‘sustainability’ and ‘food security’. Although the two are interdependent, they are not the same, and using them interchangeably can mean that some aspects of food security, such as security of supply are given more weight than others.



Environmental sustainability assumes food and production systems do not deplete natural resources

Many food businesses define food security in terms of being able to reliably provide good quality, affordable food. This may translate into a focus on keeping products on the shelves, which may then take priority over ensuring the wider population’s access and entitlement to food. Such a narrow definition risks missing an opportunity to contribute to a genuinely fair and sustainable future.

When companies undertake large scale land acquisitions they do so for ‘food security’ reasons. In the short term, buying up land may well help food companies secure supplies and (potentially) gain competitive advantage over their rivals. And yet these same acquisitions are contributing to food insecurity in local populations, limiting people’s access to food. This is a significant business risk both in terms of the company’s reputation and its licence to operate.

Whichever way individual food companies choose to describe food security, at its heart that description has to be based on a shared understanding of what global food security means. This is a crucial step in creating collaborative action towards securing global food supplies in the medium to long term.

³ Richardson, RB. (2010) Ecosystem Services and Food Security: Economic Perspectives on Environmental Sustainability. Food Security and Environmental Sustainability. *Sustainability* 2: 3520-3548.

One contributor pointed out the importance of identifying the parameters that are set in any particular definition of food security: specifically *whose* and *what* food a company is trying to secure. As the participant noted, “not *all* food can be secured for *everyone* at the same time”.

Working out who is affected by a food company’s sourcing strategies – and whose views are taken into account and whose are ignored – would be a positive step towards developing a business plan for sustainable food security.

Exploring the business case

As part of this research, we spoke in depth with a number of senior executives of food businesses. We held one senior roundtable and one high-level workshop looking at attitudes to food security and possible solutions to food security threats. And we researched case studies that provide practical examples for making strong business cases to address food security issues.

Our analysis found a strong set of business cases for why food companies should address long-term sustainable food security. The most straightforward elements are (in no particular order):

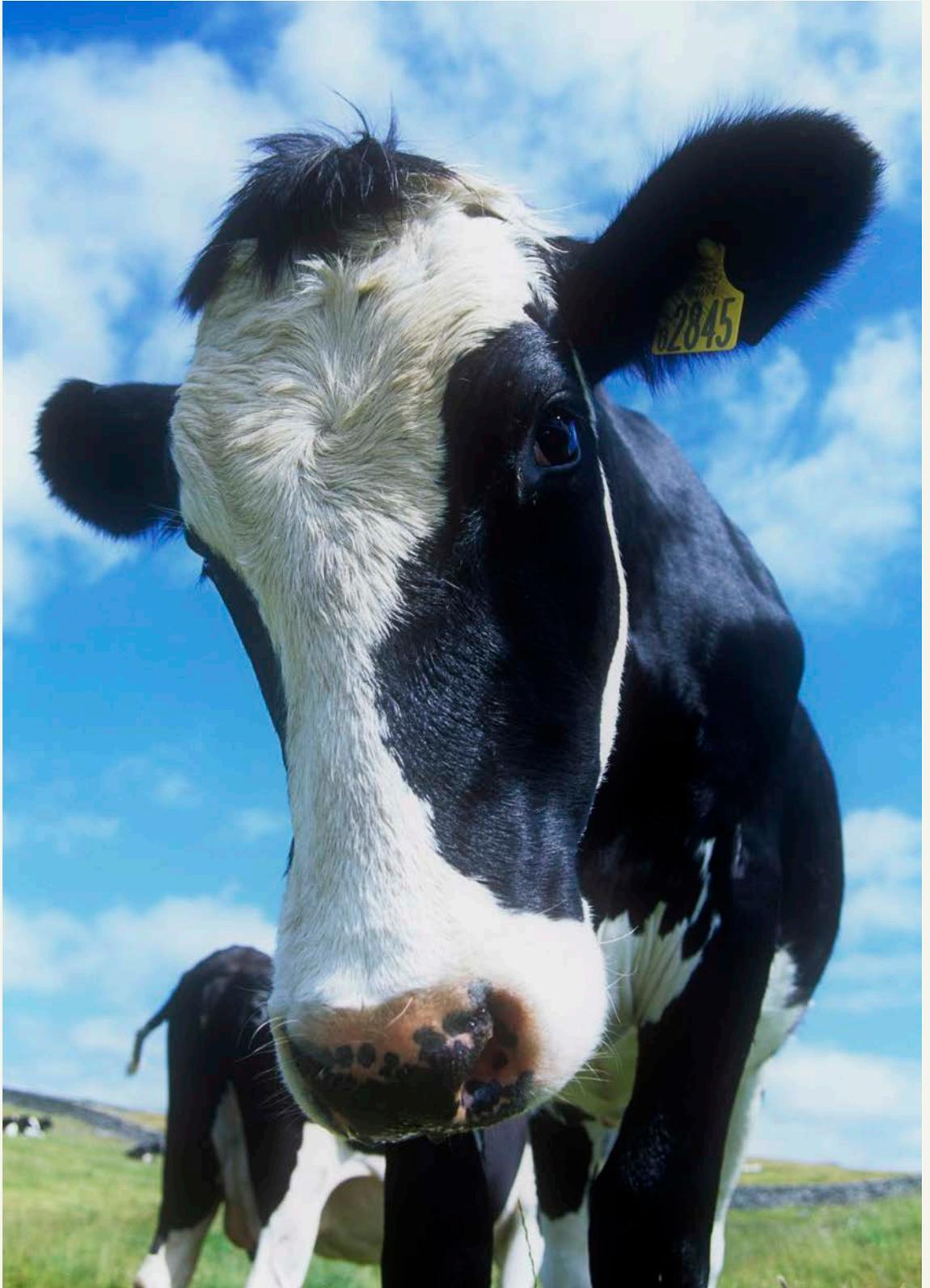
1. Security and quality of supply chains
2. Brand reputation
3. Efficiency
4. Reduced risk to operation
5. Licence to operate

The strongest business cases for action appear to be around security of quality supplies, and (to a lesser degree) reputational risks and benefits. As one interviewee put it:

“Ensuring you have a resilient supply chain [...] ensures you can supply your product at an acceptable price and quality.”

This narrow focus on two of the ‘pillars’ of food security can run the risk of limiting the scope and ambition of a company to tackle food security issues within and across its supply chain. It may also be the reason why we see some organisations taking so long to commit to serious targets, given the scale of the challenge.

**THE STRONGEST
BUSINESS CASES FOR
ACTION APPEAR TO
BE AROUND SECURITY
OF QUALITY SUPPLIES**



**IT'S THE ROLE OF
GOVERNMENT
TO PROVIDE
THE ENABLING
ENVIRONMENT**

To avoid a 'business as usual' mentality, companies need to be more confident in communicating their business cases for food security to key decision-makers both internally and across the industry. This will enable more companies to recognise the importance of food security to their own bottom line.

Powerful, persuasive tools include food security case studies, stories and strategies, giving others (including less progressive companies) the confidence to follow and to accelerate their own activities.

It is important that businesses don't concentrate exclusively on 'proving' their business case – sometimes taking action is clearly in the public interest: it's the 'right thing to do'. As one interviewee told us, justifying such an action in terms of the bottom line can – counterintuitively – weaken these 'social good' arguments and entrench a 'business as usual' attitude.

Nevertheless, in lots of cases, demonstrating the business case in many areas of food security remains important for a number of reasons that are covered in more detail in the full report.

Different types of business cases

We analysed the different types of business cases. We found that (broadly speaking) they fall into two areas – one motivated by individual actions (such as beating competitors); the other by collective actions across and along the supply chain.

What we saw was that the cases for individual business action were – at the moment at least – stronger than those for collective action. As such, there is a very strong business case for a food company committing to source all its key ingredients sustainably by a certain date, but not such a compelling case for a food company to join a pre-competitive collaboration such as the Roundtable on Sustainable Palm Oil.

And yet, because food businesses can only do so much on their own, it's the collective actions to address broader food system challenges that are so urgently needed. And it's the role of government to provide the enabling environment.

There are a number of reasonably robust reasons for some (usually larger) food companies to get involved in pre-competitive collaborations – particularly around improving brand reputation.

Yet overall the business case for collective action seems to be weaker.

Why is this? Our interviews with food businesses revealed that the rationale for individual food companies participating in collective action is limited on at least two fronts:

- (i) participants are more usually limited to larger businesses, because smaller ones (which may have innovative models to share) typically struggle with resourcing issues and
- (ii) the most progressive food companies are perhaps reaching the limits of the reputational benefits they can claim.

To understand the perceived reluctance to work collectively, we asked food representatives what they thought about the business case for pre-competitive collaboration to manage food insecurity.

We found that there is an appetite for collective action, but it is much stronger within a company's own operations and supply chain, rather than in collaborative efforts to tackle the broader food system outside its individual supply chain. As one interviewee put it:

“That kind of collaboration on the agricultural supply chain is always by far the easiest when it's a non-competitor, i.e. someone else who may resource from that area but is not competing with you in the consumer market place (even though you could argue that you are competing for supply).”



It is around collective resources (the 'commons') where the business case appears to be the weakest.

It is around collective resources (the 'commons') where the business case appears to be the weakest. According to many of our interviewees, collective action in areas such as fisheries, forests and water is “absolutely essential”. While there has been a rise in collaborative activities around the 'commons' in recent years, most initiatives are not yet attracting wholesale support from across the food industry.

The true cost of inaction

A number of people we spoke to argued that there is a need for global cooperation and investment into conservation and ecological resilience. They spoke of a “responsibility” to collaborate on these issues. They pointed out that it is widely acknowledged that ecological resilience will ultimately have an impact on business continuity.

This widespread understanding of environmental sustainability within the food industry is encouraging. It means that there is a shared sense – at least – of the scale of the challenge, and a will (if not always realised) to address it.



There is a need for global cooperation and investment into conservation and ecological resilience

We recognise that the business case can be difficult to articulate at a collective level, because direct commercial benefits are sometimes harder to define. And because partial or fragmented measures aren't effective: *all* stakeholders have to commit fully to actions, or none of the interventions will be meaningful.

Several expert interviewees and roundtable participants emphasised the costs of failing to act, including:

- *“[The] current problem is overconsumption of global resources; consuming 1.5 planets. The ultimate effect will be much higher food prices... and decreased overall production.”*
- *“If businesses don't address food security, they won't be in business for long...”*

Preparing the case for addressing sustainable food security

Our research did not find one standard formula that food companies can adopt to deliver food security. Equally there wasn't one stand-out business case for them doing so.

We did, however, identify some key steps that can be taken and questions that food companies should ask themselves to accelerate their contribution to addressing sustainable food security:

Understand local food insecurity issues in a global context

Ask what food security⁴ problems exist now in the communities in which your business operates, sources from and sells to. What problems are likely to exist in the years (or decades) ahead?

⁴Food security here should be interpreted broadly, including the respective five pillars.

Explore actions for the benefit of wider society

What should your business, and food companies more widely, do to address those issues and deliver long-term societal benefit – individually and collectively? And what creative new ways might there be of delivering those benefits?

Only consider commercial benefits alongside social benefits

When (and only when) you have answered the question above, which actions that deliver social benefit can also offer commercial benefit? How can those benefits be measured or captured? And can you (and other food companies) share those business cases more widely?

Lobby for a step-change in the wider business environment to support food security goals

Where areas are genuinely beyond your company's direct influence or where there is no clear business case, businesses should lobby for an operating environment that rewards progressive action to address long-term food security. To be clear, there are limits to how much direct influence (and responsibility) a single company has – governments and others have key responsibilities too. Several food company representatives told us that they would be happy for government to legislate on aspects of food security where the business case is not strong.

**GOVERNMENT SHOULD
LEGISLATE ON ASPECTS
OF FOOD SECURITY
WHERE THE BUSINESS
CASE IS NOT STRONG**

Another person we spoke to in the course of our research suggested making it mandatory (for example) for food suppliers to contribute a certain percentage of their profits to resilience and capacity building projects in the communities in which they operate.

The food industry could do more to support civil society in its call for the UK government to legislate to create a level playing field that would allow sustainable food security initiatives to thrive.

And the industry as a whole (through representative bodies) could lobby government to incentivise food companies for active participation in pre-competitive food security collaborations.

Practical tips for strengthening business cases

There are a number of ways that food companies can seek to strengthen business cases for sustainable food security. These include:

1. **Framing the changes required for greater sustainability – and long-term food security – as *opportunities* for business success**, rather than solely as a way of reducing risks. Use the language of ‘resilience’, rather than solely ‘efficiency’ and ‘cost reduction’, as a stepping stone to tackling bigger picture sustainable food security issues.
2. **Internalising the urgency of the challenges.** This can be done by quantifying risks and how they might evolve; by giving a senior manager in the company specific accountability for longer-term strategy; and by embedding sustainability into core strategy at all levels of the company (including at board level).
3. **Developing a longer-term route map with milestones** that are commensurate with the scale of the environmental and social challenges facing society. The route map should replace current short-term horizons and highlight potential risks such as serious interruptions to supply, linking short-term concerns with long-term causes.
4. **Building resilience in producer regions and developing closer long-term supplier relationships.** Offering access to investment and training, and setting up ethical intermediaries can improve producer resilience. Some forward-thinking companies now work with social businesses that “unlock markets by providing market knowledge, risk capital and training to developing world producers, while helping retailers access new products and better manage their supply chains”⁵.
5. **Working to ensure there is more effective pre-competitive collaboration.** This might include challenging government – at UK and at EU levels – to ensure competition policy does not frustrate attempts by businesses to act collectively on sustainability and long-term food security, particularly in relation to ‘commons’ issues (for example fisheries).
6. **Demonstrating leadership and sharing best practice.** This can mean: (a) showcasing the viability of progressive companies’ sustainable business models and (b) pushing up minimum accepted standards within the industry (raising the ethical minima).

⁵ Forum for the Future (2014) *Scaling up success*. Forum for the Future. www.forumforthefuture.org/project/scaling-success/overview (Accessed 12.08.15).

7. Improving governance of resources to improve the resilience of supply and local communities. This applies particularly to common resources such as fish and water, which do not recognise boundaries, creating challenges around usage rights and over the sustainable management of supply.

When we began our research into the strength of business cases for sustainable food security, we quickly realised that it hinged on two crucial issues.

First that businesses need to work together more collaboratively to take bold action to secure a sustainable future for our food; second that unless and until we all agree on a definition of food security, such collaborative efforts will always be piecemeal.

It is only by recognising the equal importance of all the aspects of food security – accessibility, availability, utility, stability and environmental sustainability – that food companies will collectively be able to make the changes necessary in their business practices to secure sustainable food supplies in the medium and long term.

We are heartened by our findings that many business leaders have a good understanding of environmental sustainability and the importance it has on food security issues. It is our belief that this understanding will help progressive food companies build more compelling business cases.

However, we also believe that businesses need a fuller understanding of the breadth of the food security challenge, and their individual positive long-term contributions to addressing it, in order to deliver the robust and sustainable set of business cases that is so desperately needed in this sector.



How businesses say they can contribute towards food security for all for ever

BE A LEADER, INVEST IN CONSERVATION, INVEST IN BUILDING CAPACITY, DEVELOP RESPECTFUL RELATIONSHIPS

Within your organisation

- **Be a leader:** Make food security a key senior management priority in your business, and tell your staff why. As business leaders we spoke to said:

“So much on the [sustainable food security] agenda needs to be more front of mind at the most senior level.”

“CEOs ... don’t want to be explaining to their grandchildren why the food system collapsed on their watch.”

- **Develop alternative business models** in the recognition that it will be extremely difficult (or some would argue impossible) for the tweaking of current business models alone to deliver genuine long-term food security. This however is not to suggest that it is straightforward. As one food company representative said:

“[A] business operates in the environment in which it finds itself. In the current business environment, the optimum model is to maximise profit. A good business wouldn’t (readily) depart from the recipe that works within that environment.”

See case studies in the full report for examples.

- **Invest in conservation** and ecological resilience. More and more business leaders recognise that environmental sustainability equates to business sustainability. Food company representatives told us that:

“Viewing sustainability as a growth driver allows you to flourish in a resource-scarce future.”

“The link between real sustainability and food security is not necessarily automatic. A timeline for action is important, in particular anticipating long-term risks... Otherwise, unsustainable strategies can make perfect short-term business sense.”

- **Invest in building capacity:** Build capacity in producer areas through long-term investments and partnership. As one food company executive said:

“The most important intervention is building capacity within communities. That is, investing to make sure that at every level of the supply chain there are the right skills and knowledge, and sufficient access to finance and innovation to develop a better system.”

- **Develop a respectful relationship** with your producer partners. Give them genuine involvement in decision making, ensure that local food security isn't threatened by your activities, and ensure that the needs of indigenous people and the environment are not sacrificed to short-term commercial profit.
- **Ask difficult questions:** Does your product range contribute to sustainable diets? How might it need to change in order to contribute positively to long-term food security – not just in customer markets, but in producer regions too?



Do the right thing, share your experiences, engage with customers

Speak out

- **Do the right thing:** There are some decisions that you take in business because they're morally right, not because they necessarily benefit your bottom line. Be bold in telling everyone – inside and outside your organisation – about your decision. As one food executive said:

“When we talk about the business case, I don't think it has to be that it will make you this much money. The business case is also about making you a good corporate citizen because those are the things that shore up your business in the long-term.”

- **Share your experience:** Communicate your business cases for food security across your industry to help others recognise the importance of food security. Powerful, persuasive tools include food security case studies, stories and strategies.
- **Highlight the problems facing your business and your industry:** Bring a key issue to people's attention – tell them it's urgent and important and why. As one business leader told us:

“When it is important and urgent, there is a business case to act.”

- **Engage your customers:** Tell your customers why you're taking steps towards a sustainable food system. The more people that support your actions, the stronger your business case will become. As one food expert we spoke to told us:

“The key is to highlight that changes to promote food security are good for business. Advertisement and product placement can serve to frame the importance of these issues and make a product stand out, for example through Fairtrade certification.”

Across the industry

- **Get involved:** Join collaborative initiatives that are working to protect our resources – particularly those that cut across borders (and issues) such as water, fish and forests. As one of the food company representatives we spoke to said:

“If you are tapping into a resource such as water, you clearly aren't going to own that; therefore you are going to have to work with others on managing that.”

- **Make things better:** Don't just join – improve! Ask how collaborative initiatives can be made better. Can environmental protection be tightened up? How can your scheme be made more accessible to smaller businesses? Where there's a will there's a way. This includes going beyond sustainable sourcing of individual major ingredients alone:

“I think leading companies have taken it [the development of an equitable business case] some way with fish and with palm oil and soy and things like that so far. But with the next phase, to achieve true food security, it needs more sophisticated working.”

- **Amplify your voice:** Governments sit up and take notice when the many speak as one. Where there's no clear business case for sustainable food policies, lobby with other businesses for an operating environment that rewards progressive action to address long-term food security. As different food company leaders said:

“Where there is not a strong business case, legislate us, so that we are forced to perform, because voluntary standards can only get us so far.”

**MAKE THINGS BETTER,
DON'T JUST JOIN -
IMPROVE!**

- **Lobby for collaboration to be rewarded:** Businesses are nervous about participating in pre-competitive food security collaborations, but many agree it needs to happen. As an industry, lobby government to incentivise food companies to actively take part in this kind of collaboration – particularly on ‘commons’ issues (e.g. fisheries).
- **Work with civil society:** As a business you are in a powerful position to support civil society’s call for the UK government to legislate to create a level playing field that would allow sustainable food security initiatives to thrive. As one interviewee said:

“We also need to influence the climate of opinion, market incentives, technology agenda, skills base, educational curricula etc in pursuit of a more future-proof system.”

To conclude...

Companies that focus on making money from short-term actions or on making their contribution to food insecurity ‘a little less bad’ just won’t cut it in the long term. Sustainable food security equates to sustainable business security. That – in a nutshell – is our business case.



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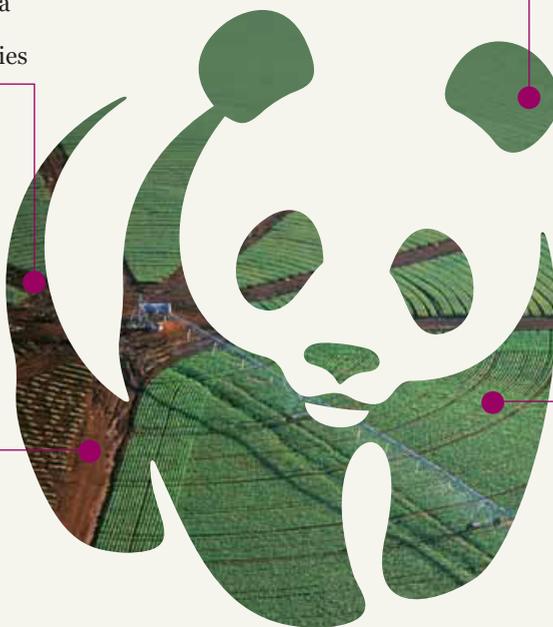
FOOD SECURITY IN NUMBERS

2,360 KCAL

Average per capita food consumption is forecast to be 2,360 kcal in Sub-Saharan Africa versus 3,440 kcal in industrialised countries

85%

85% of global fisheries may be currently exploited at or over their maximum capacity



70%

70% of extracted water and a high proportion of the world's land area are being used for agriculture

4.8 BILLION

It's projected that the global middle class will reach 4.8 billion by 2050



Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

wwf.org.uk

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