



WORKING  
TOGETHER FOR  
SUSTAINABLE  
FOOD



Food Ethics Council

REPORT

UK

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# FROM INDIVIDUAL TO COLLECTIVE ACTION

EXPLORING BUSINESS CASES FOR ADDRESSING SUSTAINABLE FOOD SECURITY

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This report's contents are the responsibility of the authors. The inclusion of a list of participants does not imply their, or their organisations', endorsement of the views and recommendations contained herein. Job titles and organisations listed are as at the time of participants' involvement in this project (some participants have changed roles or organisations since that time).

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# FOREWORD

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It has become increasingly apparent in recent years that our current global food system has resulted in widespread environmental impacts. It is the leading enabler of deforestation, it uses 70% of available fresh water\* and it contributes around 30% of global greenhouse gas emissions.\*\* The single biggest cause of land use change is driven by food through agricultural expansion. According to WWF and the ZSL's Living Planet Index in 2014 there have been significant declines in global biodiversity. Between 1970 and 2010 terrestrial species declined by 39%, freshwater species by 76% and marine species by 39%\*\*\*.

This report by the Food Ethics Council explores the business case for sustainable food security. Through research, interviews and discussions with food companies and other business stakeholders it not only identifies where we are now, it also identifies the solutions, which in turn will enable long-term business security and benefit biodiversity.

For too long the mantra from government, many businesses and farmers has been that we need to increase food production to ensure global food security, implying that increasing food production alone will solve the problem. This increase is estimated to be anything between 60% and 100%. This might not be possible, needed or desirable.

Traditionally food companies have understood food security through the narrow lens of security of supply. This is short term and does not take into account all the other elements, and in the long term it might be detrimental to their business model.

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 security in the medium and long term. The social and environmental impacts of the current model are clear. Attempting to increase food production to secure your own supply by using more water, more land and more energy is unsustainable socially and environmentally. An alternative model will move to a more equitable system, using less and a greater variety of resources, whilst working within healthy, resilient ecosystems.

In the coming years the food we eat will change. What we are able to feed our children and grandchildren will depend on what we do about climate change, hunger and equality now. We know what needs to be done. The narrative must be inclusive and move away from simply producing more or gaining security of supply. Businesses need to work together, to be collaborative. Government must step up and use its position to enable the change. We need to look at what we grow, and how we grow it. We need to promote sustainable diets, less wastage and a more equitable system.

Businesses, government and civil society 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 food system that is so desperately needed.

Duncan Williamson  
WWF-UK

\* Baroni, L.; Cenci, L.; Tettamanti, M.; Berati, M. (2007). "Evaluating the environmental impact of various dietary patterns combined with different food production systems". *European Journal of Clinical Nutrition* 61 (2): 279–286

\*\* Vermeulen, S. J., Campbell, B. M. & Ingram, J. S. I. *Annu. Rev. Environ. Resour.* 37, 195–222 (2012).

\*\*\* WWF/ZSL (2014) *Living Planet Report 2014: Species, spaces, people and places*. [wwf.panda.org/about\\_our\\_earth/all\\_publications/living\\_planet\\_report](http://wwf.panda.org/about_our_earth/all_publications/living_planet_report)

# EXECUTIVE SUMMARY

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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 a sector that's keen for appropriate Government interventions (including new regulations); businesses recognise such interventions 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.

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 security<sup>1</sup>.

The Food and Agriculture Organization (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*’<sup>2</sup>.

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.

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’<sup>3</sup>.

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.

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.

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<sup>1</sup> 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.

<sup>2</sup> FAO. 1996. Rome Declaration on Food Security and World Food Summit Plan of Action. Food and Agriculture Organization of the United Nations, online: [www.fao.org/docrep/003/w3613e/w3613e00.HTM](http://www.fao.org/docrep/003/w3613e/w3613e00.HTM) (accessed 03.10.14)

<sup>3</sup> 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 operations
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.

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 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.
- (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. 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.

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 security<sup>4</sup> 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?

### **Explore actions for the benefit of wider society**

What ought your business, and food companies more widely, to do to address those issues and deliver long-term societal benefits – 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?

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<sup>4</sup> Food security here should be interpreted broadly, including the respective five pillars.

## **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.

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. **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).

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<sup>5</sup> Forum for the Future (2014) *Scaling up success*. Forum for the Future. [www.forumforthefuture.org/project/scaling-success/overview](http://www.forumforthefuture.org/project/scaling-success/overview) (accessed 03.10.14)

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 bar).
7. **Improving governance of resources to improve 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. This will enable them 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**

### **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?

### 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 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.”*

- **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.

# CHAPTER 1: INTRODUCTION

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## **1.1 Drivers and objectives**

Discussions relating to food security commonly follow a narrative that focuses narrowly on social and/or economic dimensions. Often these are concentrated on increasing productivity without addressing other key aspects of food security.

Food companies have a high stake in food security. Their actions have significant impacts on the economy, society and the planet. They also often exert a powerful influence on other actors in the food system and beyond.

Many food companies are, on the face of it at least, beginning to embrace sustainability issues – but how much should they worry about sustainable food security? What contributions – positive and negative – are food businesses making to addressing long-term food security? What is the business case for acting on, and promoting, long-term food security? And what more could be done to strengthen the case to act? These are just some of the questions explored in this report.

The aim of this research was twofold. Firstly, to engage in dialogue with key food businesses to understand where they currently sit in the food security dialogue – how they define it and how central it is to their current and future business models. Secondly, to understand the barriers to food companies addressing long-term food security – and ways to strengthen the case for action.

More specifically, the objectives were to:

- Assess what food companies are currently doing to contribute to sustainable food security;
- Explore the business case(s) currently used by food companies for sustainable food security;
- Identify underlying barriers to adoption of greater action to address sustainable food security issues;
- Explore ways of strengthening the existing case for addressing sustainable food security, including developing credible future business and policy interventions; and
- Enable WWF-UK to have a better understanding of the barriers and opportunities to working with UK business in relation to UK and global food security.

## **1.2 Food security definitions**

Firstly, it is important to draw the distinction between global food security, national food security (which often has connotations of self-sufficiency) and household food insecurity (which is closely linked to notions of food poverty). Unless explicitly stated otherwise, references in this report to ‘food security’ refer to global food security.



Food security is most commonly defined as the situation in which ‘all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life’<sup>6</sup>. The World Resources Institute endorses the four pillars – of accessibility (physical and economic access), availability, utilisation (determinants include food safety and diet quality) and stability (of supply and access). It adds a fifth pillar: environmental sustainability, ‘where food and production systems do not deplete natural resources or the ability of the agricultural system to provide food for future generations’.<sup>7</sup>

Figure 1: Pillars of food security



Source: Based on Hanson, C. 2013. World Resources Institute<sup>8</sup>

It is important to distinguish between addressing short-term food insecurity (which may be about providing emergency relief) and long-term food security (which could involve looking ahead over several years or decades).

Some people and groups argue that food security definitions focus too much on “*the demands of markets and corporations that they believe have come to dominate the global food system.*”<sup>9</sup> This is why they may advocate instead for the notion of food sovereignty – which is “*about the right of peoples to define their own food systems*”<sup>9</sup> – and that the people who produce, distribute and consume food should be more explicitly put at the centre of decisions on food systems and policies. While this is acknowledged in this report, the framing of food security rather than food sovereignty is what is explored in this work.

<sup>6</sup> 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](http://www.fao.org/docrep/003/w3613e/w3613e00.HTM) (accessed 03.10.14)

<sup>7</sup> Richardson, RB. 2010. Ecosystem Services and Food Security: Economic Perspectives on Environmental Sustainability. Food Security and Environmental Sustainability. *Sustainability* 2: 3520-3548.

<sup>8</sup> Hanson, C. 2013. Food Security, Inclusive Growth, Sustainability, and the post 2015 Development Agenda. Background Paper submission to the Bali High-Level Panel Meeting. Independent Research Forum. [www.irf2015.org/sites/default/files/publications/Post/202015/20Food/20Security/20Background/20Paper.pdf](http://www.irf2015.org/sites/default/files/publications/Post/202015/20Food/20Security/20Background/20Paper.pdf) (accessed 03.10.14)

<sup>9</sup> Global Justice Now. 2012. - formerly World Development Movement - *Food Sovereignty Tricky Questions Briefing September 2012* [www.globaljustice.org.uk/sites/default/files/files/resources/food\\_sov\\_tricky\\_questions.pdf](http://www.globaljustice.org.uk/sites/default/files/files/resources/food_sov_tricky_questions.pdf) (accessed 14.08.15)

## 1.3 Context

### 1.3.1 Symptoms of food insecurity

Food security has been discussed frequently in recent decades and soared up the political agenda following global food price spikes in 2008.

Many millions of people in the world do not have access to sufficient, safe and nutritious food to meet their dietary needs and food preferences. However, there are lots of signs that the current global food system is a long way away from providing food security for all. Around the world 795 million people lack sufficient food<sup>10</sup>. Famines still regularly afflict Sub-Saharan Africa<sup>11</sup>; diet-related illnesses such as type 2 diabetes are on the rise globally<sup>12</sup>; and food prices are unstable and on an upward trend. There has been a rise in people suffering from malnutrition in the UK, with the Faculty of Public Health saying “*conditions like rickets were becoming more apparent because people could not afford quality food in their diet*”<sup>13</sup>. There has been a sustained decline in fish stocks<sup>14</sup>. Crucial ecosystem services such as soil have been degraded and many insect pollinators (e.g. bees) have been lost<sup>15</sup>. These – and other – signs demonstrate that not all people at all times have access to healthy food, and that the supply of food for future generations is by no means certain.

### 1.3.2 Causes of food insecurity

Major inequalities exist in the types and quantities of food available to populations across regions and economic groups. There is also massive food waste<sup>16</sup> (30-50% of all food produced) in the current food system. These suggest that accessibility is one of the key pillars that must be addressed in order to create a more food-secure world. Indeed, in a context where average per capita food consumption is forecast to be 2,360 kcal in Sub-Saharan Africa is versus 3,440 kcal in industrialised countries<sup>17</sup>, at one level the problem appears to be primarily one of redistribution. What people eat is also clearly important, for example whether people are eating healthy, balanced diets or not.

Many argue that enough food is already being produced to feed the world. Others argue that production will need to be significantly increased in the future to meet long-term food security needs. Productivity growth is unlikely (on its own) to keep up with future increases in demand (including growing demand for animal products among the newly emerging middle classes in countries like India and China). The use of critical inputs such as water and land is already reaching its limits with 70% of extracted water<sup>18</sup> and a high proportion of the world’s land area being used for agriculture. Only marginal opportunities exist for further potential increases in the land area used for crops. Looking beyond the land, recent estimates suggest that 85% of global fisheries may be currently exploited at or over their maximum capacity<sup>19</sup> – a clear sign that current

<sup>10</sup> WFP (2015) Hunger Statistics. World Food Programme of the United Nations. [www.wfp.org/hunger/stats](http://www.wfp.org/hunger/stats) (accessed 13.08.15).

<sup>11</sup> FAO (2014) Sahel Crisis. Food and Agriculture Organisation of the United Nations, [www.fao.org/emergencies/crisis/sahel/en/](http://www.fao.org/emergencies/crisis/sahel/en/) (accessed 03.10.14).

<sup>12</sup> WHO (2014) Diabetes fact sheet no. 312, November 2014 [www.who.int/mediacentre/factsheets/fs312/en/](http://www.who.int/mediacentre/factsheets/fs312/en/) (accessed 09.12.14)

<sup>13</sup> BBC (2014) Food poverty: Experts issue malnutrition health warning [www.bbc.co.uk/news/health-28883892](http://www.bbc.co.uk/news/health-28883892) (accessed 03.06.15)

<sup>14</sup> Christensen V, Coll M, Piroddi C, Steenbeek J, Buszowski J, Pauly D (2014) A century of fish biomass decline in the ocean. *Marine Ecology Progress Series* Vol. 512: 155–166, 2014, online: [www.int-res.com/articles/theme/m512p155.pdf](http://www.int-res.com/articles/theme/m512p155.pdf) (accessed 09.12.14)

<sup>15</sup> Pensoft Publishers (2012). “Bees, fruits and money: Decline of pollinators will have severe impact on nature and humankind.” *ScienceDaily*. ScienceDaily, 4 September 2012, online: [www.sciencedaily.com/releases/2012/09/120904101128.htm](http://www.sciencedaily.com/releases/2012/09/120904101128.htm) (accessed 09.12.14)

<sup>16</sup> IME (2013) Global Food: Waste Not, Want Not. Institution of Mechanical Engineers. [www.imeche.org/docs/default-source/reports/Global\\_Food\\_Report.pdf](http://www.imeche.org/docs/default-source/reports/Global_Food_Report.pdf) (accessed 03.10.14).

<sup>17</sup> Alexandratos, N. & Bruinsma, J. (2012) World agriculture towards 2030/2050: the 2012 revision. ESA Working paper No. 12-03. Rome, FAO. [www.fao.org/docrep/005/ac911e/ac911e05.htm](http://www.fao.org/docrep/005/ac911e/ac911e05.htm) (accessed 13.08.15)

<sup>18</sup> WWDR4 (2012) United Nations World Water Development 4. Managing Water under uncertainty and risk [unesdoc.unesco.org/images/0021/002156/215644e.pdf](http://unesdoc.unesco.org/images/0021/002156/215644e.pdf) (accessed 12.05.2015)

<sup>19</sup> FAO (2010) State of World Fisheries and Aquaculture. Food and Agriculture Organisation of the United Nations, Rome, Italy. [www.fao.org/docrep/013/i1820e/i1820e.pdf](http://www.fao.org/docrep/013/i1820e/i1820e.pdf) (accessed 05.10.2014)

practices are untenable. Climate change is likely to further complicate these issues by making resources less predictable with higher incidences of floods and droughts. Shifting climates are likely to alter the way land can most efficiently be used, forcing changes in cropping patterns. Furthermore, notwithstanding current low oil prices (at the time of writing), likely rising fossil fuel prices in the future and commitments to reduce greenhouse gas emissions mean that the price of petroleum-based inputs are likely to rise and competition for land with energy crops to increase.

The pressures likely to affect food availability in the future are not limited by supply-side challenges. Pressures will be increased by changes in the amount and types of food demanded by a growing and evolving global population. The projected population increase from 7.2 to over 9.5 billion people globally by 2050<sup>20</sup> will have a significant impact on the amount of food needed to feed all. Projections suggest that the middle classes are expected to reach 4.8 billion by 2050<sup>21</sup>. If these trends bring an associated appetite for resource-intensive meat, the environmental strain of satisfying this will be even more pronounced.

Markets that the UK has traditionally sourced from are now beginning to serve other major economies (e.g. India and China). It is feasible to imagine a scenario in the not too distant future where a major country such as China decides it wants to purchase (for example) all of Brazil's soya one year, leaving UK companies with sudden and severe food sourcing difficulties.

An increasing concentration of populations in urban centres and the likelihood that a significant proportion of growth will take place in low-income, traditionally food-insecure regions such as sub-Saharan Africa<sup>22</sup>, will add to the current challenges facing food accessibility. The key challenge to accessibility remains to ensure that the world's food-insecure acquire and maintain an entitlement to food. Given that so many of those who are food insecure are working in the food sector – whether it be female smallholder farmers in developing countries or zero-hours workers in the UK hospitality industry<sup>23</sup> – there is an imperative to consider how food chains contribute to or detract from that entitlement.

### 1.3.3 Possible antidotes – signs of hope?

Faced with this pincer movement of increasing global demand and rising pressures on supply and distribution, key actors in the food system need to react. Awareness amongst leading businesses is growing about the critical risks and opportunities that food companies are facing as a result of these issues. Research is being conducted to understand causes and possible solutions. Groups such as the Sustainability Consortium<sup>24</sup> and WRAP's Product Sustainability Forum<sup>25</sup> are measuring different environmental and social impacts across products' life cycles in order to identify opportunities to improve them. Aquaculture is considered a hopeful part of the answer, if developed responsibly<sup>26</sup>. Reducing food waste has climbed up the list of priorities

<sup>20</sup> FAO (2013) World population projected to reach 9.6 billion by 2050 – UN report. UN News Centre, 13.06.2013. [www.un.org/apps/news/story.asp?NewsID=45165#.VCnWTWd0zIU](http://www.un.org/apps/news/story.asp?NewsID=45165#.VCnWTWd0zIU) (accessed 03.10.14)

<sup>21</sup> Powell, A (2013) Earth feels impact of middle class. Harvard Gazette, 22.04.13. [news.harvard.edu/gazette/story/2013/04/earth-feels-impact-of-middle-class/](http://news.harvard.edu/gazette/story/2013/04/earth-feels-impact-of-middle-class/) (accessed 03.10.14)

<sup>22</sup> UNPD (2006) World population projections, the 2006 revision. United Nations Population Division. New York, NY.

<sup>23</sup> House of Commons Library (25 February 2015) Pyper and Dar, Zero-hours contracts researchbriefings.files.parliament.uk/documents/SN06553/SN06553.pdf (accessed 28.05.15)

<sup>24</sup> Arizona State University and University of Arkansas (2009-2013) What we do. The Sustainability Consortium. [www.sustainabilityconsortium.org/what-we-do/](http://www.sustainabilityconsortium.org/what-we-do/) (accessed 03.10.14)

<sup>25</sup> [www.wrap.org.uk/content/product-sustainability-forum](http://www.wrap.org.uk/content/product-sustainability-forum)

<sup>26</sup> Greenpeace (2014) Sustainable Aquaculture. Greenpeace International. [www.greenpeace.org/international/en/campaigns/oceans/sustainable-aquaculture](http://www.greenpeace.org/international/en/campaigns/oceans/sustainable-aquaculture) (accessed 03.10.14)

for many food businesses, especially in the context of economic austerity and rising landfill taxes. Discussions around sustainable diets – and the ethics of meat-centric diets in particular – are now more widespread, and are starting to influence people to reconsider their relationship with the food they eat.

### **1.3.4 Building a business case for sustainability**

A business case refers to the rationale of a business to engage with a certain activity and is defined by the Oxford Dictionary as ‘a justification for a proposed project or undertaking on the basis of its expected commercial benefit’<sup>27</sup>. Traditionally, this commercial benefit has uncompromisingly been profit, or the shareholder value to which most businesses are legally bound. There is a growing recognition of the risks of socially and environmentally irresponsible behaviours and the opportunities for sustainable businesses – and an associated rise in prominence of concepts such as ‘corporate social responsibility’, the ‘triple bottom line’ and ‘shared value’. As a result, other values not directly linked to profit have started to feature in corporate discourse. All of these concepts are intended to expand the corporate horizon to include social and environmental issues when considering current and future activities. While ultimately these considerations could be related back to profits – because of associated reputational losses, decreases in brand value and increased supply chain risks – the growing adoption of these frameworks has started to give social and environmental issues a value in their own right. For many, sustainability is taking a firm place on the corporate agenda.

There are a number of examples highlighting that these issues are being taken seriously by some businesses. Taking social issues as one important aspect, direct-trade business models are being pioneered by companies such as Cafédirect, Twin Trading and Divine Chocolate – all focused on replacing exploitative trade relationships with ones that recognise and build producer communities. Social entrepreneurship has arisen as a subculture of business where start-ups or existing companies focus on providing a positive return to society while sustaining themselves with business revenues. Established corporations are increasingly confronted with the need to identify and eliminate unfair labour practices from their supply chains.

Given such a diversity of actions and motivations, this project intends to explore which rationales are currently influencing food companies to engage with food security; which corporate actions are the outcomes of these; and what else is needed to strengthen the case for greater action.

### **1.4 Method**

The Food Ethics Council was commissioned by WWF-UK to undertake independent research to explore the business cases for addressing sustainable food security. This project has relied on a mix of desk-based research, interviews with key stakeholders, a senior-level roundtable and an ‘exploring solutions’ workshop. Desk research consisted of a targeted web search for relevant literature (predominantly grey literature). Names are given to the actions or views of specific companies only where that information is publicly available. Nineteen experts were interviewed, primarily senior executives in major food and drink companies who are responsible for sustainability issues (and in some cases core long-term strategy). Semi-structured interview techniques were used – asking a standardised set of questions, but with the licence to interrogate particular responses further as appropriate.

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<sup>27</sup> Oxford Dictionaries (2014) “Business Case”. Oxford University Press. [www.oxforddictionaries.com/definition/english/business-case](http://www.oxforddictionaries.com/definition/english/business-case) (accessed 03.10.14)

A roundtable event, with 11 participants, and a follow-up workshop with 12 participants, were held for food system company representatives to contribute their perspectives on some of the key questions this research sought to address. Informal interviews were also conducted to inform the selection and content of in-depth case studies. A list of people who contributed to this research is available in the acknowledgements section. In order to allow people to express themselves freely, quotes from participants have not been attributed in this report. Information and views from the interviews, roundtable, workshop and desk research were analysed and incorporated into this report.

In terms of geographical scope, the research explores issues relating to global food security, but from a UK perspective. Hence, for example most of the people interviewed are senior representatives from major food and drink businesses headquartered in the UK (although many of them are part of multinational businesses).

### **1.5 Report structure**

The report consists of four chapters, following on from this introduction (i.e. Chapter one). Chapter two looks at language and use of terminology by major food businesses in relation to food security. Chapter three sets out what food companies say they are doing in relation to food security and what senior executives working in, or with, food companies think the business cases are for addressing and promoting food security. Chapter four explores ways of strengthening the business case in the future and shares selected in-depth case studies which highlight different aspects of the food security business case challenge. Finally, Chapter five highlights discussion points (including unanswered questions) and sets out key conclusions and recommendations for food companies.

# CHAPTER 2: FOOD SECURITY – INTERPRETATIONS, TERMINOLOGY AND USE

## 2.1 Interpreting food security

### 2.1.1 What does food security mean to businesses?

There is no such thing as an agreed corporate definition of food security. Food security means different things to different people in different businesses. However, there are some common features to how it is described by senior food business figures – and many of these relate to the FAO’s definition. Our interviewees told us that, for them, food security includes several aspects (see Table 1).

Table 1: Business interpretations of food security

Food security includes:	Key points from interviewees and roundtable participants	Food security that the interpretations most relate to
(i) Ensuring enough food gets onto shelves	<p>From a corporate position, we need to talk about food resilience, which is keeping our shelves stocked. Our role is to maintain supply of food and that means we have to work out contingencies</p> <p>Promoting stability of the existing supply chain</p>	<p>Availability Stability Utilisation</p>
(ii) Maintaining the customer offer/service – i.e. going beyond pure product availability	<p>The ability to consistently provide customers with high quality, affordable food in the long term</p> <p>Ability to continue to offer customers the same service, in terms of products, prices and quality</p>	<p>Access Stability Utilisation</p>
(iii) Sourcing sustainably and fairly	<p>Focuses on maintaining ‘sustainable supply chains’, which has got two aspects: (1) supporting farmers and communities through fair wages and (2) preserving the environment’s capacity to produce</p>	<p>Access Sustainability</p>
(iv) Planning for the future <sup>(01)</sup>	<p>Future-proofing the business, engaging with the food system to manage shocks and to be able to anticipate and minimise risks</p> <p>Ability to feed a growing population while minimising the impacts on the planet, so that the ability of future generations to provide for themselves is not compromised</p> <p>Sustainable from the perspective of contributing to availability tomorrow</p>	<p>Sustainability Stability (Future) access (Future) availability</p>

(01) Nearly all interviewees mentioned some element of the ‘future’, although some more explicitly than others.

‘Availability’ was by far the most commonly cited feature of food security mentioned by respondents. A few of those interviewed did provide fuller definitions of food security (that go beyond issues of availability alone). For example, one participant said:

*“Simplistically understood as producing enough food to feed the global population, but issues of food distribution and affordability, which impact on regional availability and access to food, are equally important.... Another critically important dimension is the nutritional content of food on offer, so access to a diet that is sufficiently diverse to support adequate nutrition is key.”*

### **2.1.2 Business interpretations of sustainable food security**

In some cases, personal views from those working in food companies may differ (legitimately) from their employers’ stated public position on certain issues. It is important therefore to examine not just the perspectives that senior people working in the food system shared through interviews, the roundtable and workshop, but also to look at what companies publicly report.

The most explicit use of the term refers to the need to secure future supplies for the company. Examples include:

- Asda – A study commissioned by Asda found that 95% of its fresh produce is at risk from climate change: *“only 5% of our fresh produce will not be affected by changes in the climate.”*<sup>28</sup>
- IGD – IGD has produced a guide for securing future food supplies to *“help companies identify risks, anticipate and prepare for possible disruptions to their supply routes and maintain deliveries to consumers.”*<sup>29</sup>
- Tesco – *“Given the growing concerns about food security, it is vital that we work closely with our suppliers to build long-term relationships so that we can provide affordable products that our customers trust”*<sup>30</sup>
- Nestlé – *“It is vital that we maintain a secure long-term supply of ingredients”*<sup>31</sup> (responsible sourcing cocoa, coffee, palm oil).

Sometimes this is couched (as with Tesco above) in terms of a responsibility to provide food security for customers. For example, Co-operative Food speaks of *“A responsibility to support customers in having access to affordable, safe and nutritious food.”*

Otherwise, food security is seen as a component of, or a reason for, a company to contribute to sustainable development more generally, best articulated by international initiatives. For example, the B-20 Food Security Task Force – consisting of 20 organisations from the private sector and civil society – was set up because *“the task force believes that productivity growth must deliver food and nutrition in an environmentally sustainable manner, while assuring economic growth and improved*

<sup>28</sup> Asda (2014) The Challenge of a changing climate. Climate Resilience Campaign, Asda Stores Limited. [your.asda.com/system/dragonfly/production/2014/06/17/15\\_38\\_19\\_612\\_4234\\_Climate\\_Resilience\\_Campaign\\_a5\\_Brochure\\_v10.pdf](http://your.asda.com/system/dragonfly/production/2014/06/17/15_38_19_612_4234_Climate_Resilience_Campaign_a5_Brochure_v10.pdf) (accessed 03.10.14)

<sup>29</sup> IGD (2014) Securing Future Food Supplies. The Institute of Grocery Distribution. [www.igd.com/our-expertise/Nutrition-food-and-farming/Food-security-technology/15588/Securing-future-food-supplies](http://www.igd.com/our-expertise/Nutrition-food-and-farming/Food-security-technology/15588/Securing-future-food-supplies) (accessed 05.10.14)

<sup>30</sup> Tesco (2014) Tesco and Society: The Essentials. Tesco PLC. [www.tescopl.com/index.asp?pageid=600](http://www.tescopl.com/index.asp?pageid=600) (accessed 03.10.14)

<sup>31</sup> Nestlé (2014) Rural Development Framework. Nestlé. [www.nestle.com/csv/rural-development-responsible-sourcing/rural-development-framework](http://www.nestle.com/csv/rural-development-responsible-sourcing/rural-development-framework) (accessed 03.10.14)

*livelihoods and income from farmers. The private sector can contribute considerably to this goal.*<sup>32</sup> Similarly the UN Global Compact has some key principles relating to food security and sustainability:

**Principle 1:** Aim for Food Security, Health and Nutrition: Businesses should support food and agricultural systems that optimise production and minimise wastage, to provide nutrition and promote health for every person on the planet.

**Principle 2:** Be Environmentally Responsible: Businesses should support sustainable intensification of the food system to meet global needs by managing agriculture, livestock, fisheries and forestry responsibly. They should protect and enhance the environment and use natural resources efficiently and optimally.<sup>33</sup>

Rather than just “*behaving responsibly*” as a means of contributing to sustainable food security, some companies claim that their end product itself contributes. Examples include:

- Cargill – “*our ability to feed the world depends on successful farmers at every level of production ... we work directly with millions of farmers to help them raise food more sustainably*”<sup>34</sup>
- McCain Foods – “*Affordable nutrition is a universal pursuit... McCain’s agronomy experts have trained and supported local farmers... in modern and responsible cultivating.*”<sup>35</sup> “*We feed millions of people every day in a world where malnourishment, hunger and obesity are prevalent issues. Delivering quality food that is safe, nutritious and affordable is our foremost priority*”<sup>36</sup>
- Quorn – with reference to how much less land and water is required compared to equivalent protein from meat.

## 2.2 Food security: use of terminology

The term ‘sustainable food security’ is not one that most of our experts used, or said was used, within their respective organisations. The term ‘food security’ was also not used explicitly in many of the organisations we spoke to or researched. There were a few notable exceptions, for example:

*“The terminology ‘secure and sustainable future’ is used within .... the organisation, but both concepts are understood to be interrelated as you cannot have security without sustainability or vice versa.”*

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<sup>32</sup> B20 (2012) B20 Task Force Recommendations on Food Security. Business 20 Task Force on Food Security. Food and Agriculture Organisation of the United Nations. [www.fao.org/fsnforum/post2015/sites/post2015/files/resources/Food%20Security%20B20%20Recommendations\\_final%20doc\\_0.pdf](http://www.fao.org/fsnforum/post2015/sites/post2015/files/resources/Food%20Security%20B20%20Recommendations_final%20doc_0.pdf) (accessed 03.10.14)

<sup>33</sup> Global Compact (2014) Food and Agriculture Business Principles. United Nations Global Compact. [www.unglobalcompact.org/Issues/Environment/food\\_agriculture\\_business\\_principles.html](http://www.unglobalcompact.org/Issues/Environment/food_agriculture_business_principles.html) (accessed 03.10.14)

<sup>34</sup> Cargill (2014) Cargill’s Role in Addressing Food Security. Cargill Incorporated. [www.cargill.com/wcm/groups/public/@ccom/documents/document/na3059574.pdf](http://www.cargill.com/wcm/groups/public/@ccom/documents/document/na3059574.pdf) (accessed 03.10.14)

<sup>35</sup> McCain (2011) Corporate Responsibility. McCain Foods Limited. [www.mccain.com/GOODBUSINESS/CORPORATE%20RESPONSIBILITY/Pages/default.aspx](http://www.mccain.com/GOODBUSINESS/CORPORATE%20RESPONSIBILITY/Pages/default.aspx) (accessed 03.10.14)

<sup>36</sup> McCain (2011) Corporate Responsibility: Managing our impacts on society. McCain Foods Limited. [www.mccain.com/GoodBusiness/Corporate%20Responsibility/Pages/managingourimpacts.aspx](http://www.mccain.com/GoodBusiness/Corporate%20Responsibility/Pages/managingourimpacts.aspx) (accessed 05.10.14)



The interplay between sustainability and food security is recognised by most of the senior executives working in the food industry that we spoke to. There are three main categories of responses when asked as to the value of the term ‘sustainable food security’:

1. A sizeable minority felt that the ‘sustainable’ emphasis was helpful because it made the longer-term nature of food security more explicit and put a more direct emphasis on broader sustainability implications, particularly environmental sustainability. As interviewees told us:

*“I think there [are] two elements to this, food security is ensuring a group of people, a nation or state ... protect and secure their own food security. Sustainable food security has a different connotation in as much as, you are both securing that food but doing it so it is a longer term solution which is a more mutually beneficial process.”*

*“It means achieving food security in the present in a way that doesn’t compromise future availability of nutritious food. The concept has got an element of planning a supply for the future, so in that sense food security cannot exist without sustainability, although this relates to the notion that – for many food companies – ‘food security’ seems to be heavily intertwined with ‘sustainability’ ”.*

2. Many of the business executives we spoke to argued that true food security cannot be unsustainable (i.e. that the long-term nature of food security was implicit in the term). Hence the majority questioned whether the term ‘sustainable food security’ is necessary at all. As one interviewee stated:

*“I think when most people are talking about food security, they’re talking about medium and long term.”*

3. There were a few business representatives who said that ‘food security’ language was not used at all within the business, so ‘sustainable food security’ wasn’t regarded as a relevant term. As one workshop participant said:

*“Food security is like world peace. We all want it, but it doesn’t affect our everyday work.”*

Based on our research, most often the language of food security is not specifically used. In these cases the issues that underpin it form part of the discussion and policy on sustainability, through focusing on for example “sustainable sourcing”, “safer or sustainable agriculture” or “sustainable supply chains and food systems” – even if these do not capture the multiple dimensions of food security.

### **2.3 Do definitions and terminology matter?**

The terminology of food security – as per the FAO definition – appears to be relatively well (if narrowly) understood amongst senior food business representatives. However while a few use the term extensively, most companies prefer to address underlying issues relating to food security using a different frame, typically looking at them through a sustainability lens.

There are a range of challenges to sustainable food security likely to be critical to food companies’ long-term success. These include (but are not limited to) population growth, climate change, water availability, soil fertility, the state of global fisheries, fossil fuel dependence, biodiversity loss, food waste, seed ownership, global commodities trade, farmer livelihoods, female empowerment and smallholder access to markets. As one respondent told us, “different companies [will] pick the issues that

*they will address*". It is generally regarded as good practice for food companies to focus efforts on what they (or their stakeholders) regard as material issues (e.g. a company selling fish products should be particularly interested in its contribution to the state of global fisheries).

This highlights the importance of framing. Does how you define and frame the issue affect what your responses are and why? If food security is narrowly defined or interpreted by food companies as making sure products are on shelves (and what's implicit here is 'in the short-term'), then it begs questions such as 'at what cost?' How food security is interpreted is crucial in legitimising how many and what sort of actions food companies are prepared to take. While food companies may choose to use their own language, it is vital that this builds on a shared understanding of what global food security means. Crucially, this must be the totality of the definition – all five pillars – not just focusing on the pillar of 'availability' and side-lining the others.

One roundtable participant highlighted the importance of discerning the parameters of the food security definition being used, specifically whose and what food is a company trying to secure. As they noted, "*not all food can be secured for everyone at the same time*". However, thinking through more deeply 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 for food companies. The point about *what* food is particularly important, as arguably on a planet of finite land (and sea), certain foods (at the healthier end of the spectrum) should be prioritised above others in the future. Section 3.1.2 explores the importance of different food categories in more detail.

# CHAPTER 3: THE BUSINESS CASE(S) AS CURRENTLY APPLIED

## 3.1 Food company perspectives

### 3.1.1 What are food businesses currently contributing to food security?

Companies operating in the food system were asked about their organisation’s contribution to addressing food insecurity and to promoting sustainable/long-term food security.

One or two felt strongly that food security was not something businesses should directly take responsibility for (*“I think food security is a government issue and a policy issue.... When it comes to food security issues, it is for government representatives to set that policy.”*) However, most business representatives acknowledged they had a key part to play. As mentioned above, even though only a few companies are as yet explicitly using language around food security per se, most of the leading food companies do have actions and policies relating to sustainable food and food security in some way. These can be categorised into a number of broad areas, shown in Table 2. It is important to note that, beyond the more progressive food companies, much of the food industry is still slow to act on sustainable food and food security issues (including in relation to climate change).

Table 2: Current food business contributions to addressing food security

Area of activity	Examples of specific activities and views given by participants <sup>(02)</sup>
Measuring impacts and building the business case	<p>Analyse and improve each aspect of the food system to make it more sustainable at every level. Define what it means to be sustainable and fit into a wider sustainable system</p> <p>Commissioned work looking into supply chains; specifically looked at water stewardship, sustainable water, sustainable soil &amp; soil metrics</p> <p>Tools for mapping supply chain exposure to risks (climate, water, social) and also encouraging traceability</p> <p>The ability to measure impacts and progress against targets is a key tool, help build the business case by showing commercial benefit</p> <p>Effective monitoring requires better information and impact measurement, management and reporting systems that encompass economic, environmental and social aspects to identify key impact areas throughout the supply chain</p>
Researching product sustainability	<p>Researching alternative inputs, for instance viable alternatives to soy for cattle feed or to palm oil</p> <p>Investing in innovation to improve sustainability outcomes, by for instance increasing yields or reducing package size</p>
Industry (and multi-stakeholder) collaborations	<p>Participating in global partnerships focused on particular issues (e.g. soya, palm oil, deforestation)</p> <p>Looking at how to use influence to improve capacity of sectors</p> <p>Business needs to take the lead in issues with the right experts, academic experts and the right NGOs</p> <p>Collective action is necessary to secure supply, and there is a global responsibility to do this</p> <p>Businesses are engaging with a broader stakeholder base; don't want to be labelled as laggards</p> <p>Global intervention and investment in conservation and ecological resilience are necessary</p>

<sup>(02)</sup> Note – many of these relate to the availability aspect of food security and food sustainability more generally, rather than necessarily food security in its broadest sense. This reflects the fact that these were the aspects that most respondents tended to focus on.

Table 2: current food business contributions to addressing food security (cont)

Area of activity	Examples of specific activities and views given by participants
Shifting to sustainable sources	<p>Relocate production activities to more environmentally suitable areas</p> <p>Avoid water and food scarcity in production areas</p> <p>Having a low water footprint and positive community impact</p> <p>Source only sustainable ingredients by 20XX</p> <p>Sustainable sourcing guidelines</p>
Eliminating known problematic inputs	<p>Avoiding ingredients with known or controversial issues – e.g. palm oil or genetic modification (GM) – and/or where purchasing behaviours may drive rainforest destruction and biodiversity loss, or exacerbate climate change</p> <p>Avoiding products the organisation doesn't think are sustainable e.g. prawns</p> <p>Probing what they are doing behind the scenes to ensure continuity of supply and, with regard to fish, dissociate from the risk of decline in headline species</p>
Producing low impact/nutritious foods	<p>Producing alternative products or ranges of products that are better in terms of environmental or nutritional impact</p>
Expanding production capacity	<p>Increasing production to meet increased demand</p>
Creating production efficiencies	<p>Minimising land use by sourcing from high-yield areas, maximise water and energy efficiencies</p> <p>Commitment to reduce water usage and to buy energy-efficient equipment</p>
Reducing/managing waste	<p>Measures to reduce food waste along the chain</p>
Developing supplier relationships – sustainability, productivity, lock in	<p>Empowering women farmers, encouraging productivity through 'enhancing livelihoods' programme (key for 'accessibility')</p> <p>Support producers to maintain a secure supply chain. Source Fairtrade, reinvest a percentage of profits into producers</p> <p>Engaging with their supply chain through sourcing and agricultural programmes; increasing farmer income and regional productivity. Understanding and supporting the wider farming system through direct interaction with producers</p> <p>Maintain direct relationship with suppliers to understand issues facing each producer, how to handle these in environmentally and socially adequate way</p> <p>Investing directly in suppliers &amp; increasing their production. Sourcing directly from and investing in smaller farmers, as a strategy to source ethically and secure supply (important for 'accessibility')</p> <p>Keeping supply chains short; secure supply by having most [of core ingredients] supplied by farmers with a stake in the business</p> <p>Invest in supply chain for specific, direct changes, through joint investments, building capacity, supporting farmers</p> <p>Engage in partnerships to enable effective investment in producer development</p>
Taking responsibility for land-use issues	<p>Gearing up to tackle large scale land acquisitions (again the 'accessibility' aspect is key here)</p>

Source: This table is produced by the authors based on findings from interviews, the roundtable and desk research.

### 3.1.2 Food categories

When asked about which food category (e.g. carbohydrates, protein, plants) is the most important in terms of its impact on food security, the majority of respondents felt that the food system is too complex to prioritise one food category over another. As one interviewee said:

*“[It’s] difficult to choose the importance of some issues over others, and there is a need to engage with the system as a whole. The most important food categories depend on the specific locale and environmental suitability of productions.”*

Specific food categories tend not to be addressed in isolation, but some companies do prioritise actions on particular foodstuffs regarded as ‘at risk’ or high profile (e.g. palm oil, cocoa, fish, dairy, soya feed). A common response to the question of how important different food categories are for food security was that they are each important in their own right. One participant highlighted the relative importance that can be given to different categories, depending on the emphasis:

*“Carbohydrates are the most important to basic food security as they provide most energy, but for better nutrition the focus should be on plants. Protein production poses the greatest risk to food security because it is resource intensive.”*

In fact, the theme of protein as an important category for food security came through from a sizeable minority of interviewees. They acknowledged that, from an emissions point of view, increasing plant and carbohydrate consumption and reducing categories with the greatest impact, i.e. meat (and perhaps dairy), is desirable. One interviewee suggested that:

*“Animal-based protein rich foods are the most important to address because of the strain they put on resources”*

While another echoed a similar sentiment, saying:

*“From a food security perspective, meat is a big challenge”*

Yet another highlighted the importance of the Global South’s consumption habits:

*“Beef is a key one, especially given the markets of the developing world. They are starting to consume more beef which has to be a real concern.”*

The need to shift away from meat-centric diets (at least in high meat-consuming countries) and find alternative protein sources was emphasised by a few of the food representatives we spoke to:

*“There is clear evidence we need much more balance in our diet, and turning over a vast expanse of land to grow plants to feed animals doesn’t make a whole lot of sense. So it is probably thinking through the role of animals in our diet, and how do we get people to eat better quality and less often and a balanced diet around vegetables and improve the overall diet.”*

Some raised fish as being a key issue (albeit fewer than those who mentioned meat). One such comment was:

*“There is a need for all of us nationally to look at fish as well. Is there such a thing as sustainable fish? There are national guidelines telling us to ideally eat two portions of fish per week yet can the seas cope with 60 million people suddenly eating two portions of fish per week? So these are big issues that I don’t think anybody is willing to dive into.”*

### 3.2 Business rationale for embracing sustainable food security

Section 3.1 looked at what food companies say they are currently doing in relation to long-term food security. This section explores the question of why food businesses say they are taking actions to address such issues. The responses represent the different elements of a business case (or cases) currently articulated by food companies that we spoke to. It is important to note however that food companies involved in this research are not necessarily representative of the broader industry. It is also important to highlight that current action by the food industry as a whole is not, in our opinion, adequate or proportional to the scale and urgency of food security issues.

There are a number of publicly reported references to enhancing shareholder value – for example the claim that Unilever’s Sustainable Living Plan “*may ... have boosted the share price. Since the plan was unveiled in November 2010, Unilever’s shares have risen by more than 40%. And this was during a period when its biggest rival, Procter & Gamble of America, lost its way and ultimately its boss.*”<sup>37</sup> The Plan includes food security-related commitments, for example that Unilever will source 100% of its agricultural raw materials sustainably by 2020<sup>38</sup>.

Similarly, the Nestlé in Society ‘Creating Shared Value’ commitments include those on a number of areas important for addressing long-term food security, for example rural development and responsible sourcing. Nestlé states: “*We believe that we can create value for our shareholders and society by doing business in ways that help protect the environment for future generations.*”<sup>39</sup> Reference to enhanced share value, though, is more a measure of business success, than an explicit explanation of why it is important in ways not connected with profit and loss.

There appear to be a number of key themes underlying the argument that embracing sustainable food security can contribute to, rather than be in conflict with, business success. These are not mutually exclusive; indeed they often overlap with each other.

#### 3.2.1 Security, stability and quality of supply

Perhaps unsurprisingly, this was the dominant business case driver given by food businesses we spoke to as to why they were contributing to sustainable food security and/or taking sustainability actions (for those that differentiated the two). Example comments given by interviewees and roundtable participants included:

*“Security of supply is the commercial push.”*

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

*“It’s about not losing competitive advantage in securing supply at an acceptable price.”*

*“The potential of a serious interruption to supply is a risk that businesses can understand. Future resource constraints are not always recognised because their temporary frame go[es] beyond time limits of business strategies.”*

<sup>37</sup> The Economist (Aug 9th 2014) In Search of the Good Business [www.economist.com/news/business/21611103-second-time-its-120-year-history-unilever-trying-redefine-what-it-means-be](http://www.economist.com/news/business/21611103-second-time-its-120-year-history-unilever-trying-redefine-what-it-means-be) (accessed 14.05.15)

<sup>38</sup> Unilever (no date) Sustainable Living Plan [www.unilever.com/sustainable-living/](http://www.unilever.com/sustainable-living/)

<sup>39</sup> Nestlé (2012) Nestlé in Society: Creating Shared Value and meeting our commitments. Nestlé. [www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-csv-full-report-2012-en.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2012-en.pdf) (accessed 03.10.14)

### 3.2.2 Resource efficiency/waste management to reduce costs

Resource efficiency is perhaps the most frequently referred-to driver for action, particularly in publicly available reports. IGD notes that *“Walmart’s energy and efficiency initiative ... saves the retailer more than \$500m a year.”*<sup>40</sup> Courtauld Commitment 2 (2009-2012)<sup>41</sup> was a voluntary set of actions by many organisations in the UK’s grocery market to reduce operational, household and supply chain waste. On supply chain waste alone, the result over the period 2009-2012 was a reduction of 600,000 tonnes of waste, a saving of 2 million tonnes of CO<sub>2</sub> equivalent and cost savings of £620 million between the companies involved. Asda (part of Walmart) provides an interesting example from its initiatives to secure fresh produce supplies. *“A water related investment could potentially shield retailers from water-induced market fluctuations and protect against ... having to source too often from more expensive options ... It will also reduce the need to over-contract, which is currently required to ensure that the quantity of produce demanded by our customers is delivered even when there is poor weather; this adds to the transaction cost of the produce.”*<sup>42</sup>

Example quotes relating to resource efficiency given by interviewees and roundtable participants were:

*“Waste and packaging management is a positive contribution [to addressing food security] that is economically feasible.”*

*“Packaging companies that can extend the life of products (reducing waste) [are]... talking to food companies about contributing to product longevity.”*

*“[We are] promoting food security through resource efficiency for corporate and policy audiences.”*

### 3.2.3 Product differentiation and quality to gain competitive advantage

This is where a food company’s socially responsible behaviour rubs off onto its products to give it a competitive advantage. Interestingly, the Centre for Retail Research observes that *“Our view is that inexperienced shoppers tend to relate retailer quality to retailer greenness.”*<sup>43</sup> So it is possible that food consumers may use a company’s ethical reputation as an indicator of quality, and possibly also value for money, relative to competitors. The Centre describes this as *“Being Green is a Commercial Opportunity”* and refers to how supermarkets *“compete on ‘Greenness’*, with some being more successful than others in communicating this to customers.

IGD comments that Kraft Food’s market share has increased since the launch of its Kenco Eco Refill coffee. There are also various schemes to attempt to secure competitive advantage via explicit responsible and ethical sourcing – for example Cafédirect.

<sup>40</sup> IGD (2013) Sustaining a winning position [www.igd.com/our-expertise/Sustainability/CSR/17746/Sustaining-a-winning-position](http://www.igd.com/our-expertise/Sustainability/CSR/17746/Sustaining-a-winning-position) (accessed 03.06.15)

<sup>41</sup> Courtauld Commitment 2 (2013), [www.wrap.org.uk/sites/files/wrap/Courtauld%20Commitment%20Final%20Results.pdf](http://www.wrap.org.uk/sites/files/wrap/Courtauld%20Commitment%20Final%20Results.pdf) (accessed 09.12.14)

<sup>42</sup> Kelly, P. (2014) What to do when we run out of water. *Nature Climate Change* 4: 314–316. [www.nature.com/nclimate/journal/v4/n5/full/nclimate2211.html](http://www.nature.com/nclimate/journal/v4/n5/full/nclimate2211.html) (accessed 03.10.14)

<sup>43</sup> Pickard, T. (2013) Sustaining a winning position. *The Institute of Grocery Distribution*, 27.11.2013. [www.igd.com/our-expertise/Sustainability/CSR/17746/Sustaining-a-winning-position/](http://www.igd.com/our-expertise/Sustainability/CSR/17746/Sustaining-a-winning-position/) (accessed 03.10.14)

A number of food company executives referred to the importance of product differentiation, product quality and competitive advantage:

*“Product redesign can lead to efficiency savings and affordability.”*

*“[We need to] improve access, affordability and nutritional content of foods.”*

*“We’re entering a new consumption era of ‘wellbeing’ – consuming better, not more.”*

*“I don’t believe we’d have the freedom to enter markets we serve if we didn’t address these issues. It’s likely to become the norm in the long term.”*

*“Majority of consumers expect businesses to be using sustainable actions, cynicism around communication is high.”*

*“[We] enable consumer confidence by sourcing responsibly; encouraging quality rather than quantity, promoting better consumer choices.”*

*“Fairtrade is a recognisable and understandable label and promise.”  
(note – accessibility of food to fair trade producers is key here)*

*“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.”*

### **3.2.4 Reputation**

#### **(i) Positive brand reputational benefits**

The findings of the interviews and roundtable discussion suggest that most food companies are not yet thinking of the brand reputational benefits of addressing food security per se, but many are well aware of the reputational impacts of taking positive action on sustainability (some aspects of which relate to long-term food security).

The notion of brand reputational benefits was first articulated by the American academic marketing guru Philip Kotler as the ‘societal marketing concept’: *“Consumers will increasingly favour organisations which show a concern with meeting their wants, long-run interest and society’s long-run interests.”* It was subsequently revised as the ‘sustainable marketing concept’: *“An organisation should meet the needs of its present customers without compromising the ability of future generations to fulfil their own needs.”* There appears to be a widespread belief among food companies that being seen to behave responsibly, including (presumably) acting in a way consistent with sustainable food security, is necessary for longer-term business success. *“Reputation and trust are extremely important to companies. A good reputation can enhance share price, increase sales and build trust in an organisation”*; and *“79% of CFOs believe environmental, social, governance programmes add value to the business by maintaining good corporation reputation.”*<sup>44</sup>

However food companies appear to be somewhat coy about explicitly claiming that the reason for them *“acting responsibly”* is that they believe it will have a positive impact

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<sup>44</sup> IGD (2012) The business case for reducing emissions. The Institute of Grocery Distribution. [www.igd.com/our-expertise/Sustainability/Greenhouse-gases/11113/The-business-case-for-reducing-emissions/](http://www.igd.com/our-expertise/Sustainability/Greenhouse-gases/11113/The-business-case-for-reducing-emissions/) (accessed 03.10.14)



on share value and longer term profitability. Perhaps Tesco comes closest<sup>45</sup>: *“Today our brand must be about more than simply function. It is about the way we work, the values we live by, the legacy we leave. We can’t solve the world’s problems but we want Tesco to always do the right thing to inspire and to earn trust and loyalty from all our stakeholders”*<sup>46</sup>; and McCain Foods’ *“Our business strategy is driving sustainable, profitable growth... Our vision is to grow McCain by making food people love while contributing to the wellbeing of our stakeholders.”*<sup>47</sup>

Generally, the belief appears to be that establishing a reputation for socially and environmentally responsible behaviour will attract customers and foster customer loyalty. As one interviewee said:

*“we would take a 360 degree view about reputation. Our perspective is that consumers will increasingly want to buy products from companies which they believe are doing good in the world and making products in the right way.”*

### **(ii) Avoiding negative reputational damage/reduced risk to reputation**

However, there is also some reference to defensive, rather than positive, reputation-directed behaviour, particularly in the aftermath of the horsemeat scandal of 2013. As IGD noted, *“the reputation of a business can be undermined by a disproportionate focus on a specific area by a pressure group or NGO.”*<sup>46</sup>

Several food company representatives referred to reputational issues, usually in the broader context of sustainability and corporate responsibility rather than specifically in a food security context. These included:

*“Consumers are becoming more inquiring about where things are coming from and require a level of transparency.”*

*“People will very quickly spot if you aren’t responsible and will respond in a very vocal way.”*

*“Businesses don’t want to be labelled as laggards, as it’s a hard image to shake off.”*

*“[There is a] reputational necessity to focus on these issues. With social media connected globally, impacts can be massive.”*

On the importance of intangible benefits, about brand reputation and integrity, one interviewee gave the example of palm oil:

*“We know we’re going to have to improve the management of systems of palm oil. And we know very well the amount of attention that poor palm oil production practices give.”*

### **(iii) Personal reputation/individual leadership**

If senior executives in food companies are passionate about their business making a genuine difference in addressing long-term food security issues, then that in and of itself can be a powerful driver. This goes beyond the corporate or brand reputation and

<sup>45</sup> Note: the statement was made before the challenging period Tesco faced in the latter half of 2014 relating to overstatement of profits and subsequent profit warnings

<sup>46</sup> Tesco (2014) Core purpose and values. Tesco PLC. [www.tescopl.com/index.asp?pageid=10](http://www.tescopl.com/index.asp?pageid=10) (accessed 03.10.14)

<sup>47</sup> McCain (2011) Vision and Strategy: Creating our future. McCain Foods Limited. [www.mccain.com/GoodBusiness/Vision%20Strategy/Pages/strategy.aspx](http://www.mccain.com/GoodBusiness/Vision%20Strategy/Pages/strategy.aspx) (accessed 03.10.14)

instead links to building the personal reputation of individual leaders. They may want to ensure they leave a personal legacy from their time in charge of the business. One interviewee suggested this 'legacy' motivation can be quite powerful, particularly for chief executives:

*“CEOs talk about this and one of their drivers is they don’t want to be explaining to their grandchildren why the food system collapsed on their watch.”*

Some respondents argued that greater values-based leadership is what is needed. Paul Polman of Unilever was cited as one example of a leader promoting such leadership – and the associated drive and passion about the subject required.

### 3.2.5 Social licence to operate

The SABMiller rationale for company profitability being consistent with a company policy towards sustainable development is based on the fact that its output is produced and consumed throughout the world. *“We understand that our profitability depends on healthy communities, growing economies and the responsible use of scarce resources.”*<sup>48</sup> One of its *“five imperatives”* is *“to measurably improve food security and resource productivity by developing targets by crop and growing regions... Beer is essentially a local product, and we have deep roots in the local communities where it is brewed and consumed.”* There appears to be a commitment to entering into water sharing partnerships with local communities: *“Water is fundamental not only to SABMiller’s value chain<sup>49</sup> but also to the health and success of the markets and communities in which we operate and sell our products.”*<sup>50</sup>

As one interviewee said:

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

Unilever refers to the wider context and the need for business model innovation. It says: *“Put simply, we cannot thrive as a business in a world where too many people are still excluded, marginalised or penalised through global economic activity; where one billion go to bed hungry every night, 2.8 billion are short of water and increasing numbers of people are excluded from the opportunity to work.... We need to build new business models that enable responsible, equitable growth that is decoupled from environmental impact.”*<sup>51</sup>

### 3.2.6 Cost of inaction

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

*“The carbon emissions of food waste mean climate change, which may destroy [the] food production system, which would put you out of business.”*

*“[The] current problem is overconsumption of global resources; consuming 1.5 planets. The ultimate effect will be much higher food prices for consumers and decreased overall production.”*

<sup>48</sup> SABMiller (2014) Sustainability. SABMiller plc. [www.sabmiller.com/sustainability](http://www.sabmiller.com/sustainability) (accessed 03.10.14)

<sup>49</sup> A 'value chain' represents the chain across the whole life cycle of a product, so includes supply chain, operations and out to consumers of that product.

<sup>50</sup> SABMiller (2014) Sustainable Development Summary Report. SABMiller plc. [www.sabmiller.com/docs/default-source/investor-documents/reports/2014/sustainability-reports/sustainable-development-report-2014.pdf?sfvrsn=14](http://www.sabmiller.com/docs/default-source/investor-documents/reports/2014/sustainability-reports/sustainable-development-report-2014.pdf?sfvrsn=14) (accessed 03.10.14)

<sup>51</sup> Polman, P. (2013) Volatility and Uncertainty: the new normal. Unilever. [www.unilever.com/sustainable-living-2014/news-and-resources/sustainable-living-news/Paul-Polman-Volatility-and-uncertainty-the-new-normal.aspx](http://www.unilever.com/sustainable-living-2014/news-and-resources/sustainable-living-news/Paul-Polman-Volatility-and-uncertainty-the-new-normal.aspx) (accessed 03.10.14)

*“If businesses don’t address food security, they won’t be in business for long, depending how exposed you are to products and markets.”*

*“Most important is to safeguard the future of the company. If we don’t tackle sustainability in agriculture [we’re in trouble] and climate change is undermining foundations of business.”*

### **3.3 Review/analysis**

#### **3.3.1 A strong set of existing business cases**

There appears to already exist a strong business case for action in some areas – predominantly built around security of quality supplies, but also (although to a lesser degree) around reputational benefits (or necessities). This is both worrying and encouraging.

It is worrying because it begs the questions as to why current food industry actions are limited in scope and/or ambition, and why some organisations are taking so long to commit to serious targets, given the scale of the challenge. It could be because some of the responses heard during this research are based on rhetoric and therefore not that compelling to businesses. Alternatively it may be that the respondents (many of whom work in sustainability/corporate responsibility functions) believe in the business case, but others in core business functions may have different priorities. Some of the answers may also lie in the relative lack of ambition of governments – and a lack of global governance. These, and other, issues are explored more in Chapter four.

It is encouraging because many of the commercial drivers are now in place and much of the work needed may be around communicating the business cases to key individuals within (and outside of) business more effectively. As part of this, companies should proactively share their positive food security case studies, stories and strategies, so that others (including less progressive companies) are encouraged to follow and to accelerate their activities.

Most widely, the business case is understood as interventions to improve a company’s own direct operations and brand reputation, which result in specific, direct changes. These changes are growth drivers, and include product and process optimisation, efficiency savings, use of information and impact management systems, waste management and better product placement through certification, advertisement and associations with nature and quality.

One step beyond this, some companies identify a strong business case for promoting security of supply through interventions and partnerships aimed at building capability, present and future, within the farming systems that support their own supply chains. The complexity of supply chains can be a barrier here, for example in terms of measuring impacts consistently. Another strand at this level recognises potential in encouraging better consumption and improving nutritional outcomes.

A further step beyond this – pre-competitive action to address broader food system issues – is what we refer to as collective action. A number of actors refer to the need and responsibility for global cooperation and investment into conservation and ecological resilience. Its ultimate impact on business continuity is widely acknowledged, but business cases are generally difficult to articulate at this level because direct commercial benefits are harder to define. Also partial or fragmented measures are not effective, so all actors must fully buy into it for any interventions to be meaningful.

### 3.3.2 Business cases for collective action

#### Collaboration opportunities?

Some potential business cases currently appear to be weak – and consequently are either underplayed or ignored. As part of the research, food representatives were asked what they thought about the business case – and appetite – for pre-competitive collaboration to manage food insecurity. In general terms, the business case appears to be stronger within direct operations and a company's own supply chain, rather than in collaborative efforts to tackle the broader food system (outside of its own supply chain).

It is this latter category – around the (collective) commons – where the business case appears weakest. The most obvious example of this type of shared resource is perhaps global fisheries, where only concerted, joined-up action by all key actors will make a positive difference. The same is true of water stewardship. There has been a rise in this kind of collaborative activity in recent years, which is crucial as no one organisation can tackle the problems around global food security in isolation.

There are reputational benefits from being involved in such activity – and these tend to be the key business case drivers for the more progressive food companies participating in such multi-stakeholder collaborations. Some argue that we are now potentially at a tipping point, with the benefits about to start to pay off. As one food company representative said, in relation to collaboration on sustainability and food security issues:

*“I think we have gone through the establishment phase and are now moving through the procrastination stage into practice. I think there are more things which are happening.”*

Others reinforced the value of pre-competitive collaboration:

*“I think in principle, people are open to pre-competitive collaboration so it then becomes about the specifics and the practicalities, so at a very high level of Consumer Goods Forum and World Economic Forum, I think they are good examples where people are able to set up principles and goals and focus on driving that through and that can be hugely helpful.”*

*“Also 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.”*

However, most interviewees believed the business case was more obvious around supply chain initiatives (e.g. developing closer relationships with suppliers, and developing more efficient and more resilient supply chains) than in pre-competitive collaboration of the sort outlined above. As one interviewee described:

*“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). That sense of real competition around supply generally is never as high as the competition in the market place.”*

## Collaboration challenges

These perceived limits to the business cases currently applicable for active involvement in such broader pre-competitive collaborations lie alongside a sense of collaboration fatigue that appears to exist amongst some of the more progressive companies. As one interviewee said:

*“For me... the most crucial bit that needs development through the business cases [is] how do you construct a business case that is fair and equitable for all players and delivers the intervention needed and that isn’t there yet? I think leading companies have taken it 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.”*

There is also the question of the inclusiveness of existing collaborations. A feeling was expressed that, because of their size and resources, it is often only the larger food companies (most often the multinationals) who can – and are allowed to – participate:

*“So I think it’s interesting who has the resources to join in those sorts of things and what their motivation is, so if you do see a growth of social enterprise sort of businesses, I think they’re under-resourced to participate and tend to be the innovators... And so I think they need to work out ways to fund participation in them so littler players and innovative players can innovate, which might be part of the solution... I could spend all my life in meetings about sustainable supply chains... but I can’t so I don’t and they don’t get what we know.”*

## Individual and collective business cases

Business cases – and levels of corporate action – can be broken down into individual and collective actions:

Table 3: Levels of business case and action

	Individual action	Collective action
Individual business case(s)	(i) Why should a food company take individual action on long-term food security? <sup>(03)</sup>  e.g. a food company putting in place a programme to empower women farmers	(ii) Why should an individual food company get involved in collective action with peer companies?  e.g. a food company joining a pre-competitive collaboration, such as the Roundtable on Sustainable Palm Oil
Collective business case(s)	(iii) Why should the food industry as a whole encourage action by individual food companies?  e.g. a food trade industry body voluntary initiative for individual companies to reduce water usage in their supply chains	(iv) Why should the food industry as a whole take collective action?  e.g. an industry-wide commitment for all food companies to only sell MSC-certified fish, as a hypothetical example

(03) Arguably many ‘individual’ actions cannot in reality be carried out by the company in isolation. The distinction here is about individually-motivated actions, e.g. about ‘beating competitors’ (which might include tackling issues in its own supply chain) and those taken for the collective good (or in the collective self-interest).

- (i) The individual food company business case (or cases) for individual action on sustainable food security** generally appears very strong – particularly in terms of ensuring security and quality of supply, avoiding higher future costs and reputational benefits from being amongst the ‘pioneering’ group of food companies.

**(ii) The individual food company business case for collective action** on sustainable food security appears limited at present. As noted above, there are some good reasons why some food companies collaborate. However, many of the more progressive food companies feel as though they are getting towards the limits of what they can achieve alone. As one interviewee said:

*“you increasingly get the feeling that the more forward thinking businesses are getting to the point where they cannot get to the answers alone and they are starting to think of new ways of tackling these issues.”*

The business rationale for food companies to engage more widely in pre-competitive collaboration currently appears quite weak, and there seems to be growing frustration amongst some about the challenges of collaborating. As one food company executive stated:

*“[if] we should be collaborating on these issues, that takes quite a lot of maturity of approach to actually make work and it is really important in some cases but you shouldn’t underestimate the difficulty of doing that.”*

*“Would you sit around jointly and talk about setting up specific supply chains? No. It is competitive and it’s about securing your food supply chain versus competitors, if we have built a [particular product] supply chain which we think is resilient and secure for the future, we don’t really want to hand it over to [one of our direct competitors] for them to run with. So a lot of things take too long as everyone agrees in principle but then it stalls at implementation.”*

**(iii) The collective (food industry) case for individual action** in contrast appears strong – assuming food companies adopt a ‘race to the top’ mentality, so that they spur each other on to try and outdo each other on actions to address long-term food security.

**(iv) The collective case for collective (i.e. industry-wide) action** also appears strong, as the food industry will need healthy ecosystems and people with access to good food in order for it to thrive in the future – the ‘level playing field’ that is so often called for. To cite one example, the industry will not have any wild fish to sell if fisheries are overfished/overexploited.

The strength of these different business cases is summarised in Table 4.

Table 4: Summary of strength of business cases

	Individual action	Collective action/collaboration
Individual case	Very strong	Limited (currently)
Collective case	Strong (if based on a ‘race to the top’)	Reasonably strong

### 3.3.3 Potential conflict between company profitability and sustainable food security

The most prominent conflict arises from the common business interpretation of food security (as securing its supply chain in order to provide food security for the company’s customers), and a broader sense of global food security (‘feeding the world now and into the future’). Many of the initiatives publicised by companies, such as the Asda water sharing schemes (see earlier), do not conflict with global food security but there is scope for potential conflict.

A report by non-profit organisation GRAIN<sup>52</sup> suggested that *“the world’s food supplies are at risk because farmland is becoming rapidly concentrated in the hands of wealthy elites and corporations.”* It was argued that the *“powerful demands of food and energy industries are shifting farmland and water away from direct local food production to the production of commodities for industrial processing.”*

IGD’s Securing Future Food Supplies<sup>30</sup> guide lists ways in which companies can address food security responsibly, covering a range of sustainable supply initiatives. However, the list also includes: *“Consider the impact of your decisions on vulnerable people worldwide. For instance, in conditions of food shortage, are you diverting scarce supplies from low to high income countries?”* and *“ensure that any action you take to protect food security for consumers in one country does not compromise the security of people elsewhere.”* Most of the focus appears to be on competition for supply rather than on constructing supply chains that confer entitlement to food.

Many see aquaculture as the future of sustainable fish supplies. But it is currently largely dependent on wild-caught non-MSC-certified fishmeal, which is problematic because of the perilous state of fisheries in many parts of the world.

So there can be tension between companies attempting to achieve competitive advantage by responsible product sourcing and genuine global long-term food security, unless competition leads to levelling up of standards for the whole sector. The Centre for Retail Research suggests that *“Retailers would attain their goals more cheaply if they worked together more...but they all have different views about what needs to be achieved and they also want to get maximum kudos, which may mean adopting a sharply different green plan.”*<sup>53</sup>

There may be limits to the extent to which food companies can influence behaviour upstream. As Peter Seligmann wrote in the *Guardian* about Walmart, *“the sheer size and scope of the Walmart Empire means that when it wants to make a change, other companies often have to follow suit... [and] it can control the sourcing of fish like salmon. Given the millions of products carried by its thousands of stores, the possibilities for going green – and cutting costs – are almost endless.”*<sup>54</sup> Interestingly, it may be different in the other direction. McDonald’s view is that *“Our franchisees and suppliers are independent business owners who make decisions for their organisations while maintaining core standards for our brand and customer satisfaction. We cannot prescribe CSR & Sustainability solutions for them.”*<sup>55</sup>

As one of our roundtable participants stated:

*“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.”*

<sup>52</sup> Grain (2014) Growing corporate hold on farmland risky for world food security. United Nations University, 16.06.14. [ourworld.unu.edu/en/growing-corporate-hold-on-farmland-risky-for-world-food-security](http://ourworld.unu.edu/en/growing-corporate-hold-on-farmland-risky-for-world-food-security) (accessed 03.10.14)

<sup>53</sup> Centre for Retail Research (2012) Retail Ethics and Green Retailing. Centre for Retail Research. [www.retailresearch.org/retailrethics.php](http://www.retailresearch.org/retailrethics.php) (accessed 05.10.14)

<sup>54</sup> Seligmann, P. (2014) Walmart: the corporate empire’s big step for sustainability. *The Guardian* 22.05.14. [www.theguardian.com/sustainable-business/walmart-sustainability-corporate-environment-conservation-suppliers](http://www.theguardian.com/sustainable-business/walmart-sustainability-corporate-environment-conservation-suppliers) (accessed 03.10.14)

<sup>55</sup> McDonalds (2014) Our Approach. McDonald’s Online. [www.aboutmcdonalds.com/mcd/sustainability/csr-and-sustainability-approach/terms-and-definitions.html](http://www.aboutmcdonalds.com/mcd/sustainability/csr-and-sustainability-approach/terms-and-definitions.html) (accessed 03.10.14)

# CHAPTER 4: STRENGTHENING THE CASE

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## 4.1 How to strengthen the business case(s)

### 4.1.1 Possible approaches

As highlighted in Chapter three, the business cases for addressing some aspects of long-term food security are already very strong. However, as also noted, other elements of the business case are currently relatively weak. Hence it is useful to consider ways in which these might be strengthened.

Based on the findings from the research and our own analysis, there are (at least) seven ways in which business cases as currently understood might be strengthened. Businesses (and other organisations working to create a sustainable food system) should:

- 1. Frame 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. Unilever is an example of one company that is publicly promoting the need for new business models and the ambition of doubling the size of its business, while halving its environmental impact by 2020<sup>56</sup>. There may be new markets for sustainable food products that are as yet relatively untapped – and that offer potential opportunities for multinational food businesses. Some may challenge whether the entitlement of the global poor should (let alone can) be used as market development opportunities for major food companies to contribute to long-term food security. More generally though, the opportunity agenda is likely to become a growing theme in future business cases.
- 2. Internalise the urgency of the challenges.** Companies often focus on a short-term horizon driven by a range of factors, including shareholder pressure to deliver short-term returns. At the time of writing, the UK is experiencing another supermarket price war with huge downward pressure on prices, while at the same time retailers are publicly saying they are investing more in their supply chains and establishing long-term mutually beneficial relationships. Can these two conflicting pressures really be compatible in the medium-or long-term? Roundtable participants suggested ways to ‘internalise the urgency’. These included better quantifying risk and its potential evolution, introducing a specific role within the company with accountability for a longer-term strategy and embedding sustainability into core strategy at all levels of the company (not limited to, but including, board level).
- 3. Develop a longer-term route map with milestones** along the way to replace current short-term horizons. This should be commensurate with the scale of the environmental and social challenges facing society. It should highlight potential risks such as serious interruptions to supply, linking short-term concerns with long-term causes. It would in turn drive necessary adaptations to worsening conditions, which will be vital for managing food insecurity in the future.
- 4. Build resilience in producer regions and develop closer long-term relationships with suppliers.** A longer-term horizon and closer supplier relationships will help bring in other key factors such as land, water and energy, which are too often absent from commercial strategies. Resilience in producer regions can be improved by, for example, offering access to investment and training, and setting up ethical intermediaries (social businesses that *“can 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.”*<sup>57</sup>)

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<sup>56</sup> Unilever (2014) Our Strategy. Unilever. [www.unilever.com/sustainable-living-2014/our-approach-to-sustainability/our-strategy](http://www.unilever.com/sustainable-living-2014/our-approach-to-sustainability/our-strategy) (accessed 03.10.14)

<sup>57</sup> Forum for the Future (2014) Scaling up success. Forum for the Future. [www.forumforthefuture.org/project/scaling-success/overview](http://www.forumforthefuture.org/project/scaling-success/overview) (accessed 03.10.14)



5. **Work to ensure there is more effective pre-competitive collaboration.** This might include challenging government (UK and EU) to ensure that competition policy does not frustrate attempts by businesses to collectively act on sustainability and long-term food security, particularly in relation to commons issues (for example fisheries). Explore whether companies could be incentivised or rewarded for active participation in such collaborations.
6. **Demonstrate leadership and share best practice.** This has different aspects: (a) showcasing the viability of progressive companies' sustainable business models and (b) pushing up minimum accepted standards within the industry (raising the ethical bar). For example some would suggest that one day the default would be that all bananas sold in the UK are Fairtrade-certified (rather than one in three, as is the case currently<sup>58</sup>). Sharing of best practice examples is important in order to demonstrate what is possible and to help accelerate wider adoption.
7. **Improve governance of resources to improve 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 the usage rights and over the sustainable management of supply. How to deal with international water and fishing grounds remains a serious challenge.

#### 4.1.2 Different elements of the business case

There are many different elements of the business case for sustainability, many of which can be applied to sustainable food security. Table 5 shows key elements of the business case, their relevance for food security and an assessment of what opportunities there are to strengthen the business case, based on our analysis.

Table 5: Opportunities to strengthen different elements of the business case

Value driver	Pathways to value	Description/ relevance for food security	Opportunities to strengthen business case?
Turnover growth <sup>(04)</sup>	Product differentiation	'Range differentiation' to contribute to food security may be more relevant than individual product differentiation	Good potential
	Product development	'Range development' (e.g. developing healthier ranges with lower climate change impacts) could help contribute to long-term food security	Possible opportunities to highlight the business case for developing new 'food security positive' products and services
	Innovation	Innovation at all levels – ingredient, product, range and business model – is vital for companies that want to develop new products and markets that positively address long-term food security. This might include promoting entitlement to food on the part of the poor which may create new markets for foodstuffs	Linked to points above – relatively untapped area, with potential
	Brand reputation	Links between food security work and brand reputational benefits exist, but may not always be that visible, direct or simple to explain at present	Already strong, but progressive companies may be reaching the limits of the business case, while 'laggards' have not yet even started on the journey

(04) 'Turnover growth' here refers to measures that companies can take that will result in increased sales.

<sup>58</sup> Fairtrade Foundation, online [www.fairtrade.org.uk/en/what-is-fairtrade/faqs](http://www.fairtrade.org.uk/en/what-is-fairtrade/faqs) (accessed 09.12.14)

Table 5: Opportunities to strengthen different elements of the business case (cont)

Value driver	Pathways to value	Description/ relevance for food security	Opportunities to strengthen business case?
Margin growth <sup>(05)</sup>	Efficiency	Reducing impacts such as energy, water and waste in operations and the supply chain should reap food security benefits	Already very strong. Paradoxically perhaps too strong, in that an 'efficiency' mantra can sometimes obscure other business cases
	Staff motivation and retention	Given that food security language is seldom used within food companies, it is perhaps the language of sustainability (and being a good corporate citizen) that may resonate more with staff	A growing business case, but as yet mostly anecdotal evidence (similar to 'recruitment' below)
Effectively manage capital expenditure	Asset efficiency and effectiveness	This may be most relevant at the agricultural end of the supply chain	Difficult to imagine this emerging as a strong business case for major food companies
Risk reduction	Security and quality of supply chains	Very strongly linked to availability of supplies and the ability to put food products on the shelves	Already extremely strong. However, needs to combine with other business case elements rather than be promoted in isolation, to ensure it is not in conflict with 'true' food security (hence avoid issues like large-scale land acquisitions)
	Reduced regulatory risk	Given that regulation on some issues relating to food security is possible in the future, being 'ahead of regulation' is likely to be beneficial to food companies	Reasonably strong at present, but could be highlighted more
	Reduced risk to reputation	Companies that ignore food security issues or get involved in issues like large-scale land acquisitions are likely to damage their reputation	Reasonably strong at present, but could be highlighted more
	Licence to operate	Food companies will not be able to succeed if they do not have long-term positive relationships with the people and communities that they interact with, in the areas they operate and source from	Already strong, although some food companies are only recently waking up to this
Duration of competitive advantage	Market shaped to company's advantage	The market can potentially be shaped so that companies that are progressive and proactive in addressing food security are rewarded, while others are penalised	Important element to strengthen for pioneering businesses
	Recruitment	As food security rises up the public agenda, food companies' sustainability and food security approaches may become increasingly important factors in which firms people aspire to work for	Anecdotal evidence already exists in relation to 'sustainability' more broadly. Unlikely to be a major driver in the short term, but more could be made of this in the future
	Early mover on emerging strategic issue	Many food security issues are emerging (core) strategic issues, where innovative approaches can reap benefits	Reasonably strong case in the short term, but limited in the longer-term
	Access to key markets for growth	If replacing more 'damaging' companies, then there could be potential food security benefits	Possible area to explore, but not currently likely to be a strong case. There could be much stronger cases in the future if governments in emerging economies choose to actively promote healthy, sustainable diets and/or to regulate unhealthy, unsustainable diets e.g. Mexican tax on junk food and soft drinks <sup>(06)</sup>
	Access to key financial resources for investment	Addressing long-term food security issues is likely to require significant long-term investment	Possible area to explore, but unlikely to be strong case
	Access to partners for growth	Partnership is an important element in addressing food security	Possible area to explore, but unlikely to be strong case
	Building management qualities that enable enduring success	Strong and forward-looking management is important to address long-term food security issues	Important element
Reduced cash tax rate	Reduced payments to government	Action on some aspects of food security (e.g. food waste) could potentially lead to reduced payments to government	Possible area to explore
Reduced cost of capital	Reduced cost of financial capital	Action on some aspects of food security could potentially lead to reduced cost of financial capital	Possible area to explore

(05) 'Margin growth' here refers to measures that companies can take that will result in improved profitability, particularly through reducing costs

(06) BBC News (1 November 2013) Mexico passes 'junk food tax' reform [www.bbc.co.uk/news/world-latin-america-24766027](http://www.bbc.co.uk/news/world-latin-america-24766027) (accessed 28.05.15)

Source: table adapted from Forum for the Future's 'Pathways to Value', Better Decisions Real Value toolkit.<sup>59</sup> The first two columns are taken directly from Forum for the Future's work; the third and fourth columns are added by the authors

## 4.2 Barriers and gaps

### 4.2.1 Barriers

A number of barriers to a stronger business case were identified during the course of our research. These can be split into barriers to individual business or collective business cases (albeit many of the individual business barriers may also be barriers to the collective case).

Barriers to the individual case include the following:

- **Compartmentalisation of food security and sustainability as being separate from core business strategies:** while challenges are often recognised in corporate responsibility teams, there is often no systematic engagement company wide. Specifically, consultants report that sustainability risks are well understood at management level but often not reflected in decisions or internalised in sourcing teams that have direct influence over suppliers, who often focus on parameters that are too narrow. Some suggest this is a problem of recruitment, and where a change in sourcing policy has taken place in one or two of the major players, the effects have been reported to be positive. In relation to it being separate from core strategy, many businesses are not accepting responsibility for action on food security, when many would argue they should be. Businesses sometimes use the claim they only respond to consumer demand as an excuse for inaction.
- **Lack of incentives to take action on sustainability** (and long-term food security). Addressing sustainability concerns can appear to be a long and time-consuming process for a company that has to map and define the problems, identify solutions and rework strategies.
- **Lack of policy definitions and political leadership** means there is a lack of direction and of joined-up strategy, which creates confusion and uncertainty for food companies. This not only stifles progress and cooperation, it increases response fragmentation by allowing different companies to pick narrow sustainability objectives, which also increases the risk of ineffective, partial or 'greenwashing' strategies.
- **Ignorance of the problems** at governance, management and consumer levels, and a lack of perspectives that are systemic enough.
- **Consumer habits and choices:** in many regions, people already choose diets centred on animal-based foods. High meat consumption brings with it challenges to human health and environmental sustainability. Moreover, in many parts of the world, rises in affluence are triggering dietary changes towards greater consumption of animal-based products. This shift rests on deeply embedded cultural associations between consuming animal products and ideas of health, strength and wealth. There is a clear tension here between cultural preferences for meat and dairy-rich diets on the one hand and the sustainability of diets on the other. Consumer research suggests that regard for environmental impact is not a decisive factor in consumer choice for most groups of consumers at the moment. Many argue that the advertising industry is a barrier here and that those working in advertising can (or should) do more – in conjunction with other influencers – to discourage high levels of consumption of junk food and to positively encourage consumption of healthier, sustainable options.
- **Lack of a level playing field:** in particular within the current framework of agricultural incentives – at both UK and EU levels – that does not encourage a shift to more sustainable business models.

- **Weak investor pressure:** very few respondents talked about investor pressure as being an important driver for food companies on this agenda. Food security was described by one individual as:

*“a massive messy problem... that [investors] need to unpick in order to choose which companies to invest in.”*

The complexity of food security makes it unsurprising perhaps that institutional investors do not currently seem to be regarded as a key influence. However, this is starting to gather momentum and could be a stronger driver in future. Investors appear to be increasingly taking note of sustainability issues, if not food security per se. As one participant said:

*“There is a section of the investment community out there which realises that this has a real impact on their financial investments and therefore people are starting to assess it. That will drive behaviour change.”*

Barriers to the collective case include:

- **Fragmentation:** there are many and diverse companies that are at different points in their understanding, mapping and actioning of sustainability strategies. This is one of the main problems with pre-competitive collaboration, not least because pioneers may question why they should erode their reputational capital by (in effect) offering some to laggards. One interviewee described how this fragmentation can make progress difficult:

*“The appetite [for pre-competitive collaboration] is huge. The reality is that different businesses are in different places with different amounts of resource, and different challenges and different attitudes which makes it really difficult.”*

- **Ambivalence towards collaboration:** while some argue that working groups help to navigate problems, others think bigger companies with more resources to invest can shape the outcomes to suit their particular needs. They believe that instead of resulting in meaningful, transformative change, the outcome can sometimes be (or be perceived to be) a greenwashing exercise for corporates. Smaller companies often do not get an appropriate voice at the table – sometimes because they simply are not asked and other times because they may not have the resources to be able to participate.
- **Competition for scarce resources:** there is often competition between production of foods that are necessary for a healthy and active lifestyle, non-foods such as energy crops and non-nutritious foods which might be culturally desirable, such as chocolate or wine. There is also competition between different food companies for (often) increasingly scarce resources.

- **Lacking a sense of urgency,** in particular at supplier level. As one interviewee noted:

*“Where the issue is so great that it is bigger than any one organisation, there is a need for collaboration, but that means coalescing around... a burning platform<sup>60</sup> and this is what it is and we all agree that we have the same burning platform. Food security is a relatively new burning platform so it takes a little bit more time for companies to work out exactly what is our burning platform and what is the approach we should be taking and then, do we share that with our competitors and if so, how are we going to work together on it?”*

<sup>60</sup> 'Burning platform' refers to a major, impending crisis of some sort

#### 4.2.2 Gaps

A number of research gaps were identified during the course of our research.

Firstly, certain aspects of the food security challenge were not widely discussed or engaged with, and thus have not been examined in their entirety. Specifically, this is true for those aspects contained within the definition of food security that do not align well with a mostly economic, 'pure' business case rationale, as highlighted elsewhere in this report. As a result, corporate action on food security is not comprehensive, food security issues are often absent from corporate narratives of sustainability and effective strategies and targets are thus lacking. In particular, some key areas identified as underplayed (or ignored) within corporate sustainability narratives and strategies were:

- **Specific commitments on land expansion:** large-scale land acquisitions and the range of issues associated with these (including, but not limited to, potential displacement of indigenous people). Note: one of Oxfam's Behind the Brand scorecard criteria is on land expansion and looks at *"whether the big food companies say they do the right thing by the land and the communities who live on it, and have policies in place to deal with suppliers who violate land rights."*<sup>61</sup>
- **Curbing unsustainable and unhealthy food consumption:** actively promoting changes in diets and tackling overconsumption.
- **Systemic ecological approaches to production:** in particular with regard to issues such as biodiversity or soil preservation.
- **Entitlement:** the way in which supply chain strategies erode or support the entitlement to food of the people working in those supply chains.
- **True cost accounting:** internalising the externalities associated with food production and consumption (e.g. cost of clearing up environmental costs associated with unsustainable farming practices).
- **The role of marketing:** in (arguably) 'creating demand where there was none', particularly around heavily processed, unhealthier, high input foods.

A second set of gaps arises from the topics above that could benefit from more targeted examination in order to flesh out the business case for promoting sustainable food security. These are best framed as opportunities for further research. While a general approach provided by this report is useful, the strategies and rationales that shape best practices will vary from sector to sector, and highlighting these will be a key step towards promoting them. Specifically, a deeper exploration of the particularities of the business case for promoting sustainable food security would be useful in those categories that are either considered to be at risk, such as fisheries or coffee, or where impacts are widely considered to be high, as with meat and dairy.

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<sup>61</sup> Oxfam (undated) [www.behindthebrands.org/en/issues/land](http://www.behindthebrands.org/en/issues/land) (accessed 28.05.15)

## 4.3 Intervention opportunities

### 4.3.1 General points

Intervention opportunities should include measures to overcome the barriers highlighted in Section 4.2.1.

A key issue for several interviewees and roundtable participants was creating more awareness about food security and sustainability through better information campaigns to internal and external audiences, with a view to putting sustainability and long-term food security higher up corporate and global governance agendas. However, many argued that some of these should specifically target the general public and there were some calls for greater government intervention in the form of sustainability labelling (to allow people to make more informed choices about the food they buy). The assumption here is that people would choose more sustainable food products that would (in some ways at least) be contributing to greater long-term food security – albeit such an assumption is not yet backed up by evidence, beyond niche segments of the population.

Another key aspect appears to be a call for greater clarity on what sustainability and long-term food security mean, which would include harmonising the terms of the multiple sustainability narratives and initiatives in existence. However, there does not seem to be consensus as to whether this should be government-led, or achieved through industry collaboration or NGO involvement, or a mixture of all three.

Although the issues of food sustainability appear to be fairly well understood, there is still a relative lack of action when it comes to sustainability interventions. Our research has shown that some of the solutions have already been identified, and so swifter progress should be made by moving beyond consultations and pilots to focus on promoting existing strategies and bringing more stakeholders into them.

More effective multi-stakeholder collaborations are widely advocated as being vital for meaningful progress. However, simply bringing people together on its own will not be enough. As one roundtable participant said:

*“Building alliances of those big players willing to work together on sustainability and food security is important and necessary ... although it will never be sufficient. 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.”*

Building on the earlier analysis, it is possible to articulate what might need to be done to promote or strengthen different business cases relating to individual (i.e. individual company-level) action and to pre-competitive collaboration (i.e. collective action).

Table 6: Summary of areas of opportunities for interventions

	Individual action	Collective action/collaboration
Individual case	Reiterate/communicate strong existing business cases – but appropriately framed	A particular focus for new interventions or strengthening existing interventions to ensure successful and inclusive pre-competitive collaborations, as there are limits to what food companies can do to address long-term food security alone
Collective case	Reinforce ‘race to the top’ messages	Reinforce that food companies need to be part of a successful food industry in the long term

### 4.3.2 Role of government and food policy

In general, our research suggests there is an appetite for greater sustainability regulation, and for governments to take on and promote a more active role in supporting sustainability and food security. Voluntary approaches have made some positive steps, but many are also criticised for being either insufficient or lacking necessary urgency, failing to deliver significant change or being an inefficient use of company resources.

Many food company representatives felt that UK government's role should be to legislate to create a level playing field that would allow sustainable food security initiatives to thrive. Specific roles for government that were identified include:

- Defining the terms of sustainability and food security, and regulating how they should be measured: e.g. certification or labelling of food products.
- Subsidies and tax relief to incentivise actions which contribute to long-term food security.
- Ensuring that competition policy is not hindering attempts by business to join together to address sustainability and long-term food security issues – in other words, that there is the environment for more and better pre-competitive collaboration to take place. As one senior food executive said:

*“The current legal framework regulating competition needs to be updated, as very complex issues around tax and trade arise when collaborations on sustainability are discussed, particularly in international contexts. There is a role for governments to create a ‘safe convening space’ that would enable effective cross value chain collaboration.”*

- Factoring health and environmental impacts into prices through the mechanism of true-cost accounting. This was explained by one executive:

*“Maxing [maximising] taxation [to] reflect the real cost of food would be interesting from a public policy perspective (in a way similar to cigarettes), and also from a carbon footprint perspective. That way, the cost of bad health will be internalised in high sugar and fat products, which might be really high because younger people have now replaced water as a drink with sugar-containing beverages.”*

- Driving and implementing concrete conservation plans where it is urgent to do so, e.g. fish or bees. As one interviewee said:

*“At a global level, policy is important, for example with fishing certification.”*

- Leading by example through ensuring public sector procurement promotes long-term food security.
- Regulating to ensure farmers are supported (in terms of for example having a good livelihood and looking after their local environment), thus making the link between access to food and overall security of supply explicit.
- Investing in research and development to promote key aspects of long-term food security (not just limited to long-term availability) in collaboration with industry.

- Putting in place a policy and regulatory environment that promotes the development of alternative business models (that contribute to sustainable food security) rather than simply measures to slightly improve the status quo.
- Ensuring that UK aid to development is used to support projects that contribute to sustainable food security or as a minimum don't contribute to worsening food insecurity (this would require development of appropriate metrics).

#### 4.3.3 Role of institutional investors

The investment community should:

- Work with business to set indicators that will allow investors to better understand material food security risks and opportunities. As one roundtable participant said:

*“Currently material risks [of any kind] need to be reported, therefore it is important to find a way to bring these issues into reports for shareholders.”*

- Encourage greater understanding, measurement and reporting of stranded assets for food companies. Forum for the Future has written about the risks that companies face by producing foods with limited nutritional value and how such risks may cause the value of food company assets to “become ‘stranded’ – either becoming obsolescent or requiring major capital or operating expenditure to maintain their utility”<sup>62</sup>. The notion of stranded assets can potentially be applied to other dimensions of food security. The good news is that “the risk of stranded assets is real, but... by assessing it and reacting in good time, companies can address it in a controlled way rather than having to play an expensive and risky game of catch-up.”<sup>62</sup>
- Ensure that any companies investing in land can demonstrate full and fair impact assessments, and/or impose much stricter restrictions on investing in land. ShareAction and Friends of the Earth argue that: “For many, land investment is nothing more than land grabbing. There is increasing case-study evidence of such impacts leading to significant local and political opposition threatening the financial viability of particular land investments. In addition, inadequate impact assessments may lead to inaccurate crop yield estimates and an incorrect pricing of an investment.”<sup>63</sup>

<sup>62</sup> Forum for the Future (2013) Stranded assets in the food manufacturing sector – nutrition: an emerging threat or an opportunity, [www.forumforthefuture.org/sites/default/files/images/Forum/Documents/StrandedAssets\\_REPRO.pdf](http://www.forumforthefuture.org/sites/default/files/images/Forum/Documents/StrandedAssets_REPRO.pdf) (accessed 09.12.14)

<sup>63</sup> ShareAction and Friends of the Earth (2013) On Shaky Ground: Risks in land investments [shareaction.org/sites/default/files/uploaded\\_files/investorresources/OnShakyGround.pdf](http://shareaction.org/sites/default/files/uploaded_files/investorresources/OnShakyGround.pdf) (accessed 09.12.14)



#### 4.3.4 Role of industry

A range of interventions were proposed for food companies that would help improve business cases and/or directly promote sustainable food security. Businesses say they can contribute towards food security for all forever in a number of ways:

##### 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.”*

Introduce food security-related risks into shareholder reports – whether that be voluntary (best practice) or mandatory

More senior food executives need to be prepared to show bold values-based leadership. One expert we spoke to said:

*“I think it’s very interesting to look at what the man who’s at the head of Unilever [Paul Polman] has done and say there is a bigger picture here and there’s a longer window here and in the long run we’re going to win if we do it this way. And I think that the leaders of the big companies – it would be great if we could see them all doing that, wouldn’t it?”*

While a few individual leaders are coming out more strongly about the risks and opportunities that sustainability brings, very few are talking explicitly about their role in addressing long-term food security. This is a potential gap that progressive leaders might fill, with the associated reputational benefits from doing so.

- **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.”*

The idea that an individual company can shift the market on its own might be challenged, but the example of Apple was raised in the workshop to highlight that more radical shifts triggered by progressive companies are possible.

- **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. Investment can take the shape of leadership training, methodology and technology advances.... A challenge is how to do this in a more coordinated way that would enable greater scale and momentum, and thus leverage more investment and lead to greater change.”*

Building capacity within communities needs to be coupled with providing those communities a living income; otherwise there is a high risk that low-income farmers may never achieve accessibility.

- **Develop a respectful relationship** with your producer partners, giving them genuine involvement in decision-making, ensuring that local food security isn't threatened by your activities, and ensuring 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 positively contribute to long-term food security – not just in customer markets, but in producer regions too?
- **Increase the scale and pace of activities** by improving coordination between different sustainability and food security-related activities (both within and between food businesses).

### 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. Demonstrate, publish and promote individual business cases for action on food security, much as for example Marks & Spencer in the UK has shared the key lessons from its Plan A business case.<sup>64</sup> Similarly, demonstrate, publish and promote business cases for collective action on food security – to better argue the case for pre-competitive collaboration. Food security case studies can be powerful, persuasive tools, as can stories and strategies.

<sup>64</sup> Barry, M. & Elman, A. (2012) The key lessons from the Plan A business case. Marks & Spencer corporate.marksandspencer.com/plan-a/e911816df3514e579caf373c9fde82c0 (accessed 03.10.14)

- **Highlight the problems facing your business and your industry:** Bring a key issue to people’s attention – articulate why and how food security issues are important and urgent for your food business. As one food executive said:

*“CEOs will (only) deal with urgent issues. So if you can make an issue urgent for business, it will get taken up.”*

As another went on to say:

*“If it is important but not urgent, then it is an NGO or government responsibility. When it is important and urgent, there is a business case to act.”*

- Where food security issues cannot easily be demonstrated to be important and urgent, food companies should **lobby for governments to act** (see above).

In regions or countries where there is high political risk, engage governments to raise awareness and focus action on particular problem areas. There may be a role for inter-governmental collaboration to enable administrations in high political risk countries to see and prioritise such issues.

- **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) like 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.”*

- **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). Also collaborate with governments and investing bodies to help transform the production landscape.
- **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.”*

#### 4.3.5 Role of civil society

Interviewees and roundtable participants were asked about what civil society can and should do. Some felt that the media response and focus on sustainability should be much greater than it is. More specifically on the role of NGOs and other civil society organisations, suggestions included:

- Scrutiny of the performance of companies and encouraging sustainability competition through “*naming and shaming*”.
- Engaging with companies and offering them sustainability solutions; identifying best practices.
- Helping frame climate change from a risk management perspective.
- Intensifying the dialogue around what food we should be eating, what the impacts of dietary choices are, and opening a debate on what foods we should be focusing on for future food security.
- Helping end the discourse of limitless choice for consumers.
- Helping identify where collaborations can take place most effectively. As one participant noted in relation to a potential role for WWF-UK:

*“If you think of us, you could argue we are fairly near the end of the chain to the point of consumption. Whereas if you took a product like pineapples or bananas, if we took the journey from farm selection, feed selection, chemical selection, fair trade or not, aid or not, then shipping, the building of the container, the packaging etc...we are a long way off down that chain. So when you talk of collaboration, one observation I would make is: were WWF looking at that as a means of progression, actually identifying where that collaboration may exist in the chain might be useful.”*

#### 4.4 Case studies

As part of this research, we looked at a number of case studies in more depth. These are not included as perfect examples of companies or initiatives successfully addressing food security. They are instead intended to show aspects of food security being addressed as well as limitations to the approaches being taken.

#### **4.4.1 Marine Stewardship Council: an example of collaborative action for sustainable fish stocks**

The Marine Stewardship Council (MSC) was set up in 1997 by WWF and Unilever in a drive to secure sustainable seafood supplies. The not-for-profit organisation works collaboratively with fisheries, businesses and governments to address depletion of fish stocks around the world. It sets standards for sustainable fishing and seafood traceability; partners with fisheries to create markets for sustainable seafood; helps fisheries in developing countries to achieve MSC certification; works with retailers and brands to embed MSC certification in their policies; and raises awareness with the general public who are buying fish.

#### **Contributing to long-term food security?**

According to the FAO, around 58.3 million people were engaged in the primary sector of capture fisheries and aquaculture in 2012.<sup>65</sup> Between 10 and 12% of the world's population directly depends on fishing or aquaculture (84% of them are in Asia, 10% in Africa and 4% in Latin America). When fisheries collapse, so too do the livelihoods of fishers, compromising their ability to provide food for their families. The consequences of fisheries collapse for local and national economies can also be extreme.

In 2010, fish accounted for roughly 17% of the global population's intake of animal protein and 6.5% of all protein consumed.<sup>66</sup> Fish provided more than 2.9 billion people with almost 20% of their intake of animal protein and 4.3 billion people with about 15%. Fish proteins are critically important in populations where total protein intake levels are otherwise low.<sup>67</sup> If fish stocks become scarce or run out, these populations will become food insecure. Helping fisheries maintain fish stocks – in particular in the developing world – not only secures supply for retailers, brands and food service companies across the world, but also the fishers, their dependants and local communities who rely on fish for their livelihoods and nutritional needs.

#### **Business rationale**

In November 2014, the MSC published research<sup>68</sup> that showed an increasing global interest in sustainable fish. Ninety percent of respondents agreed that ocean sustainability is important, with 55% saying that the issue of falling fish stocks was more important now than it was a year ago. Sixty percent agreed that buying sustainably caught seafood would help to ensure fish stocks for future generations.

These concerns influence shoppers' purchasing decisions, with 41% actively looking for fish products from a sustainable source (an increase of five percentage points since 2010).

According to the MSC, its globally recognised eco-label, visible on every piece of fish or seafood sourced from a certified fishery, adds value to a brand by enhancing its sustainability credentials. With more than 250 certified fisheries around the world, 10% of the global catch by volume, and the whole supply chain audited, the scheme helps to secure the supply of sustainably sourced fish.

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<sup>65</sup> FAO (2014) The State of World Fisheries and Aquaculture 2014. Food and Agriculture Organization of the United Nations. [www.fao.org/3/a-i3720e.pdf](http://www.fao.org/3/a-i3720e.pdf)

<sup>66</sup> FAO (2014) The State of World Fisheries and Aquaculture 2014. Food and Agriculture Organization of the United Nations. [www.fao.org/3/a-i3720e.pdf](http://www.fao.org/3/a-i3720e.pdf)

<sup>67</sup> FAO (2014) The State of World Fisheries and Aquaculture 2014. Food and Agriculture Organization of the United Nations. [www.fao.org/3/a-i3720e.pdf](http://www.fao.org/3/a-i3720e.pdf) PAGE 4

<sup>68</sup> Marine Stewardship Council press release: 'New research shows increasing appetite for sustainable seafood' November 11<sup>th</sup> 2014 [www.msc.org/newsroom/news/new-research-shows-increasing-appetite-for-sustainable-seafood](http://www.msc.org/newsroom/news/new-research-shows-increasing-appetite-for-sustainable-seafood) (accessed 06.05.15)

In the UK, Aldi, Tesco, Sodexo, Young's Seafood and many others stock MSC certified fish and seafood. The eco-label continues to prove popular. Iglo Group, Europe's largest frozen food business (which owns Birdseye in the UK) recently announced its commitment to rolling out the eco-label for all its wild fish products across Europe, including fish fingers.<sup>69</sup>

## Challenges

In 2012 (the latest figures), 61% of commercial wild fish stocks were fully fished, and 29% were overfished. The 10 most productive species accounted for about 24% of world marine capture fisheries production in 2011. Most of their stocks are fully fished and some are overfished.<sup>70</sup>

Even MSC certification does not necessarily guarantee to the retailer or consumer that their fish does not come from depleted stocks. According to some experts, a significant minority of MSC certified fisheries are depleted. This, they argue, is partly because fisheries that need improving can still be certified (by third-party assessors) with 'conditions' attached. In some cases the required improvements do not materialise – which it has been suggested could ultimately undermine the credibility of the MSC label<sup>71</sup>. However, it is important to note that if improvements do not happen, this is accompanied by suspension or withdrawal of the certificate, which MSC argues is one of the great strengths of the programme.

MSC also requires that any depleted stocks are above what FAO defines as an “*overfished*” limit reference point, therefore remaining sustainable, and are demonstrably recovering strongly back to maximum sustainable yield.

Other academic studies report that small-scale fisheries can find it difficult to attain MSC certification, and even that local fishers can be excluded from their own fishing areas by certification.<sup>72</sup>

Even though the demand for sustainably sourced fish is increasing in the global North, the world's fish stocks are still being targeted on an industrial scale by illegal, unreported and unregulated (IUU) fishing. This is estimated to take 11–26 million tonnes of fish each year, for an estimated value of US\$10–23 billion.<sup>73</sup> A key question is whether MSC certification will ever encourage demand for sustainably sourced fish (and discourage unsustainably sourced fish) to the extent that it deters IUU fishing.<sup>74</sup> Attempting to avoid the “Tragedy of the Commons”<sup>75</sup> for fisheries is very challenging – MSC is unlikely to address it on its own, but it is likely to have a very important part to play.

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<sup>69</sup> Iglo Group press release 'Iglo Group and MSC spread sustainability net across Europe' 17th December 2014 [www.iglo.com/en-gb/latest-news/msc-ecolabel-on-pack](http://www.iglo.com/en-gb/latest-news/msc-ecolabel-on-pack) (Accessed 06.05.15). Note – Iglo Group has since been acquired by Nomad Holdings

<sup>70</sup> FAO (2014) The State of World Fisheries and Aquaculture 2014. Food and Agriculture Organization of the United Nations. [www.fao.org/3/a-i3720e.pdf](http://www.fao.org/3/a-i3720e.pdf)

<sup>71</sup> Christian, C, Ainley D, Bailey M, Dayton P, Hocevar J, LeVine M, Nikoloyuk J, Nouvian C, Velarde E, Werner R, and J Jacquet. (2013) A review of formal objections to Marine Stewardship Council fisheries certifications, *Biological Conservation* Vol 161:10-17

<sup>72</sup> Foley, P. and McCay, B. (2014). Certifying the commons: eco-certification, privatization, and collective action. *Ecology and Society* 19 (2): 28. [dcl.dlib.indiana.edu/dcl/bitstream/handle/10535/9450/ES-2013-6459.pdf?sequence=1&isAllowed=y](http://dcl.dlib.indiana.edu/dcl/bitstream/handle/10535/9450/ES-2013-6459.pdf?sequence=1&isAllowed=y) (accessed 06.05.15)

<sup>73</sup> FAO (2014) The State of World Fisheries and Aquaculture 2014. Food and Agriculture Organization of the United Nations. [www.fao.org/3/a-i3720e.pdf](http://www.fao.org/3/a-i3720e.pdf)

<sup>74</sup> Note - MSC explicitly excludes IUU fish from its fisheries and supply chains.

<sup>75</sup> 'Tragedy of the Commons' refers to a problem where every individual tries to reap the greatest benefit from a given resource. As demand for the resource at some point overwhelms supply, every individual who consumes an extra unit directly harms others who can no longer enjoy the benefits.

#### 4.4.2 Mars Inc. – an example of individual action and strategic involvement in collective action

##### About the company

Mars is a private, family-owned food company. Its business areas span confectionery, main meals, pet food, nutraceuticals and drink brands across the globe.

At the heart of Mars' culture are its 'Five Principles': *quality* (creating mutual benefits for the business and communities with whom it interacts); *responsibility* (taking direct management responsibility for decision-making); *mutuality* (delivering shared benefits); *efficiency* (organising assets for maximum productivity); and *freedom* (to shape the future of the company by remaining a private family-owned organisation).

##### Contributing to long-term food security?

Across the company's six business areas, these Principles set the tone for enterprise work centered on food security and enable the conditions for the work Mars does in food safety, sustainability and health and wellness in supporting continued access to food across the globe.

The company is seeking to 'embed sustainable, long-term benefits across its supply chains'. It focuses on end-to-end solutions, setting up a wide array of activities at the agricultural level to address the needs of its biggest raw materials. For example, the company has committed to sourcing all of its cocoa from certified supplies by 2020<sup>76</sup>: over 20% is already certified by the Rainforest Alliance, UTZ Certified or Fairtrade. To increase cocoa farming resilience, the company invests in initiatives to improve the sustainability of farming practices and the livelihoods of farmers, including working with IBM and the USDA to map the gene sequence of cocoa. The results were freely published for the public good, a pioneering step that was widely commended. The research is expected to allow farmers to "*plant better-quality cocoa that is healthier, stronger, highly productive and more resistant to pests and other threats.*"<sup>77</sup>

The story is similar for rice<sup>78</sup>, a water-intensive crop whose greenhouse gas emissions include methane and nitrous oxide. Mars is working to reduce the greenhouse gas and water impacts of rice. These efforts include investing in scientific research to understand the environmental impacts of rice growing and working with farmers to develop innovative farming practices.

Mars pet care brands will source all fish globally from sustainable sources by 2020, and have introduced MSC certified fish for some cat food varieties in Europe. These initiatives will help conserve fish stocks and secure the livelihoods of fishers in the global South.

Additionally, Mars has argued that the fundamentals of food security start to get addressed when open collaborations and partnerships are established to address issues surrounding food safety. Mars has invested in establishing pre-competitive engagements aimed at enabling systemic solutions, addressing critical food safety issues, such as mycotoxins. It has invested in a Global Food Safety Center that will engage with academia and regulators; it has established a Food Safety Consortium with IBM to sequence the genomes of supply chains; and it has established partnerships

<sup>76</sup> Mars Corporate website (accessed 29.04.15) [www.mars.com/global/about-mars/mars-pia/our-supply-chain/cocoa.aspx](http://www.mars.com/global/about-mars/mars-pia/our-supply-chain/cocoa.aspx)

<sup>77</sup> Mars Corporate website (accessed 03.06.15) [www.mars.com/global/press-center/case-study-detail/casestudy.aspx?SiteId=147&Id=3141](http://www.mars.com/global/press-center/case-study-detail/casestudy.aspx?SiteId=147&Id=3141)

<sup>78</sup> Mars Corporate website (accessed 29.04.15) [www.mars.com/global/about-mars/mars-pia/our-supply-chain/rice.aspx](http://www.mars.com/global/about-mars/mars-pia/our-supply-chain/rice.aspx)

with the Global Alliance for Improved Nutrition, the World Bank and the Partnership for Aflatoxin Control in Africa (with the aim of sharing knowledge and enhancing food safety capability and management globally).

Mars is also working with the World Food Programme to lend its expertise (and funds) to transfer food safety knowledge across Africa and deliver safe, healthy food to people in need.<sup>79</sup> The company is also involved in an initiative to improve the nutrition, productivity and climatic adaptability of some of Africa's most important food crops.<sup>80</sup> These so-called 'orphan crops' are grown in back gardens and smallholdings throughout the continent, and are essential in tackling the malnutrition and stunting rife among rural children.

The consortium's goal is to sequence the genomes of 100 traditional African food crops including millet, sorghum and cassava, to deliver higher nutritional content. The information will be freely available in the public domain with the endorsement of the African Union.

### **Business rationale**

Many of the commodities that are fundamental to Mars' continued success are vulnerable to systemic shocks like climate change. It makes good business sense to develop more sustainable ways of securing supply such as investing in plant technology and knowledge transfer to the small-scale farmers who grow them, as well as investing in the long-term security of the farmers themselves.

This is evident in the company's rationale for developing resilient and nutrient-rich rice: *"We are working to create a reliable long-term rice supply to support our business growth while helping to meet nutritional needs of a growing global population."*<sup>81</sup>

### **Challenges**

Whilst Mars has a good track record in some areas of contributing to food security, it – like all major multinational food business – also faces some challenges. Research by the International Labor Rights Forum published in December 2014 suggests that farmers enrolled in the UTZ or Rainforest Alliance certification models may find they have fewer opportunities to negotiate for a higher premium because of the increased supply of certified cocoa.<sup>82</sup>

Mars only reaches number five on Oxfam's Behind the Brands scorecard. Oxfam comments that *"Mars could do a lot more to ensure that it respects communities' land rights throughout its supply chain."*<sup>83</sup> Whilst Mars is working on water issues, it still only achieves three (out of 10) on the scorecard, although Oxfam acknowledges that the company has improved in this area over the past year. Even more fundamentally, some will challenge the company on the extent to which products like chocolate and pet food should be produced if there are shortages of land and severe food insecurity problems in many parts of the world – albeit this is a challenge that could be raised of many existing product categories and many different brands.

<sup>79</sup> World Food Programme and Mars announce pioneering partnership: 3blmedia.com/News/Mars-Announces-Pioneering-Partnership-World-Food-Programme-World-Health-Day (press release accessed 29.04.15)

<sup>80</sup> African Orphan Crops Consortium: africanorphanacrops.org (accessed 29.04.15)

<sup>81</sup> Mars corporate website: www.mars.com/global/about-mars/mars-pia/our-supply-chain/rice.aspx (accessed 29.04.15)

<sup>82</sup> International Labor Rights (2014) The fairness gap: Farmer incomes and root cause solutions to ending child labor in the cocoa industry (p42) www.laborrights.org/sites/default/files/publications/Fairness%20gap\_low\_res.pdf

<sup>83</sup> Oxfam (2015) Behind the Brands www.behindthebrands.org/en-gb/brands/mars/snickers



#### 4.4.3 Imarisha Naivasha: an example of collective action to ensure security of supply

Lake Naivasha is in Kenya's Rift Valley. An economic and ecological powerhouse, it is Kenya's largest centre for flower exports; an international tourist destination; a globally important bird and wildlife reserve; and an area with significantly expanding urban development.

The region is home to 650,000 people who survive largely through subsistence farming, fishing, and pastoralism. The flower production trade is worth £60 million annually and employs some 25,000 people directly and a further 25,000 indirectly.<sup>84</sup>

The lake has suffered massive ecological degradation over the past few decades, severely threatening its ecological and economic health. The situation became critical during a severe drought in 2009, which led to the setting up in 2011 of the Imarisha Lake Naivasha Management Board. It is constituted on the private-public partnership format that fosters better stakeholder inclusion for natural resource management at a landscape level. It is a good example of water stewardship, which WWF has played an important role in over a number of years. Although primarily concerned with flowers, this case study is included here as it provides a rare example of UK food retailers coming together to provide joint support (including financial support) to address a shared supply issue.

##### About the initiative

The Board's remit was to *“forge a strong working partnership to rehabilitate the Lake Naivasha catchment and address the shared water risks of different stakeholders.”*<sup>85</sup> These stakeholders include UK supermarkets, Kenyan government representatives, pastoralists and fishers, smallholder and SME farmers, commercial growers and civil society organisations.<sup>86</sup> Imarisha is now managing the delivery of a Sustainable Development Action Plan, developed from the stakeholder-validated LN Integrated Management Plan, which outlines the threats and mitigation strategies that were considered the most critically in need of addressing. Imarisha Naivasha is mandated to monitor and coordinate the activities in terms of pooling resources and efforts around the basin.

Since its inception over £1m has been raised towards the Imarisha Trust from retailers (including Asda, Sainsbury's, Tesco, M&S, Finlays Horticulture Kenya, REWE and COOP) and international governments. Imarisha partnered with WWF and others to develop the Integrated Water Resource Action Plan Programme, which is funded by the Dutch Embassy in Nairobi, and focuses on the implementation of various strategies outlined in the SDAP. Imarisha has also been able to leverage their retailer funds towards attracting partners such as GIZ to undertake specific activities related to water security and stewardship within the basin, under the wider International Water Stewardship Programme (IWaSP).<sup>91</sup>

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<sup>84</sup> Landscapes for People, Food and Nature (2014): Financing strategies for integrated landscape investment – Case study: Imarisha Naivasha by Gabrielle Kissinger [peoplefoodandnature.org/wp-content/uploads/sites/4/2014/04/Financing-Strategies-for-Integrated-Landscape-Investment-Case-Study-Imarisha-Naivasha-Lake-Naivasha-Kenya.pdf](http://peoplefoodandnature.org/wp-content/uploads/sites/4/2014/04/Financing-Strategies-for-Integrated-Landscape-Investment-Case-Study-Imarisha-Naivasha-Lake-Naivasha-Kenya.pdf)

<sup>85</sup> Public Service Transformation: [publicservicetransformation.org/social-justice-home/73-inside-government/397-dfid](http://publicservicetransformation.org/social-justice-home/73-inside-government/397-dfid) (Accessed 30.04.15)

<sup>86</sup> Imarisha Naivasha website: [www.imarishanaivasha.or.ke](http://www.imarishanaivasha.or.ke) (Accessed 30.04.15)

### **Contributing to long-term food security?**

As acknowledged, whilst this example primarily relates to flower production, very few of the funds go to the actual production of flowers. They go towards projects aimed at improving water security and at bringing partners together to work together better. There are also food security implications. Vegetable production in the Naivasha Basin is hugely important for Kenyan food security. The vast majority of fresh produce is grown for local consumption (estimated to be as much as 90% in 2004) in a national market worth about US\$700 million a year.<sup>87</sup> As such, water management is crucial both for smallholder and commercial farms.

By attracting funds to the basin, Imarisha was able to develop good partnerships that contributed to food security in the basin. In a recent DFID publication, smallholder farmer Francis Kahiu reported that *“the Imarisha partnership with GIZ IWaSP has helped us all to better manage our precious water and I have seen my farm yields increase”*.<sup>88</sup> Using the first tranche of funding from the UK retailers, projects that specifically improve food security, including creating better fish processing facilities with cold storage equipment and giving pastoralist communities better access to water,<sup>89</sup> were also undertaken.

Imarisha continues to work in the basin, through partnership with communities, CSOs and NGOs to promote activities such as payments for ecosystem services spear-headed by WWF that further enhance soil and water management for increased food security, and assisting farmer training for sustainable food production.

The Board’s promotion of Fairtrade flowers is delivering economic and food security. Fairtrade benefits include better working conditions, fairer wages and investment in education.<sup>90</sup>

### **Business rationale**

There is a clear business rationale for involvement in the partnership. M&S’s head of sustainable sourcing was quoted as saying: *“As climate change impacts we will have to make some difficult choices about where we source food and flowers, especially if it’s a water-vulnerable country. If you want a mandate to supply from a particular country, it will be very important to show the wider benefit of your trade there.”*<sup>91</sup>

### **Challenges**

There have been many positive results from the work of Imarisha Naivasha, but there are still tensions between the different water users in the area. These tensions are most obviously seen in recent conflicts between Maasai pastoralists and flower, horticulture and tourism industries – particularly regarding pastoralists’ access to the lake.<sup>92</sup>

<sup>87</sup> WWF-UK (2012) Shared risk and opportunity in water resources: Seeking a sustainable future for Lake Naivasha [awsassets.panda.org/downloads/naivasha\\_final\\_08\\_12\\_lr.pdf](https://awsassets.panda.org/downloads/naivasha_final_08_12_lr.pdf)

<sup>88</sup> Public Service Transformation: [publicservicetransformation.org/social-justice-home/73-inside-government/397-dfid](https://publicservicetransformation.org/social-justice-home/73-inside-government/397-dfid) (Accessed 30.04.15)

<sup>89</sup> Finlays corporate website: [www.finlays.net/environment/imarisha-naivasha-arise-naivasha](http://www.finlays.net/environment/imarisha-naivasha-arise-naivasha) (Accessed 30.04.15)

<sup>90</sup> Fairtrade Foundation press release 12.02.14: [www.fairtrade.org.uk/en/media-centre/news/february-2014/flower-trade-allegations](http://www.fairtrade.org.uk/en/media-centre/news/february-2014/flower-trade-allegations) (Accessed 30.04.15)

<sup>91</sup> Lawrence, F. (2011) Kenya’s flower industry shows budding improvement. The Guardian, 01.04.11. [www.theguardian.com/environment/2011/apr/01/kenya-flower-industry-worker-conditions-water-tax](http://www.theguardian.com/environment/2011/apr/01/kenya-flower-industry-worker-conditions-water-tax) (Accessed 30.04.15)

<sup>92</sup> Hivisasa Kenya regional news website ‘Naivasha pastoralists accuse provincial administration of harassment’ 24.04.15 [www.hivisasa.com/nakuru/news/157628/naivasha-pastoralists-accuse-provincial-administration-harassment](http://www.hivisasa.com/nakuru/news/157628/naivasha-pastoralists-accuse-provincial-administration-harassment) (Accessed 30.04.15)

Imarisha Naivasha is well poised to mediate conflict as it is constituted in a way that brings together all the major stakeholder within the basin. It is likely that conflicts over scarce resources will only increase over time as climate change and rising populations put more pressure on the area. It is not clear how long the retailers' commitment to Imarisha Naivasha will continue.<sup>93</sup> However, within the IWRAP programme, Imarisha along with WWF and the IWRAP partnership are working on a sustainable development fund. It is envisioned that this fund will provide a more sustainable and long-term funding source to ensure the continuation of specific strategies within the basin that support sustainable natural resource use and hence, food security within the basin. A potential target for funding would be levies on cut flowers sold in the EU and a portion of the water charges currently levied on surface and ground water abstractors.

#### **4.4.4 Cafédirect: an example of a grower-focused business model**

##### **About the company**

Cafédirect is the UK's first and largest 100% Fairtrade hot drinks brand. The company sources direct from smallholder tea, coffee and cocoa farmers around the world. It is committed to reinvesting at least one-third (currently 50%) of its profits in the cooperatives and communities of its producers.

The company became a plc in 2004, and has over 4,500 shareholders; 89% of its 38 producer partners own shares. It partners with Ethex, an independent not-for-profit organisation supporting investors and social businesses by creating a marketplace for positive investments. Producers hold two (out of eight) seats on the Cafédirect Board.

##### **Contributing to long-term food security?**

Cafédirect is 'grower focused'. It invests a proportion of its profits back into producer communities through its Cafédirect Producer Foundation<sup>94</sup> (CPF), which is a UK-registered charity owned and led by smallholder farmers. The percentage of profits invested in growers has run at over 50% for the last ten years. The CPF supports producers to improve their lives, investing in the priorities that are important to them. Projects range from WeFarm (a knowledge and information sharing platform) to healthcare, and funding university education for their children.

Cafédirect's long-term commitment to producer communities creates stable livelihoods, which in turn delivers food security for farmers and their families, as well as the communities in which they are rooted. The company's focus on encouraging environmentally sustainable production and adaptation to climate change means tea, coffee and cocoa farming are more likely to be viable in the longer term.

One such project is the Kayonza Growers Tea Factory in Uganda.<sup>95</sup> This tea partner has been working on innovative ways of reducing the impact of climate change, supporting farmers to increase food security, enabling them to diversify their income and secure conservation of natural resources.

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<sup>93</sup> Landscapes for People, Food and Nature (2014): Financing strategies for integrated landscape investment – Case study: Imarisha Naivasha by Gabrielle Kissinger [peoplefoodandnature.org/wp-content/uploads/sites/4/2014/04/Financing-Strategies-for-Integrated-Landscape-Investment-Case-Study-Imarisha-Naivasha-Lake-Naivasha-Kenya.pdf](http://peoplefoodandnature.org/wp-content/uploads/sites/4/2014/04/Financing-Strategies-for-Integrated-Landscape-Investment-Case-Study-Imarisha-Naivasha-Lake-Naivasha-Kenya.pdf)

<sup>94</sup> Cafédirect Producers Foundation website: [producersfoundation.org](http://producersfoundation.org) (Accessed 07.05.15)

<sup>95</sup> United Nations Framework Convention on Climate Change: Private Sector Initiative actions on adaptation (2012) [unfccc.int/files/adaptation/nairobi\\_work\\_programme/private\\_sector\\_initiative/application/pdf/cafedirect\\_plc\\_uk\\_reviewed\\_280213.pdf](http://unfccc.int/files/adaptation/nairobi_work_programme/private_sector_initiative/application/pdf/cafedirect_plc_uk_reviewed_280213.pdf)

Another initiative<sup>96</sup> that directly impacts on food security is Cafédirect's investment in a new single origin cocoa drink from São Tomé and Príncipe. Growers were assisted to form a cooperative and invest in infrastructure to ferment and dry their cocoa. Previously, farmers had sold 'wet' cocoa beans to local traders, which prevented them from adding value to their product, setting themselves high quality standards or selling directly to the international market. Fairtrade certification followed, which, alongside access to an international market with higher returns, led to the growers and their local communities reaping the economic benefits.

### **Business rationale**

Cafédirect's business rationale is to use business as a force for good. It was set up in response to a coffee crisis in 1989, when an international coffee agreement which had fixed global prices collapsed. This put the livelihoods (and lives) of millions of smallholder farmers at risk, as they were forced to sell their coffee at cripplingly low prices. In essence, it exists to provide a living for smallholder farmers. In order to do that it has to be successful as well as ethical.

For Cafédirect, success means growing its business while investing in the farmers from whom it sources. It does this by putting growers at the heart of everything it does; embedding environmental action across its whole supply chain; and being an inspirational, accountable and transparent business. Being a social enterprise also gives Cafédirect a unique selling point with customers, who feel that by buying a Cafédirect product they are directly affecting a smallholder farmer's life for the better.

### **Challenges**

Despite being a social enterprise and investing in the long-term interests of the farmers who provide Cafédirect's raw materials, the company is not immune to volatile movements on world commodity markets. It also bears risks associated with falling retailer profits (for example its products were delisted across Morrison's stores in 2013). According to chief executive John Steel, 2013 was a "*challenging year*"<sup>97</sup>, which saw revenue decline by 7%. The company is unable to shield growers from these shocks. In difficult years there will be less money for growers in direct profits and indirectly through social investment in schools, healthcare and other community infrastructure projects. More fundamentally, some would challenge the extent to which tea and coffee really contribute to food security and the extent to which they should be parts of our diets in the future – albeit this is a challenge that could be raised of many existing product categories.

#### **4.4.5 Farmdrop: an example of an alternative retail business model**

##### **About the company**

Farmdrop<sup>98</sup> is an online marketplace for farmers and producers that allows customers to buy local food directly from small suppliers, thus removing some of the links and simplifying supply chains. It shares elements of its business model with organic box schemes that have existed for a number of years. It is one of a number of emerging models trying to present an alternative model to the traditional bricks-and-mortar retail model and trying to disrupt the major supermarket incumbents, most of which have been dominant players for several decades.

<sup>96</sup> UK Department of International Development website: [collections.europarchive.org/tna/20130102212501/http://www.dfid.gov.uk/Work-with-us/Funding-opportunities/Business/FRICH/Projects/Cafedirect/](http://collections.europarchive.org/tna/20130102212501/http://www.dfid.gov.uk/Work-with-us/Funding-opportunities/Business/FRICH/Projects/Cafedirect/) (Accessed 07.05.15)

<sup>97</sup> Cafédirect Annual Review 2013: Committed to our Gold Standard: [www.cafedirect.co.uk/wp-content/uploads/2014/05/Cafedirect2013AnnualReviewandAccounts.pdf](http://www.cafedirect.co.uk/wp-content/uploads/2014/05/Cafedirect2013AnnualReviewandAccounts.pdf) (Accessed 07.05.15)

<sup>98</sup> Farmdrop (undated) [www.farmdrop.co.uk](http://www.farmdrop.co.uk) (Accessed 14.05.15)

### **Contributing to long-term food security?**

While its link to long-term food security may not be explicit, there are some aspects of the model that are consistent with sustainable food security. Reducing links in the chain allows more value to go to producers and, arguably, to give them a fairer and more transparent share of the returns. This contrasts to the conventional retail model, which is typified by complex and long supply chains, and opacity, where it is very difficult to follow ‘where the money goes’ for a particular product. The argument would be that producers who are paid a fairer share and who work in long-term partnership are more likely to be able to avoid household food insecurity themselves and to be able to invest in sustainable farming over the long term.

Built into this type of model is a belief in the need to improve the connection (or to repair the disconnection) between people buying food and those who produce it. Doing so will help people value their food more, and (amongst other things) throw less away.

Suppliers should be able to reduce their food waste – particularly compared to conventional farmers’ markets – because with Farmdrop all food is pre-ordered.

### **Business rationale**

There are a number of aspects to the business case for this sort of model. Firstly, there is the efficiency argument from taking links out of the chain. Secondly, there is reputational benefit from being seen to be part of a fairer model. And thirdly, there is the market opportunity to tap into the growing trend for good, local food. The company can take some confidence from successfully crowdfunding £750,000 on Crowdcube recently.

### **Challenges**

While it has experienced 25% growth since launch, this kind of alternative retail model is as yet unproven and has not yet reached scale. Therefore the long-term viability of the business model is still open to question. It is also unclear whether it will develop into a niche offering for the middle classes or whether it is a model that will transcend socio-economic groups.

### **4.4.6 Alpro: an example of an attempt to influence the consumption side of food security**

#### **About the company and the initiative**

Alpro is a multinational food manufacturing company, headquartered in Belgium, that sells soy-based food and drink products, as plant-based alternatives to meat and dairy (e.g. yoghurts and milk).

Alpro has teamed up with WWF-UK to develop a Plant-based Coalition – “a coalition of corporate, NGO and academic partners that will raise awareness of sustainable diets and the benefits of plant-based eating which is good for you, good for the planet and good for your pocket too.”<sup>99</sup>

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<sup>99</sup> WWF UK (undated) Alpro – what we’re doing [www.wwf.org.uk/about\\_wwf/working\\_with\\_business/companies\\_we\\_partner/alpro\\_partnership.cfm](http://www.wwf.org.uk/about_wwf/working_with_business/companies_we_partner/alpro_partnership.cfm) (Accessed 14.05.15)

### **Contributing to long-term food security?**

While most food security initiatives focus on the production end and on securing supply, this initiative by Alpro will attempt to encourage the general public to shift consumption patterns and habits – away from predominantly meat/animal-based diets towards plant-based diets.

Alpro defines plant-based foods as “*fruit and vegetables, whole-grains, legumes, nuts and seeds and plant-based dairy alternatives.*” High levels of meat consumption are associated with significant environment, health, animal welfare and social justice impacts – hence there is a growing movement to encourage people to eat less and better meat (e.g. the Eating Better alliance in the UK) and, to a lesser extent, to reduce dairy consumption.

The link to food security is via shifting people’s diets so that more land and resources are available to feed a growing global population, while reducing impacts on nature.

### **Business rationale**

There is a clear commercial rationale for a company that sells plant-based alternatives to meat and dairy to be encouraging society to shift towards plant-based eating. If Alpro and its coalition can increase the proportion of plant-based food eaten relative to meat-based, then it opens up opportunities to increase revenue through growing the market (and – in doing so – to use reputational benefit to drive up its market share). Alpro representatives say that the coalition is motivated not just by revenue opportunities, but also by a genuine desire to do the right thing.

### **Challenges**

The Plant-Based coalition is at the time of writing in its infancy, so it is unknown how it will develop, how successful it might be and the extent of its impacts. Also, the link to food security is more indirect than direct, hence it may be difficult to articulate how it contributes to sustainable food security.

# CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

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## 5.1 Discussion points

### 5.1.1 Limits to the 'business case' approach

There is undoubted value in being able to better articulate existing business cases for addressing long-term food security and in working to strengthen elements of those business cases. However, there are limits to any business case – in terms of what's necessary, possible and desirable.

#### **What's necessary: are business cases really needed?**

Several interesting issues were posed during our interviews and roundtables. These include why people feel the need to put a monetary value on everything in order for companies to be able to decide how to act; and how much a 'pure (commercial) business case' is really needed, when there is often a values-led rationale for action.

Respondents told us that the business case and moral case for action to address sustainability issues and food security issues often align – and where they do, that can be incredibly powerful.

*"I think the moral case is very strong. I think what is interesting about it, from where we are now, is that it almost doesn't matter, because the business case is so [strong]... The business case and the moral case are completely hand in hand. In some ways that's a fudge, but in other ways actually, if you're pragmatic about it, what it means is we can do much more, much faster than we would be able to do otherwise."*

One respondent suggested household food insecurity was an area where the moral case was perhaps particularly important:

*"I cannot think of a case where the business case isn't strong. I think an area where morals is important, is where you have sections of the population who are struggling to get food, i.e. where you have food banks. That is a moral case to help people."*

Another argued that being a good corporate citizen should be an important part of corporate sustainability and food security agendas:

*"Clearly it is there, and a really important part of sustainable development agendas is building strategies that employees feel proud of, connected to, are in line with their values and are things that they want to do and not just things they are told they must do or that it makes business sense for them to do. Of course morality comes into it but 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. That is a business case as well but it doesn't say you will make X amount of dollars this year. But I think that trying to do that rather than purely moral grounds is quite important because if you're opening up something that is just done for a moral reason, there will always be someone that's equally valid with a different morality guide with a complete different argument."*

### **What's possible: how far can a business case approach go?**

How far is it possible to go with individual business cases and how possible is to come up with a definitive business case that works across the whole food system (i.e. allows all actors in the food system to deliver long-term food security, sustainably and profitably)? To what extent is a watertight business case essential? As one interviewee told us:

*“I think there are individual business cases emerging and it is very difficult to glue them together into a systemic business case. One little bit of me says that you are never going to be able to write down in one document how to build a business case for a resilient, secure, sustainable food system of the future. A lot of what we need to do now is get on with it, probing and working on the ground rather than theorising too much.”*

### **What's desirable: the risk of reinforcing business as usual**

Creating too narrow or simplistic a business case risks reinforcing a business-as-usual approach – based on the narrow fiduciary definition of ‘maximising shareholder value’ and on the dominant paradigm of prioritising economic growth above all else. However, at present, there are not enough reasons or incentives for incumbent food companies to actively seek to change the rules of the game. Indeed, some would argue there are too many reasons for food businesses to keep the status quo.

Given the scale of the food security challenge, is there a need to repurpose the economic system, and the food system as an important part of that, to focus on well-being for all, rather than economic growth? If so, then the cases that need to be made are for strategies and initiatives that disrupt the status quo and push for more transformative change.

#### **5.1.2 Should we move beyond ‘food security’?**

The purpose of this research is not to critique the concept of food security. Having said that, it is important to note that some argue that the term ‘food security’ is too narrow and that it is potentially reinforcing the current (largely) industrialised food system. Some of this relates to the definitions of food security used and the way the term is framed (see Section 2.1). The recent Square Meal report<sup>100</sup> produced by a group of food and environmental organisations called for (amongst other things) definitions of food security to be adapted to shift emphasis away from increased production. The report rejected the narrative that the amount of food produced is an adequate proxy for food security. The perceived (over)emphasis on supply arguably forces smaller (often more sustainable) producers out of the market.

Moving beyond a broader definition of food security, some are exploring terms and ways of framing the discourse that they argue are more empowering and inclusive, for example ‘food sovereignty’.

Most of the interviewees and roundtable participants though are broadly supportive of the concept of food security. Our research suggested that those food company executives that had a more sophisticated (broader) understanding of food security – one that avoided narrow definitions – were on the whole more progressive in terms of their company’s activities to address sustainability and long-term food security. Hence, the debate about whether to move beyond ‘food security’ is not clear cut. Whether the

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<sup>100</sup> Food Research Collaboration (2014) Square meal: Why we need a new recipe for the future. Food Research Collaboration. [foodresearch.org.uk/wp-content/uploads/2014/07/squaremealfinalpdf-1.pdf](http://foodresearch.org.uk/wp-content/uploads/2014/07/squaremealfinalpdf-1.pdf) (Accessed 03.10.14)



debate is mature enough within the food sector to explore issues of food sovereignty is doubtful, but this is certainly a question that could be explored further (albeit out of the scope of this research).

### 5.1.3 What roles and responsibilities for food businesses?

Where do responsibilities start and end for food businesses? Where should they start and end? As one food company representative stated:

*“our role is to maintain a supply of food, and that means we have to work out contingencies. But when it comes to food security issues, it is for government representatives to set that policy. The two terms do get a bit confusing but that is the way that I think about it; we can have a view about how the policy is developed, but that is on a different level to the way business operates which is ‘what can I do about my own piece’. It is like the food and landscape discussion, I am only one business, I might buy food from an area, but I don’t have landscape control.”*

Most argued that the distinction is not clear-cut and businesses can, and should, play a role in addressing food security. However, critically that should not be on their own or in a (policy) vacuum. Indeed, it was suggested that some large agri-businesses spend considerable amounts of resources to block the adoption of ‘progressive’ policy and legislation (albeit different organisations have different views on what is ‘progressive’). If food businesses are taking at least some responsibility for contributing to long-term food security, then surely they have a responsibility to support, rather than hinder, legislation and policies to help the goal of food security for all, for ever?

### 5.1.4 Timeframes

Delivering sustainable food security is inherently both a short- and long-term (ongoing) challenge. However, as we heard from food business executives, there is a mismatch in time horizons. As one interviewee put it:

*“‘Long-term’ in business terms can be as little as two years.”*

Some CEOs of food companies are in post for more than one political cycle, which may allow them a longer-term timeframe in theory, but in practice they are usually also under pressure to deliver short-term quarterly returns. Only very few government departments such as the Ministry of Defence do genuinely long-term horizon-scanning and policy-making.

Proposals to address this include ensuring food companies have long-term targets in relation to their contribution to addressing food security – crucially with interim (shorter-term) milestones that ensure that the targets remain on the agenda. Incentives for food company executives (and indeed right across food companies) could be realigned to ensure they match such milestone and longer-term targets. Listed companies can take Paul Polman (from Unilever)’s lead and move away from quarterly reporting – and in the process discourage investors who are only interested in ‘a quick buck’.

## **5.2 Conclusions**

Many leading food companies are already taking positive steps designed to reduce environmental impacts, to have positive social impacts and/or to improve resilience. And some are already articulating well – either publicly or privately – their own individual business cases for tackling long-term food security. Sustainability and food security do seemingly go hand in hand.

### **5.2.1 The importance of framing**

For many businesses, food security is understood as the continuing ability to provide good quality, affordable food reliably. Key aspects of this definition are:

- Encouraging security of supply to future-proof the business, and build resilience into the business plan so as to anticipate and minimise risks. Aspects include managing resource constraints and price volatility and supporting producers.
- Increasing capacity for food production, taking into account population growth and changes brought by growing wealth and larger middle classes.
- In some cases, ensuring the availability of a sufficiently varied set of products to support good nutrition and health, as well as quality of life.

However, there can sometimes be conflict between company profitability and sustainable food security. The most obvious example is large-scale land acquisitions, where food companies may secure supplies and potentially gain competitive advantage over rivals in the short term, but in doing so may create problems, including those of access to food in local communities.

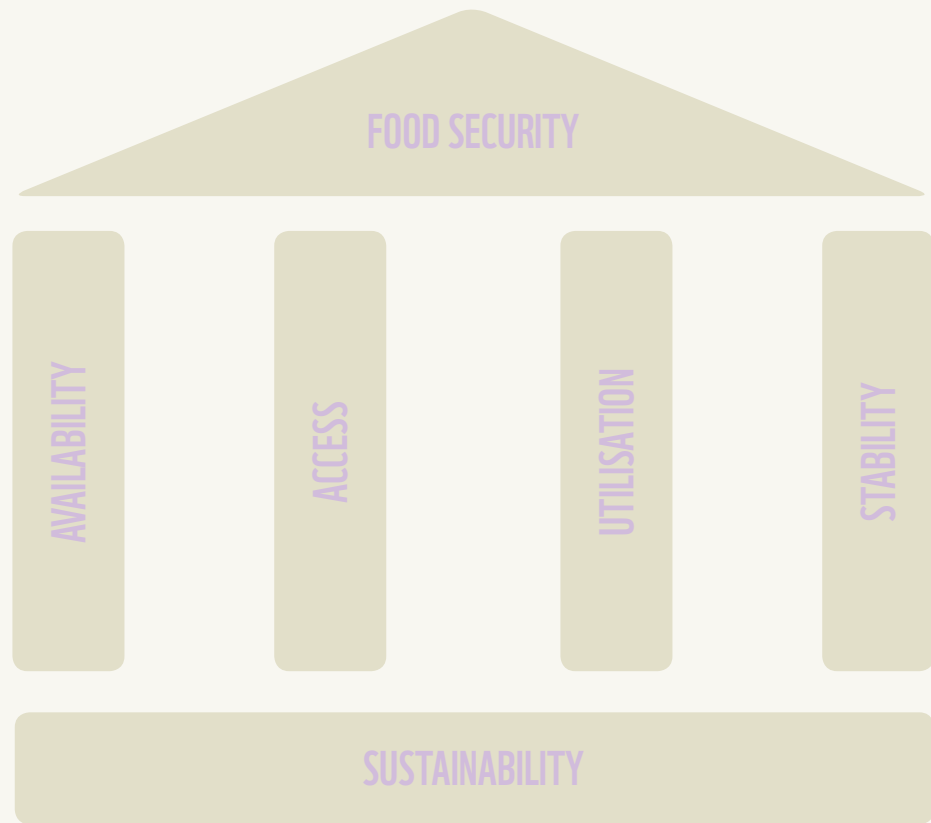
If food security is narrowly interpreted by food companies as making sure products are available on shelves (in the short term), then their actions may not always be contributing to a genuinely fair, sustainable future. While food companies may choose to use their own language, this must build on a shared understanding of what global food security means – and this must include all five pillars (including sustainability). This goes beyond quantity of food. It is also vitally important to consider what and whose food a company is trying to secure and to provide access to. Rather than being led by the choice-demanding consumer, food companies should recognise their responsibility in promoting healthier, sustainable choices. Hence what is grown and what is eaten is important. Those involved in food security issues should also consider who is at the centre of debates around food security – it shouldn't automatically be consumers in the Global North as the default focus.

### **5.2.2 Sustainability and food security**

Sustainability can be thought of as a fifth pillar of the traditional FAO definition of food security. However, the risk of such an approach is that sustainability is thought of as in some ways separate from traditional notions of food security, rather than underpinning all aspects of food security. Figure 2 shows an alternative way of presenting this with sustainability being the bedrock for long-term food security.

Many companies confuse or conflate 'sustainability' and 'food security' language. At one level this could be beneficial, as sustainability is beginning to enter the mainstream lexicon and the two terms should necessarily heavily overlap. However, the two concepts are not the same – and the risk is that certain aspects of food security may be overlooked or marginalised if the two are used interchangeably. Based on the interviews, roundtable discussion and workshop, this particularly applies to issues around access and entitlement, which are too often neglected at the expense of a focus on short-term availability (*"keeping products on the shelves"*).

Figure 2: Pillars of food security (adapted)



Source: Authors' adapted version of figure 1, which was based on Hanson C. (2013) for World Resources Institute<sup>9</sup>

### 5.2.3 Existing business cases

There is already a strong set of business cases for why food companies should address long-term (sustainable) food security. Based on our analysis, the most straightforward elements of the business case are (in no particular order):

1. Security and quality of supply chains
2. Brand reputation – and ability to engage key stakeholders (including investors)
3. Efficiency
4. Reduced risk to reputation
5. Licence to operate.

Other elements are reasonably strong, for example being an early mover on emerging strategic issues, but such business cases appear to be limited at the moment.

In general terms, a business case will be much stronger if it has more elements to it – and is tailored to suit the particular (usually internal) audience. There are risks relating to a narrow business case and, more broadly, there are potential dangers of an over-focused business case approach.

#### 5.2.4 Elements needing further strengthening

There are reasonably robust reasons for some (usually larger) food companies to get involved in pre-competitive collaborations – relating to some of the above elements of the business case, particularly improving brand reputation. However, the rationale for individual food companies participating in collective action is limited on at least two fronts:

- (i) in terms of who is most often participating (usually more pioneering/forward-thinking businesses and most often larger businesses, as smaller ones typically struggle on resourcing)
- (ii) in the sense that the most progressive food companies are perhaps reaching the limits of the reputational benefits they can claim.

Hence the business case overall seems to be weaker. As one interviewee said in relation to the current feasibility of effective pre-competitive collaboration:

*“I think that requires a level of maturity in a market that I’m not sure currently we are at. I think it raises the dilemma collaboration has as many pros as it does cons and I think the legislation around competitive interaction actually would need to be given some careful consideration.”*

This presents both a challenge and an opportunity. It is a challenge because collective action is – according to all those we spoke to – “*absolutely essential*” (to use one interviewee’s phrase). It is an opportunity to explore how the business case can be strengthened, particularly in relation to the collective commons – where at present pioneering action by one organisation will have little effect unless many other key players join in.

There are limits to the existing business cases and to potential future business cases. Hence there is a need to build on the ‘common sense’ business cases that already exist for addressing sustainable food security and to work to strengthen the ‘commons sense’ business case (for avoiding the Tragedy of the Commons). Concerted action – individual and collective – is needed on several fronts simultaneously.

### 5.3 Recommended actions for food businesses

From the evidence collected, it is clear that there is no standard formula for food companies to deliver food security and no single business case for them doing so. However, there are some key steps that can be taken and questions that food companies should ask themselves to accelerate businesses’ contribution to addressing sustainable food security. These are to:

#### **(i) Understand local food insecurity issues in a global context**

Food companies should ask:

- What food security<sup>101</sup> problems exist now in the communities in which they operate, source from and sell (in)to?
- What problems are likely to exist in the years (decades) ahead?

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<sup>101</sup> Food security here should be interpreted broadly, including the respective five pillars.

**(ii) Explore actions for the benefit of wider society**

- What should food companies do to address those issues and deliver long-term societal benefit – individually, but crucially also collectively?
- What creative new approaches might there be?

**(iii) Only consider commercial actions alongside social benefits**

- (Then, and only then) Which actions that deliver social benefit can also offer commercial benefit?
- How can benefits be measured or captured?
- Can food companies share those business cases more widely (beyond their own organisation)?

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

- Where areas are genuinely beyond a food company’s direct influence or where there is no clear business case, how can they 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 – government 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.

As one food executive 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”.*

One suggestion proposed was that it could be made 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.

- Where there is not a clear business case, can (or should) you be bold and act anyway?
- How can food companies articulate the business case(s) and encourage others to do likewise?
- Can the food industry 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?
- Can the industry – through representative bodies – lobby government to incentivise food companies for active participation in pre-competitive food security collaborations?

For business cases to push in the same (positive) direction on food security, it is surely better to start with a good understanding of the food security problem and an organisation’s potential positive, long-term contributions to addressing it, than with how to make money from short-term actions or how to make a company’s contribution to food insecurity slightly less bad. A considered approach is ultimately more likely to help deliver the more robust and sustainable set of business cases so needed.

## **5.4 Closing thoughts**

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.

Firstly, that businesses need to work together more collaboratively to take bold action to secure a sustainable future for our food; and secondly, 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, and 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.

Companies that focus on making money from short-term actions or on making their contributions 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.