

BEYOND WASTEFULNESS
BEYOND HUNGER
BEYOND SHORT-TERMISM
BEYOND CHEAP FOOD
BEYOND 'SPOILT FOR CHOICE'
BEYOND EXPLOITATION
BEYOND 'CUSTOMER IS KING'
BEYOND IMPOSSIBLE
BEYOND BUSINESS AS USUAL



TOWARDS A
SUSTAINABLE
FOOD SYSTEM
**A REPORT BY THE
FOOD ETHICS COUNCIL**



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BEYOND BUSINESS AS USUAL

TOWARDS A SUSTAINABLE FOOD SYSTEM

“The challenges facing the world in the decades to come are huge. Climate change, environmental degradation and population increases mean that ‘business as usual is not an option’. Everyone – including governments, businesses and consumers – has a part to play in helping to create a more sustainable food system that can face up to those challenges. This must-read report spells out the collective steps – transformative and practical – that must be taken by us all.”

Cathryn Higgs, Food Policy Manager, The Co-operative Group

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BEYOND BUSINESS AS USUAL SUMMARY



Adapting to the profound effects of climate change, lifting one billion starving people out of hunger, addressing the escalating obesity crisis – these are just three of the many formidable economic, social and environmental challenges confronting the food system. One thing is clear: if society is going to successfully meet these challenges, something has to change – ‘business as usual is not an option’.

This assessment – a key message from our 2010 report *Food Justice* – has gained widespread, cross-sectoral endorsement in recent years. To date, however, this growing consensus has not been translated into the transformative policy and practice that is urgently required. What, exactly, does getting beyond business as usual mean in practical terms? That is the question the Food Ethics Council’s *Beyond Business As Usual* project has sought to answer.

We conducted an extensive dialogue with senior business figures, key public servants, civil society campaigners and academics. We asked them to tell us about the main barriers to achieving a fair, healthy and environmentally sustainable food system, and to identify what needs to be done to overcome them. And once we had considered stakeholders’ responses to these questions, we convened a series of roundtable discussions to explore in detail the most pressing challenges and the most promising solutions.

This summary outlines what we found.



BARRIERS TO ACHIEVING A FAIR, HEALTHY AND ENVIRONMENTALLY SUSTAINABLE FOOD SYSTEM

Insufficient demand

As things stand, there simply isn't sufficient demand for sustainable food to drive the required transformation in the food system. Price, quality and value are still the most important determinants of food purchasing decisions. So there is a problem: business and government both look to consumers to lead the way on sustainable consumption, but consumers do not want to assume this responsibility.

This is not to say that people don't want to buy sustainable products – they do, but they don't see why they should have to pay more money for them, and many cannot afford to do so. Society's attachment to, and dependence upon, cheap food is a critical barrier in moving towards a sustainable food system.

“We're not paying the full cost of food – food is still too cheap” Voluntary sector representative

Commercial and operational obstacles

Businesses themselves face a wide range of commercial and operational obstacles in their efforts to adopt more sustainable practices. For many businesses, there are insufficient incentives to adopt such practices, and often quite strong disincentives to do so. For businesses that have led the way, the food system does not seem to adequately reward leadership and innovation.

Pressures to adopt short-term approaches – company performance being judged on the basis of quarterly reports, and shareholder demands for quick returns, for example – militate against longer-term investment in sustainability. And even where there is a genuine recognition of the need for change, it is often difficult to embed this commitment across the whole business.

“The biggest problem is getting people to think beyond the next twelve months” Retail sector representative

Lack of government leadership

Given the scale of the challenges facing the food system, there is an urgent need for government leadership in accelerating progress on sustainability. At present, government is failing to respond to this need. Most damagingly, government has not provided the coherent, joined-up, long-term food policy that businesses – and other sectors of society – require in order to develop their own strategic responses to the challenges confronting the food system.

“We need increased political priority on issues of food and social justice” Online survey, health sector representative

TOWARDS A SUSTAINABLE FOOD SYSTEM – THE NEXT PHASE

On the basis of our stakeholder dialogue, we have identified a series of priorities for action by business, government and civil society. These priorities, which are summarised overleaf, will go a long way towards creating the momentum for the shift that is so desperately needed.

But the scale of the challenges, and the urgency of meeting them, mean that these incremental steps need to be underpinned by more transformative change. We have identified three aspects of the existing food system where the need for this more fundamental change is most pressing.

How the market operates

The way that the market operates has to change. Food prices must reflect the full social and environmental costs of production – the era of 'cheap food' is over. But as food prices inevitably rise, steps must be taken to ensure that all people have access to a healthy, affordable diet. The ability of some businesses to make excessive margins through the abuse of their disproportionate power also has to end.

New business models

Moving beyond business as usual requires the development and widespread adoption of new business models grounded in sustainability – business models that are commercially successful by providing social value within the limits of the planet. This means addressing the pressure on businesses to generate short-term profits, through investors taking more account of long-term environmental considerations for example.

Fundamental shift in government approach

There needs to be a fundamental shift in government's underlying approach to promoting a sustainable food system. Government needs to set aside its reticence about 'telling people what to eat'. Government must also move on from seeing its role as essentially an *enabling* one – simply 'allowing' business and civil society to make progress. There are certain features of the way the food industry operates – around marketing and advertising for example – that are simply incompatible with achieving a sustainable food system and which require more assertive government intervention. Most fundamentally, government must reconsider its faith in an economic model premised on continued economic growth. As this orthodoxy underpins the policy environment within which all businesses, including food businesses, operate, it is a challenge that must be faced, and urgently.

SUMMARY: PRIORITIES



(I) FOOD BUSINESS RESPONSIBILITIES

PRIORITIES FOR ACTION WITHIN THEIR OWN OPERATIONS INCLUDE:

- ◆ Creating a culture of sustainability. One practical measure being developed by businesses involves linking performance assessment and reward to long-term sustainability targets.
- ◆ Promoting sustainability through its treatment of its workforce. Specific proposals include doing more to provide sustainable meals to the workforce; and ensuring pension funds are invested responsibly and sustainably.
- ◆ Developing new business models grounded in sustainability.

PRIORITIES IN THEIR ENGAGEMENT WITH OTHER BUSINESSES INCLUDE:

- ◆ Increased levels of collaboration. For example, collaborative approaches towards choice editing offer promising prospects for retailers to engage more effectively with their customers. Farmers should explore co-operative business models.
- ◆ Retailers, manufacturers and caterers can make significant progress on sustainability through their supply chain relationships. This can be through direct investment in developing long-term relationships with suppliers, or indirectly, for example by placing business with suppliers who are themselves pursuing sustainable practices.

PRIORITIES FOR ENGAGEMENT WITH CITIZENS INCLUDE:

- ◆ Retailers and manufacturers use persuasive communications and marketing teams to reach carefully segmented groups of people – making better use of these tools to positively influence people's food choices towards more sustainable consumption.
- ◆ There needs to be a step-change in food businesses' willingness to choice edit, so that they provide a 'better choice of choice' to citizens.
- ◆ Food businesses need to help cultivate a broader conception of 'value' among their customers – taking account of the wider social and environmental costs incurred in producing their food.
- ◆ Food businesses need to show much greater willingness to make themselves publicly accountable for their performance on sustainability.

THE PRIORITY FOR THEIR ENGAGEMENT WITH GOVERNMENT IS:

- ◆ To move away from a transactional model, where businesses act to support public policy objectives in return for government acceding to business's preferences – to a transformative model, where there is a shared recognition of the scale of change that is needed, resulting in collaborative action with the primary objective of serving the public interest.



(II) GOVERNMENT RESPONSIBILITIES

- ▶ The over-arching recommendation to government is that it must show leadership by providing a clear, long-term, joined-up food policy. Government needs to ensure that all areas of policy contribute towards the goal of a sustainable food system – or, at the very least, that policies do not militate against the achievement of this goal.
- ▶ The definition of ‘the consumer interest’ for the purposes of competition policy must be broadened to encompass wider considerations relating to sustainability, rather than limiting the definition to choice and price.
- ▶ The government should clarify the legal position on fiduciary duties to emphasise the validity of taking a broad perspective on the best interests of pension fund members and beneficiaries.
- ▶ The government should consider the merits of introducing ‘hypothecated’ taxes on unsustainable food. This tax revenue would be ring-fenced for public expenditure relating to the problems caused by the product being taxed.
- ▶ Government can use tax incentives to encourage employers to provide healthy and sustainable meals to their workforce. Government – along with other statutory bodies – could also subsidise provision of healthy and sustainable meals.
- ▶ The government should extend the scope of public sector buying standards to cover all areas of public food procurement, incorporating the full range of social and environmental considerations.
- ▶ It is crucial that the UK government shows international leadership, championing the policies necessary for a sustainable food system in the international fora that develop policy relevant to the food system.
- ▶ Our reports sets out the key lessons that project participants had learnt from current and past government-business partnership initiatives. We urge government to take these lessons into account in taking forward the ongoing partnerships and designing new ones.
- ▶ We endorse the Green Food Project steering group’s call for a wider, more sophisticated debate on sustainable consumption. It is essential that this debate leads to concrete plans for action.

(III) CIVIL SOCIETY RESPONSIBILITIES

Our civic responsibilities as citizens carry over into our food purchasing decisions, and into how we cook, who we eat with, what we throw away, and so on. Our obligations to current and future generations impinge upon our food choices every bit as much as they do on decisions about what political party to vote for. Consumers as citizens can also have a significant impact on the sustainability of our food system in the workplace, for instance. Employees can become ‘Workplace Responsible Investment Champions’, advocating for change with their pension providers and building support among colleagues for shareholder activism campaigns. They can also encourage their workplaces to strengthen sustainable procurement practices.

Civil society organisations (CSOs) have a crucial role in promoting a sustainable food system, including activities to create public pressure for change; driving demand for sustainable products by raising public awareness of the imperatives around sustainable food production and consumption; and scrutinising government-business partnerships.

Before people can play a serious role in promoting a sustainable food system, they need to value food much more highly than they currently do. One important way of addressing this is by ‘re-connecting’ people with food through community food projects, such as Community Supported Agriculture schemes and food co-operatives.



“ THE GREEN CONSUMER WANTS FREE RANGE EGGS. BUT THEN TELL THEM THAT BATTERY EGGS ARE LOWER IN CARBON AND THEY EITHER WON'T BELIEVE YOU, OR THEY'LL BE CONFUSED AND FEEL THEY'VE BEEN MISLED. I DON'T THINK WE'VE GOT ENOUGH OF AN UNDERSTANDING

BEYOND

OR LITERACY AMONG CONSUMERS. IT'S IMPOSSIBLE TO EMPOWER CONSUMERS TO DO THIS. THE LEVEL OF DETAIL, OF UNDERSTANDING, THE CONFLICTS AND COMPROMISES, IS BEYOND SOMEONE STANDING IN FRONT OF A RETAIL SHELF AND MAKING A CHOICE. ”

RETAIL SECTOR REPRESENTATIVE

'SPOILT
FOR CH
OICE'



1.

INTRODUCTION



A 'SUSTAINABLE FOOD SYSTEM'

When we talk in this report about a 'sustainable food system', we are adopting a broad definition of a food system that is fair and healthy for people and the environment. In some instances we will be focusing specifically on one or other of the different elements of sustainability – namely economic, social, health-related and environmental factors. Where this is not clear from the context, we explicitly refer to 'environmental sustainability', or whatever specific facet is appropriate.

BEYOND 'BUSINESS AS USUAL'

To address successfully the formidable economic, social and environmental challenges confronting the food system today, 'business as usual is not an option'. That was the unequivocal message from the Food Ethics Council's Food and Fairness Inquiry, conducted during 2009-10 by a committee of business leaders, campaigners, civil servants and academics. It was a message that had already been articulated by influential voices representing a range of perspectives, and has been echoed increasingly since the publication of the Inquiry report, *Food Justice*, in July 2010. Most recently, for example, the concluding report of the Department for Environment, Food and Rural Affairs' (Defra) Green Food Project stated that 'producing more food through a "business as usual" approach is not an option'.¹

This growing consensus has not, however, been translated into the kind of transformative policy and practice that the assessment demands. The aim of the Food Ethics Council's *Beyond Business As Usual* project has been to cut through the invigorating rhetoric, and explore just what, in practical terms, moving 'beyond business as usual' really means for the food industry, for government, and for civil society. The specific focus for this exploration has been to understand the obstacles that businesses face in making progress towards a fair, healthy and environmentally sustainable food system; and what government, in particular, can do to help businesses overcome those obstacles.

POLITICAL CONTEXT

The Food and Fairness Inquiry was conducted during the final year or so of the last Labour administration, which was a time of cautious optimism within the food sector. The government's 2008 report *Food Matters*, together with the subsequent *Food 2030* strategy, were widely welcomed as useful progress towards a long-overdue strategic approach to UK food policy – by no means the finished article, but an important step in the right direction. However, by the time the Inquiry report, *Food Justice*, was published, a new Conservative-Liberal Democrat coalition government was in power, and no-one was quite sure what the future held for UK food policy, and for sustainable development generally. On the one hand, for example, we had Prime Minister David Cameron's pledge to lead 'the greenest government ever'; while at the same time, it was quickly apparent that the respected Sustainable Development Commission would be one of the victims of the coalition's 'bonfire of the quangos'.

More specifically, for food policy, the new administration showed little enthusiasm for the strategic approach that had been developed by its predecessor. Instead, theirs was a more pragmatic, 'solutions-focused' approach; with a strong emphasis on promoting a sustainable food system in the context of a wider competitiveness, growth, and export agenda – an approach driven to some extent at least by the deepening impact of the recession. As the Agriculture and Food Minister of the time Jim Paice told the Environmental Audit Committee inquiry into Sustainable Food: 'We don't have a big plan. No, we are not a Government that has, or at least not a Department that has massive plans'.²

Within this changed landscape, there were however significant elements of continuity. Like the Labour government before it, the Conservative-Liberal Democrat coalition strongly favours a voluntary approach to engaging with business over a regulatory one – a conviction again strengthened by the desire to minimise the burdens on an industry striving to cope with the effects of the recession. This preference was exemplified by the announcement, just weeks after the 2010 General Election, that Defra was to establish a Task Force on Farming Regulation, with the objective of reducing the regulatory burden on the farming industry. Alongside this emphasis on voluntary action, the current administration has broadly – if not explicitly – endorsed the conception of government's role that was put forward in *Food 2030*: an essentially enabling role, providing the policy environment to allow the food industry to address the challenges facing the food system.

METHODOLOGY

Our investigation of the obstacles facing the food industry has had two phases. During 2011 we undertook extensive desk research into existing evidence of the main challenges confronting businesses in working towards a sustainable food system, the main policy and practical solutions that have been proposed, and the main initiatives that have been implemented. We then held initial discussions with a selection of key stakeholders, to test out and refine our understanding of the issues.

The second phase, during 2012, comprised a six-month process of dialogue involving influential stakeholders from a range of sectors. During the first half of 2012 we conducted a series of semi-structured, in-depth 1-1 interviews with senior business figures, policy makers, public servants and civil society organisations (CSOs). Supplemented by an online consultation, this provided a detailed and authoritative insight into the main obstacles facing business, and what is needed to overcome them. Then, during July 2012, we held three roundtable discussions to explore the key themes and issues that emerged from the interviews and surveys. Each roundtable, held under the Chatham House Rule, involved about 20 participants from a range of sectors. The topics of the roundtables were: 'Working better together: Lessons for effective government-business collaboration'; 'Driving sustainable food consumption'; and 'Overcoming commercial and political short-termism'.

The analysis presented in the body of the report is essentially derived from the 1-1 interviews and the roundtable discussions. However, more than 100 people from a wide range of backgrounds made very helpful contributions through the online survey that we conducted. Survey responses substantiated the arguments and proposals that emerged through the interviews, and informed our approach to the roundtable discussions. Many of the responses to specific questions also encapsulated key aspects of our analysis and recommendations, and we have included several of these quotes throughout the report.

Our recommendations are grounded in the wealth of experience and knowledge that our stakeholders have brought to the project. On that basis, we are confident that they can make a valuable contribution to enabling business, government and civil society to work more effectively together in pursuit of a fair, healthy and environmentally sustainable food system. The individuals and organisations that took part in the project are listed in Appendix 1.

2. House of Commons, Environmental Audit Committee, Sustainable Food inquiry, Corrected Transcript of Oral Evidence, 7 December 2011, Q375.

2.

THE UK FOOD INDUSTRY TODAY



Before assessing the obstacles facing the UK food industry in working towards a sustainable food system, it is important to recognise the diversity of the sector. There are several dimensions to this diversity: the different stages in the supply chain; the huge variation in size; and the extent to which businesses have already been implementing more sustainable practices themselves and, where applicable, along their supply chains. All these factors have implications for the potential, and role, of a given business in pursuing sustainability.

To move beyond business as usual, the most important distinction made by project participants was between the 'leaders' and 'the rest' – where this categorisation reflects a company's recognition of the sustainability challenge, of their part in solving it, and their willingness to act accordingly. This is not necessarily a matter of size: smaller organisations can be effective innovators, catalysing wider change thanks to their greater agility, or by starting from scratch on a platform of sustainability. That said, the most visible examples of progress have mostly been provided by large national, often multinational businesses (Unilever's 'Sustainable Living Plan, Marks & Spencer's 'Plan A', Sodexo's 'Better Tomorrow Plan', The Co-operative Group's Ethical Operating Plan for example).

The existence of commitments such as these – and the progress that has been made towards meeting them – is confirmation of one of the clear messages from project participants: that for leading businesses, the priority attached to sustainability has risen in recent years. Aspects of business practice where this can be seen include product reformulation, supply chain relationships, sourcing standards, consumer engagement, and resource efficiency. One major reason for this increased priority is that many businesses are recognising that sustainability considerations are affecting the commercial side of company operations, through raw material price inflation, for example. These actual and potential effects translate into various categories of risk associated with failing to act on such issues, including supply risks related to climate change and reputational risk. Leading businesses are also recognising the positive impacts they can have on sustainability issues and the benefits of proactively addressing those issues – including potential financial savings, greater security of supply and reputational benefits from being perceived to be 'behaving responsibly'.

The crucial characteristics of these leading companies are that they have recognised the long-term necessity of embedding a culture of sustainability within their business models, are trying to integrate sustainability into their core operations, and have made the associated long-term investments. So although the recession has obviously had significant implications for these companies, they have not allowed it to undermine their commitment. For businesses that have yet to make this long-term commitment, however, the immediate pressures of surviving the economic downturn are sometimes sidelining progress on sustainability.

WHAT NEXT FOR THE UK FOOD INDUSTRY?

Probing beneath this snapshot of the UK food industry, our conversations with stakeholders threw up a series of pressing questions about what may happen next. Is the UK food industry, as one business representative suggested, 'moving towards a critical mass of good practice in some areas, where businesses that do not join in are being penalised'? Another business stakeholder acknowledged that much of the impressive progress made by their company to date had been relatively cost-neutral. Does this mean that progress will slow as these relatively low-cost (not to mention 'win-win') opportunities are exhausted or alternatively will the momentum that has been generated carry through into the more difficult challenges ahead? Are the leading companies approaching a stage where they have got as far as they can on their own, with potential gains through first-mover advantage becoming harder to identify; and if so, what models of collaboration will they turn to? And are leading businesses finding that voluntary agreements are not providing the level playing field that will prevent them from being undercut by less progressive competitors – and if so, what are the implications for future government-business relationships and partnerships?

In the sections that follow, we hope to provide potential answers to questions like these, framed under the underlying question of what does 'beyond business as usual' mean. Section 3 sets out what stakeholders told us about the various barriers to achieving a fair, healthy and sustainable food system. Section 4 maps out proposals – derived from our dialogue with stakeholders – for overcoming these barriers, for how industry, government and civil society can move beyond business as usual. Section 4 also presents an explicitly ethical perspective on what needs to change in order to achieve a sustainable food system.



BEYOND

“**FOOD COMPANIES MUST REALISE
THAT A FAIR AND ETHICAL APPROACH TO
BUSINESS CAN STILL BE PROFITABLE.**”

ONLINE SURVEY, FOOD BUSINESS



**EXPLOIT
ATION**

3.

BARRIERS TO ACHIEVING A FAIR, HEALTHY AND ENVIRONMENTALLY SUSTAINABLE FOOD SYSTEM



3.1 APPARENT LACK OF DEMAND FOR SUSTAINABLE FOOD

Price, value, quality, and to some extent health – these have long been the principal determinants of consumer choice when it comes to buying food, and as far as project participants were concerned, that remains the case today. Indeed, they are perhaps even more so today than in the recent past, due to the ongoing impact of the recession on the budgets of low income households particularly. This means that there simply is not the level of demand, or market drive, for ‘sustainable food’ that is required to prompt the majority of food businesses to embrace sustainability.

However, the picture is not quite as stark as it may seem. The continued growth in the Fairtrade market is cited as evidence of people’s commitment to sustainability, even in the face of the recession. It is true that much of this growth is due to major brands switching to Fairtrade suppliers, and to selective initiatives such as supermarkets choosing to stock

‘SUSTAINABLE BUSINESS MODELS’

When we talk about food businesses adopting business models grounded in sustainability, we mean those that are commercially successful by providing social value within the limits of the planet.

only Fairtrade lines for certain product categories, for example bananas. But the 168% growth in UK sales of Fairtrade products between 2007 and 2011 cannot be dismissed solely as the result of unilateral decisions by food manufacturers and retailers.³ Aside from anything else, they would not be making these decisions if they did not think that there was a demand for Fairtrade products.

But there is a further twist to the Fairtrade story, which introduces another important nuance to the demand question. For the most part, these high profile shifts by major food companies have been price-neutral for consumers: supermarkets have subsumed any additional costs through cross-subsidisation. This implies significant limitations to the scope for this kind of Fairtrade choice editing – but it also reflects a more fundamental obstacle to the widespread adoption of sustainable consumption. Various research has shown that many people are concerned about sustainability considerations, and want their food to reflect those concerns – that for many people ‘green is normal’, as the title of one report put it.⁴ This suggests that there is at least a latent demand for sustainable food - but there is a crucial caveat: people do not see why they should pay more for sustainable food, and are for the most part unwilling or unable to do so. This points to one of the fundamental problems in creating or realising demand for sustainable food.

Much of the food people buy today is as cheap as it is because food prices do not currently reflect the full social and environmental costs of production, and of consumption for that matter (for example in terms of the costs to the health service of unhealthy diets). There is a growing acceptance that this has to change – that we have to start paying prices for our food which do reflect these wider, ‘external’ costs. But there is no getting away from the fact that this will result in higher food prices. From the perspective of the level of demand for sustainable food, this is a double-edged sword: on the one hand, paying the ‘true’ cost of our food means higher prices (and so is a barrier to more sustainable consumption); on the other hand, the price of relatively unsustainable food will rise more than that of more sustainable food (because unsustainable food is, by definition, food which is causing the most significant social and environmental damage) – so the price of sustainable food will fall relative to more unsustainable food. It is also important to note that ‘sustainable food’ is as much about storing, cooking, eating and disposing of food in a more sustainable way as it is about buying ‘better’ options. So, for example, if people wasted less of the food they buy, that would help reduce relative spend on food. This may offset at least some of the future food price rises that many expect to be inevitable.

THE ROLE OF CONSUMERS IN DRIVING SUSTAINABLE CONSUMPTION – AN UNDERLYING TENSION

The immediate implication of current levels of demand for sustainable food is that for many food businesses, there are limited incentives to adopt more sustainable practices. But this situation also points to a fundamental tension regarding individuals’ role in promoting sustainable food. There is a widespread perception that a business cannot afford to be more than one step ahead of its customers. As one participant put it: ‘successful companies are successful because they deliver what consumers want to buy; if they stop doing that, they stop being successful companies’. Businesses’ reluctance to get too far ahead of customers places a heavy onus on people, in their role as consumers, to drive sustainable consumption. This onus is reinforced by the government’s conviction – shared by administrations past and present – that it is categorically not its role to be ‘telling people what to eat’. Instead, government understands its own responsibility as being to ensure that people have access to the information that they need to make informed choices about the sustainability of their food. The problem is that by and large people do not want this responsibility – they want issues around environmental impact, labour standards, animal welfare and so on to be addressed by the people producing and selling their food, so that they can base their decisions on personal priorities and preferences. The best analogy is perhaps with safe food: people expect, and the law demands, that all food sold to them is fit for human consumption and will not make them ill. People do not expect to have to choose between two food products, one of which is safe and one which is not. Moreover, it is widely accepted that the notion of the fully sustainability-informed customer is unachievable anyway – a view expressed by a number of project participants, and encapsulated by a representative of a major retailer:

‘Take free range eggs. The green consumer wants free range eggs; but then tell them that battery eggs are lower in carbon – they either won’t believe you, or they’ll be confused and feel they’ve been misled. I don’t think we’ve got enough of an understanding or literacy among consumers [...] it’s impossible to empower consumers to do this, the level of detail, of understanding, the conflicts and compromises, is beyond someone standing in front of a retail shelf and making a choice.’

“ONE MAJOR CHALLENGE IS THE RELENTLESS FOCUS ON COST RATHER THAN VALUE. EXTERNAL COSTS IN THE FOOD CHAIN ARE NOT INTERNALISED, SO THE COST OF FOOD TO CONSUMERS DOES NOT ACCURATELY REFLECT THE REAL COST OF PRODUCTION.”

ONLINE SURVEY, CONSULTANT

So we have a situation where both industry and government are looking to shoppers to create the impetus for a sustainable food system, but where people do not want this responsibility, and no-one really believes they can be equipped to assume it: partly because of the sheer quantity of relevant information; and partly because of the complexity involved in attempting to weigh up competing considerations. It therefore seems to become a case of food businesses, especially retailers, engaging with their customers in other ways in order to influence their purchasing decisions – something which, on the face of it, retailers seem pretty experienced, and successful, in doing. However, when we discussed all of the various responsibilities that food businesses have in working towards a sustainable food system, this was the one area where project participants expressed a marked lack of confidence in their ability to perform such a role. Despite the substantial academic and corporate research into consumer behaviour, businesses generally felt they were struggling to engage effectively with their customers on the sustainability agenda, and ultimately to influence market demand. Among other things, there was a feeling that what people say about the reasons for their purchasing decisions are not necessarily accurate indications of their *actual* purchasing behaviour. One retail representative talked about the day-to-day dilemmas they faced around, for example, whether their customers would prefer them to prioritise sourcing British meat over higher welfare standards, or vice versa (which is not to suggest that the two are mutually exclusive, of course), the retailer was relying more on gut instinct than anything else. There was also a feeling that the behaviour change aspect of government initiatives – which are considered in Section 3.4 – was relatively unsophisticated.

There is a more positive side to this scenario. The fact that businesses are increasingly open to the idea that they have a role in creating demand for sustainable food represents progress compared to just a few years ago, when this was effectively a ‘no go’ area. And some businesses have made important progress in engaging with people, particularly around environmental issues. For food service companies with a wide range of customers, the fact that they have to satisfy the most demanding of their customers means that they should be ahead of the majority of their clients. But the overall message is memorably captured by the ‘doughnut dilemma’ described by one retail representative:

‘The bit that hasn’t been cracked is behaviour change. Unless we do something on this, everything else is really just tinkering. I can play around with the nutritional content of a doughnut as much as I want, I can say eat just one doughnut, I can make them smaller – but I can’t stop someone eating three.’



VIEWPOINT



**MICHELLE HANSON,
COMMERCIAL DIRECTOR,
SODEXO UK & IRELAND**

A recurring concern about the journey towards a sustainable food system is reflected in this Food Ethics Council project: the need to re-think the current system, not just 'tweak' it. There is a tendency to take the environment for granted, people as collateral damage and profit as an end in itself. This may sound like a caricature, but the structure of mainstream accounting practice is not all that far off. The discussions conducted as part of the *Beyond Business As Usual* project are encouraging: they show that players in the public, private and third sectors understand the need to tackle all aspects of the sustainability agenda to make progress in the food system: environmental limits (resource scarcity, changing climate), social challenges (social justice, health and wellbeing) and economic consequences (food prices, short-termism).

The public sector, industry leaders and third-sector organisations have all expressed their willingness to be part of the solution and tackle these challenges together. In order to accelerate this understanding and goodwill, the government needs to continue leading by example and ensure that it brings cross-governmental collaborative initiatives to another level so as to scrutinise all aspects of sustainability. In our opinion harmonisation of effort is key, partnerships that seek the support of public, private and third sectors – for example the Department of Health Responsibility Deal on Public Health and Defra-sponsored WRAP Hospitality and Food Service Agreement – would be all the more powerful if they were strategically joined up to design truly sustainable solutions for all aspects of the food system. Further, organisations that support them need to be rewarded for or encouraged to multiply their efforts and embrace the whole sustainability agenda.

The doughnut dilemma – the difficulty of achieving the desired impact in terms of more healthy consumption – is confirmed by statistics on salt intake. For some categories of food, manufacturers have achieved important reductions in salt levels, but the positive effect of these reductions has been overridden by overall increases in consumption of the product concerned. For example, in the year ending September 2012, the salt content of instant hot snacks was reduced by seven per cent, but total salt intake through consumption of these products increased by over 15 per cent.⁵

“THERE’S DEFINITELY A NEED FOR MORE PUBLIC EDUCATION. THIS WOULD ADDRESS EATING CHOICES AS WELL AS A GREATER UNDERSTANDING OF FAIR AND SUSTAINABLE FOOD PRODUCTION IN ORDER TO CHALLENGE THE CHEAP FOOD CULTURE.”

ONLINE SURVEY, FOOD BUSINESS



3.2 COMMERCIAL AND OPERATIONAL OBSTACLES

INSUFFICIENT INCENTIVES TO ADOPT SUSTAINABLE PRACTICES

The apparent lack of demand was the most fundamental disincentive impinging upon corporate decision-making in relation to sustainability. But industry representatives also raised a number of other issues around the lack of effective incentives - apart from the obvious ‘win-wins’ around energy efficiency, waste reduction, and so on. There was a general recognition that for large numbers of businesses, there are insufficient incentives to adopt and embed sustainable practices, and, in fact, sometimes quite strong disincentives to do so – in that they will not currently be able to recoup the costs associated with some investments. And for the businesses that have been at the forefront of developing sustainable practices, there is a perception that the food system does not adequately reward leadership and innovation. Tesco’s experience on carbon labelling was cited as evidence of this claim. Here, the company identified the failure of others to follow its lead as the reason for dropping its pledge to label all products with its carbon footprint – although other factors, such as the amount of time it would take for Tesco to fulfil this pledge, were also recognised.

Several participants provided examples to illustrate the basic problem, particularly in relation to organic production. For a retailer seeking to maximise its margins, there is currently much more profit to be made from selling a high range branded milk (either an external brand or own label quality range) than organic. The branded milk actually sells for a higher price than organic, despite being cheaper for the retailer because it uses conventionally-produced milk.

Government attempts to counterbalance these commercial pressures through incentive schemes came in for criticism. The five year time limit on Natural England’s Organic Entry Level Stewardship scheme epitomised the difficulty in effectively incentivising a long-term commitment to sustainability – because many farmers simply took the money for five years, then reverted to conventional farming. The incentive scheme for anaerobic digestion was also symptomatic of this problem, in this instance because it demonstrated what happens without clear, and reliable, long-term assurances about government policy. Farmers were encouraged to invest in anaerobic digestion with what turned out to be unrealistic assurances that the level of feed-in tariffs would ensure an acceptable return on

investment. When these returns on investment failed to materialise, farmers suffered financially, with knock-on reputational damage to people who had advised them to invest. A more general comment about government incentive schemes was that they need to be flexible, with application procedures that are not overly-burdensome. And while we did not explore the incentive elements in the Common Agricultural Policy in any detail with participants, there was certainly a feeling that at present – pending the outcome of the current reform process – these incentives are not proving effective in promoting sustainable production.

One of the farmers we spoke to was keen to stress that the solution did not lie in ‘throwing money at farmers’. There was no question that small farmers in particular do need help to overcome the competitive pressures he described, but he felt this should be provided through measures such as skills development, soft loans and investment in relevant research. Without some kind of financial support, it was simply not viable for a group of farmers to sustain a local abattoir, for example – which meant that the farmers concerned ended up sending stock hundreds of miles to the nearest abattoir, with all the associated environmental damage. We also heard examples of the perversity of some aspects of current financial support provision – such as the availability of grants to build new buildings, but not to restore existing ones. The general issue of farmers’ access to finance, including the difficulty of obtaining bank loans, was reiterated by a number of project participants.

PRESSURES TO ADOPT SHORT-TERM APPROACHES

‘So for me, it’s getting beyond what we do in the next twelve months, and getting people to look at the big picture that’s ahead, and really start to think about, ok that’s what’s ahead, what do we need to be doing now to start mitigating for it. The biggest problem we’ve got is that we struggle to get people to think long-term instead of short-term.’

This retailer’s comment sums up what was one of the strongest messages to emerge from our dialogue with stakeholders. Working towards a truly sustainable food system – in particular, ensuring sustainable supply in a world of increasingly scarce natural resources – requires long-term thinking, and long-term investment to go with it. This means financial investment, in new technologies for example, as well as investment in long-term, secure supply chain relationships, both domestically and globally. However, several features of the environment within which food businesses operate militate against such long-term approaches.

“MOST OF THE TIME INDUSTRY DOESN’T HAVE THE SKILL SET TO SUPPORT SUPPLY CHAINS IN POORER COUNTRIES, AND IF THEY TRY TO APPLY THE NORMAL SKILL SET, YOU GET PEOPLE SAYING RIGHT THIS IS WHAT WE’RE GOING TO GO AND DO TO SMALL FARMERS, A TOP DOWN COMMAND AND CONTROL SOLUTION.

THAT’S NOT THE WAY TO DO IT. ANYONE WHO WANTS TO ‘DO DEVELOPMENT’ TO PEOPLE HAS GOT THE WRONG END OF THE STICK.”

RETAIL SECTOR REPRESENTATIVE

VIEWPOINT



JEANETTE LONGFIELD, CO-ORDINATOR, SUSTAIN

As a rule, my glass is half full, but following a year that saw both drought, and the most rain for 100 years, together with steps backwards in some areas of food policy, this view is being severely tested. Having thought that we had won the battles, for example, for nutritious meals for all schoolchildren, and for people's choice not to have genetically modified (GM) material in their food to be respected, some of us are back at the barricades. As this report goes to press, it seems that government policy is to persuade us of the foolishness of our wish for GM-free food and farming, and to allow children in the new academy schools to be given school meals with some, any or no nutrition standards.

At the same time, growing numbers of poverty-stricken families are being driven to rely on food banks, the spread of antibiotic resistance seems to be speeding up (due, in part, to over-use of these precious medicines in factory farms), and sales of some organic products are falling. I could go on.

But my glass remains stubbornly half full. Sales of Fairtrade products continue to grow, all the fish served at the London 2012 Olympic and Paralympic Games was sustainable, and more and more countries around the world have introduced, or are thinking of introducing, taxes or duties on, for example, sugary or fatty foods.

Governments using fiscal measures could turn out to be one of the most significant developments towards a healthier and more sustainable food and farming system. As long as "bad" food is cheaper than "good" food, it will continue to be very tempting to keep producing and buying it. Using taxes and subsidies to redress this imbalance might create the desperately needed tipping point to accelerate progress.



Company performance is still widely gauged on the basis of three- or six-monthly reporting and annual profits, with shareholders perceived to be more interested in quick returns on their investment than in the longer-term sustainability of the company (let alone the environment). It is widely felt that the City of London and other financial institutions do not value long-term investments and partnerships appropriately. Food companies feel that they have no option but to play by these rules of the game, because they have to demonstrate that they are competitive (according to the prevailing sense of the term) in order to attract investment and secure loans.

These pressures on retailers, caterers and manufacturers have knock-on effects on producers, seen for example in the requirement to re-tender for contracts every six or twelve months. Encouraging businesses to compete by undercutting each other on such a frequent basis makes it very difficult for producers to make the investments that are necessary to ensure the long-term economic and environmental sustainability of their businesses.

In addition to the pressures that impinge upon a business as a whole, participants also expressed concerns about the difficulty of embedding sustainable approaches across the business, of engendering a 'culture of sustainability' – even where there is a strong organisational commitment. In particular, the difficulty of incorporating longer-term sustainability considerations into the day-to-day activities of buyers cropped up in several of our conversations about barriers to progress. Buyers make decisions on a range of criteria, but cost and quality are the main considerations – to the point where there is a perception that these are the overriding criteria, making it hard to get buyers to take account of other issues.

We explored these issues around short-termism in some detail in the third of our roundtable discussions, with a particular focus on the potential of 'responsible investment' approaches as a means of addressing some of the problems. The encouraging proposals generated through this discussion are set out in Section 4 of this report. In the present context, it is noteworthy that similar pressures towards short-termism exist within the investment community. Mirroring the 'buyer issue' outlined above, pension fund trustees tend to seek and expect strong short-term performance from their fund managers. This pressure is then passed on by the fund managers to investee companies with the result, often, that longer-term considerations of sustainability are crowded out in the engagements between fund managers and corporate management. Interestingly, it was suggested that this dynamic stems from a widespread misinterpretation by trustees that

their 'fiduciary duty' begins and ends with a simplistic duty to 'maximise returns' in the short term. As we will see in Section 3.3, this is similar to the situation regarding another fundamental barrier to business progress on sustainability – where the implications of UK competition policy for business collaboration rest on conflicting 'narrow financial' versus 'broader sustainability' interpretations of 'the consumer interest'.

DIFFICULTY IN ATTRACTING AND RETAINING A SKILLED WORKFORCE

The importance of, and challenges inherent in, attracting people with the necessary skills to the food sector has been recognised by both government and business. There is no doubting the significance of this issue: as one participant put it, 'leading food businesses are global – if they can't get the skills here, they'll relocate'. The Defra-sponsored Skills Action Plan for the Food Supply Chain – 'Feed Your Ambition' – has been developed to address this major policy concern. 'Feed Your Ambition' is motivated by the assessment that 'there is a big skills gap right across the food chain. The industry must attract more well qualified and ambitious candidates if it is to continue to grow and innovate'.⁶ The Action Plan has cross-industry support, and aims to 'change the way that young people think about careers and development in the food industry' by providing 50,000 apprenticeship places. The Food and Drink Federation's 'Taste Success' campaign likewise aimed at 'attracting new talent to UK food and drink manufacturing'.⁷

The issue around skills was confirmed by several project participants. In relation to primary production, one stakeholder commented: 'It's a big challenge to farmers, even compared to 10-15 years ago. It's all about precision farming, having all those skills, HR skills, commercial skills, quite different to what they did before'. Other comments highlighted skills that are directly necessitated by the sustainability agenda, such as the need to support supply chains in poorer countries:

'Most of the time industry doesn't have the skill set to support supply chains in poorer countries, and if they try to apply the normal skill set, you get people saying right this is what we're going to go and do to small farmers, a top down command and control solution. That's not the way to do it. Anyone who wants to 'do development' to people has got the wrong end of the stick.'

Another concern was that although there was 'lots of knowledge out there about sustainable practices', businesses are not implementing that knowledge

6. Defra website: <http://www.defra.gov.uk/news/2011/06/22/food-apprenticeship/>
7. Food and Drink Federation website: <http://www.fdf.org.uk/campaigns/careers.aspx>



BEYOND

“ LOW FOOD PRICES AND
SUPERMARKET POWER ARE
DESTROYING THE INDUSTRY. ”
ONLINE SURVEY, FOOD BUSINESS



**CHEAP
FOOD**

“IT’S SURPRISING HOW MUCH THE YOUNGER GENERATION COMING THROUGH ARE NOW LOOKING AT SUSTAINABILITY ISSUES. THEY’RE MUCH MORE AWARE AND MORE COST CONSCIOUS. THEY KNOW THEIR COSTS, KNOW DIESEL ISN’T GOING TO BE THERE AT THE SAME PRICE NEXT YEAR. THESE GUYS’ PSYCHES ARE RIGHT, SUSTAINABILITY IS TO THE FOREFRONT – SO IF GOVERNMENT CAN JUST GIVE A LITTLE HELP IN THE RIGHT DIRECTION, THE FARMING SIDE IS RECEPTIVE.”

FARMER

because of lack of the necessary skills (and money) to put sustainability at the heart of their operation. This was part of a wider concern, extending beyond the skills issue, about the quality of, access to, and implementation of, the research on sustainable food production. One view was that the UK is a long way behind other countries – France and Germany, for example – in ensuring that small and medium-sized enterprises (SMEs) have access to the necessary research. One of the producers we spoke to felt that there was inadequate research into issues such as seed development, soils, and cattle genetics – in this case, comparing the UK unfavourably with the US. For one of the retailers we spoke to, there was a shared responsibility for the research issue:

“We know science can hold a lot of the answers, but we don’t necessarily have the right comprehensive research, not necessarily the new technology, new advances that we need, and we’ve got to work a lot closer with the science base to start filling those gaps.”

Having said all that, this was one of the issues where we encountered a degree of divergence in perspectives. More than one participant felt that good progress was being made, that ‘the government is beginning to get it right on R&D’, that there has been ‘some good movement on research policy, more funds available for things like plant science and soil science, which had got really run down and we need to rebuild’.

To a certain extent, these differing levels of optimism carried over into the specific issue of attracting a new generation of farmers. There are particular challenges here, not least the fact that the average age of a UK farm holder is 58. There is also the perception that current levels of land prices mean that entry into farming is not a viable investment in the short-term. However, as the quote on the left shows, one of the farmers we talked to sounded a much more upbeat note.



3.3 LACK OF GOVERNMENT LEADERSHIP ON SUSTAINABLE FOOD

LACK OF A CLEAR, LONG-TERM, JOINED-UP FOOD POLICY

We also asked participants what they thought government's role should be in enabling businesses to overcome obstacles facing the food industry. We got a resounding, unambiguous response. First of all, government needs to attach a much higher priority to food policy than is currently the case. Participants felt that government is currently failing to recognise how central food policy is to addressing the wider economic, social and environmental challenges that today confront not just business, but society as a whole.

In addition to this general point about the centrality of food policy, a number of anticipated developments were cited in support of the view that food policy would move up the political agenda, including: the looming 'obesity crisis'; the price of food being driven up by competing demand from 'BRIC countries' (Brazil, Russia, India and China); and the cost of food as a proportion of disposable income continuing to trend up.

The second strand of the response was equally strong: government needs to show far greater leadership in working towards a fair, healthy and environmentally sustainable food system than it is providing at the moment. There were several elements to the call for leadership, but two in particular stood out. The first was that government needs to articulate a clear long-term vision for the future of the food sector, to give food businesses clarity about the destination they should be working towards, to enable them to make the necessary investments, and generally to make the long-term decisions that they need to make. And this vision needs to be backed-up by an equally clear plan, identifying the short-, medium- and long-term actions that have to be taken by the respective partners in the drive towards sustainability. This was not to say that government should necessarily take sole, or even lead, responsibility for drawing up this detailed implementation plan – indeed, there was a feeling that government was not very good at this kind of thing and should instead focus on the broad policy direction, 'leaving the nitty gritty to business'. So government's role here should be more one of facilitating the process through which the detailed plan of action could be developed.

Participants identified a number of ways in which government policy currently fails to provide this long-term clarity. The in-built uncertainty caused by the five-year cycle of general elections represents a constitutional constraint on long-term consistency of policy direction. A more immediate, and unpredictable, feature of political reality is that policy decisions are sometimes driven by short-term political expediency. In some instances, this involves politically motivated considerations taking precedence over more objective, long-term factors. The Prime Minister's announcement of the intention to set a minimum price for a unit of alcohol was cited as an example, where the decision was regarded as undermining the work that had been done with food businesses towards voluntary approaches to addressing problematic alcohol consumption. The delay in introducing the new feed-in tariff rates for anaerobic digestion was another example of the long-term unreliability of government policy in relation to a sustainable food system.

In addition to providing this long-term clarity, the second essential requirement for government food policy is that it must be coherent, or 'joined-up' – that all the relevant aspects of government policy should support the pursuit of a sustainable food system. Participants identified several aspects which currently fail to meet this requirement; where, on the contrary, government policy hinders work towards a sustainable food system. The most widely cited example was competition policy, which is regarded as prohibiting companies from collaborating with each other if this results in higher prices or reduced choice for consumers. Since these are likely outcomes of many potential collaborative initiatives, this provision has significant implications for businesses' capacity to collaborate in their pursuit of sustainability. As was the case with the issue around pension fund trustees' fiduciary duty, this largely comes down to conflicting interpretations of the principle that underlies the legislation – here, the definition of 'the consumer interest' for the purposes of competition policy. This issue is explored further in Section 4. The key point here is that businesses' anxiety on this score is well-founded. When dairy companies and supermarkets attempted to support UK dairy farmers by agreeing to pay higher prices, they were challenged by the Office of Fair Trading (OFT), and many ended up with substantial fines. And when the Food and Drink Federation mooted action to reduce portion sizes – responding to a challenge laid down by government minister Tessa Jowell – the OFT told them their proposals were likely to breach competition law.⁸

8. <http://www.marketingmagazine.co.uk/news/225529/>

We also heard about ways in which government policy can obstruct the efforts of individual businesses to operate more sustainably. 'Planning policy is a prime example, illustrated in the experience of this farmer:

I wanted to build a reservoir. Planning permission was easy the last time I built one, 20 years ago, but not this time. I chose the site with the lowest build costs (which means lowest carbon footprint), but was denied planning permission because of four oak trees. I'd happily plant 400 oak trees – I've planted thousands over the years, but the planning department wasn't interested. To avoid the trees, I'd need to put the reservoir in grade one land, the best in the country. I had similar problems getting planning permission for an anaerobic digestion plant – I got the permission in the end, but it cost so much money in consultants' fees that it makes the project unviable. Trying to make environmentally sustainable investments and the trouble you get is unreal.

The fact that planning policy is a local government responsibility highlights a further challenge in developing joined-up policy. From the business perspective, there are strong reasons for preferring consistency across the different levels of government; but this needs to be balanced against the broader political rationale behind devolution and localism – where one of the advantages of devolved responsibility is the opportunity to compare the efficacy of different policy approaches to a given issue. One example is the decision of the Welsh Government to introduce a 5p charge on single-use carrier bags, while the rest of the UK currently has opted for a voluntary approach. Supermarkets in Wales reported reductions of 70-96% in single-use plastic and paper bags since the charge – which goes to charities and is not a tax – was introduced in October 2011. This contrasts markedly with the picture for supermarkets in the UK as a whole, which saw an increase in plastic bag use for the second year running in 2011.⁹

Beyond this consensus around the need for clear, long-term, joined-up food policy, some stakeholders argued that the urgency and scale of the challenge necessitates a more interventionist approach from government. For some, this was expressed in terms of government needing to regulate to create a 'level playing field', to ensure that progressive businesses are not undercut by less enlightened competitors. Others called for more vigorous government intervention, citing for example the significant health improvements resulting from legislation on smoking and seat-belt wearing. It was, however, generally recognised that this level of interventionism was at odds with the current policy orthodoxy.

3.4 GOVERNMENT-BUSINESS PARTNERSHIPS – LEARNING THE LESSONS

In recent years partnerships between government and business have become increasingly important as a means of achieving progress towards a sustainable food system. The highest profile initiatives have been:

- The *Courtauld Commitment* on waste and resource efficiency. Originally launched in 2005, this is a voluntary agreement between the government-funded Waste and Resources Action Programme (WRAP) and the grocery retail sector, with the aim of improving resource efficiency and reducing the carbon and wider environmental impact of the grocery sector. Phase 2 of the project – 'Courtauld Commitment 2' – which prioritises more sustainable use of resources over the entire lifecycle of products, throughout the whole supply chain, was launched in March 2010.
- The *Food Network strand of the Public Health Responsibility Deal*. Under the Public Health Responsibility Deal – launched by the Department of Health in 2011 – businesses commit to taking action voluntarily to improve public health through their responsibilities as employers, as well as through their commercial actions and their community activities. The Food Network is one of five networks, and to date has focused on action around salt reduction, trans fats, out-of-home calorie labeling and calorie reduction.
- The *Green Food Project*. Also launched in 2011, Defra's Green Food Project is a partnership initiative involving government, business and environmental NGOs. It aims to identify how the UK can increase food production in ways that also improve the environment.



There are also several more narrowly focused examples, such as the Food Standards Agency (FSA)'s recent salt reduction campaign, and the Campaign for the Farmed Environment (which promotes farming practices that benefit the environment). While all these collaborative initiatives have significant distinctive features, they are all underpinned by the belief that voluntary agreements (between government and businesses, and among businesses themselves) are generally a more effective way of achieving public policy objectives in relation to the food system than regulation.

CHARACTERISTICS OF SUCCESSFUL EFFECTIVE GOVERNMENT-BUSINESS PARTNERSHIPS

Business representatives (and other stakeholders) acknowledged that the partnership approach potentially – and often in practice – provides an effective way for government to work collaboratively with business, based on a clear understanding of the realities of running a profitable, sustainable business in a competitive domestic and global market. The main features cited as contributing towards these positive experiences are listed below:

- Government's willingness to listen to, and act on, feedback from business (about, for example, the feasibility of suggested targets);
- Initiatives that 'go with the grain of business', incorporating a strong business case, were more likely to be effective;
- The opportunity to engage constructively, and share experiences, with other businesses and wider stakeholders with whom respondents would not otherwise have much contact;
- Government providing clear statements of what it expected of business, which businesses could easily incorporate into their day-to-day activity;
- The greater flexibility afforded by voluntary partnership approaches (compared to regulation), in terms of different ways to achieve targets, and the ability to adapt to changing circumstances;
- The delivery of messages to business through people that businesses trust, and work with on a routine basis;
- A planned strategic approach, with consistent messages that are developed over the course of the initiative;
- The involvement of NGOs and other civil society representatives helps to ensure that targets are challenging (while still realistic).

More fundamentally, participants noted that many of the challenges faced by food businesses (and society generally) could only be resolved through the kind of collective action that the partnership approach fosters. Individual businesses are not able to make the necessary investment in developing alternative ingredients or packaging materials, for example. And progress towards public health goals, such as through salt reduction, will be undermined if leading brands are not signed up.

Regarding specific initiatives, the FSA's salt reduction campaign was cited as embodying several of the positive features listed above. The fact that WRAP – rather than individual companies – is responsible for achieving targets was seen as crucial in providing the flexibility necessitated by companies' differing capacities and opportunities. The practical focus on identifying and addressing product category 'hotspots' (rather than more cumbersome Life Cycle Analyses) was cited as a positive aspect of the Courtauld Commitment.

The aspirations behind both the Public Health Responsibility Deal and the Green Food Project were widely supported, and participants pointed to important progress under both initiatives. The pledges that are the basis of the Responsibility Deal were seen as addressing crucial public policy goals, and can be an effective way of driving progress within businesses. The Green Food Project was regarded as having developed a good understanding of the relevant issues and challenges, including – for some respondents – achieving its immediate objective of getting beyond the easier 'win-wins', and recognising the more challenging tensions that confront policy makers and businesses.

RESERVATIONS ABOUT THE PARTNERSHIP APPROACH

Not all comments were positive, however, and the partnership initiatives described above also received criticism from stakeholders, including representatives of business. Participants identified a range of factors that prevent government-business partnerships from achieving their full potential, or stated objectives. In some cases, these appeared to be practical problems that could be rectified relatively easily; but in other instances, it seemed more a case of identifying some of the inherent limitations to what can be achieved through this kind of approach.

Up to a point, these problems basically revolved around the failure to adopt the lessons of the positive experiences identified above: in a nutshell,

government's failure to appreciate, and be responsive to, the realities of businesses' operating environment. Initiatives were criticised for failing to plan sufficiently far in advance, which meant that businesses were not able to integrate messages into their planning cycles. The demands placed upon businesses by WRAP were sometimes considered to be disproportionate to the available resources within businesses. The Responsibility Deal was criticised for generating a succession of new pledges, without recognising what is involved in achieving top-down buy-in, and then embedding them more widely, within organisations.

This issue of perceived unrealistic expectations was one aspect of a more general concern expressed by some stakeholders regarding the more high profile initiatives: that the government's approach was to some extent motivated by the political imperative to 'be seen to be doing something'. By contrast, it was suggested that the lower profile of other initiatives had permitted a less 'politicised' approach.

Another fundamental concern – expressed by a range of stakeholders, regarding both the Responsibility Deal and the Green Food Project – was that government was not playing a sufficiently leading role in ensuring that deliberations adequately addressed the key issues, and delivered the necessary plans for action. This was not to say that businesses wanted government to make all the decisions and take all the action. Rather, it was government's role to actively facilitate a process whereby the necessary actions (primarily to be taken by business) emerged. For some stakeholders, government's failure to perform this leadership role is an inevitable consequence, or symptom, of the absence of an over-arching, truly cross-governmental food policy.

How to encourage businesses not currently involved in partnerships to sign up was a major concern for a wide range of stakeholders. Large companies with a high public profile have a reputational incentive to be fully engaged, and recognise that their leadership role on sustainability requires a collaborative approach. But neither of these incentives apply to smaller, less publicly visible companies, which are also more likely to be struggling to deal with the shorter-term priority of economic survival.

The importance of credible monitoring of companies' and government's performance under these partnerships is generally recognised. The challenge is to ensure that monitoring processes generate sufficiently comprehensive and reliable data, without creating undue burdens for both businesses and government – and, ideally, that the monitoring element becomes a constructive, integral part of the process, feeding back into the ongoing development of the initiatives.

One particular risk is that the desire to minimise the monitoring burden will result in a focus on the more easily measurable, quantitative aspects (such as percentage reductions in salt content), rather than the more complex, but arguably more fundamental, issues around organisational culture and consumption patterns, for example.

Perhaps one of the most fundamental concerns was the feeling that, to date, government-business partnerships had been conducted on what one stakeholder described as a 'transactional basis' – the idea that businesses are collaborating with government on the basis that, in return, government accedes to business preferences (by not regulating, for example). This 'transactional' relationship was seen to place limitations on the scale of progress that is achievable.

“REALLY HARD TO JUDGE WHAT IS SUCCESS IN GOVERNMENT-BUSINESS PARTNERSHIPS. FOR EXAMPLE, ONE RETAILER REDUCED THE FAT IN A READY MEAL, BUT INCREASED SALES MEANT THE CALORIE FOOTPRINT HAD GONE UP. SO SUCCESS DEPENDS ON WHETHER PEOPLE WERE HAVING SOMETHING MORE CALORIFIC PREVIOUSLY...DEPENDS WHAT THE SUBSTITUTION WAS. SO MONITORING IS ESSENTIAL, BUT MUST BE SURE IT DOESN'T CREATE PERVERSE INCENTIVES TO DO THE LITTLE THINGS INSTEAD OF THE BIG THINGS.”

PROJECT PARTICIPANT



VIEWPOINT



**DAVID CROFT, DIRECTOR
(FOOD TECHNOLOGY),
WAITROSE**

Reasons to be positive: An increasing number of companies are seeing the need for developing more sustainable food systems within their supply chain, building development and biodiversity approaches into them to hopefully deliver both social and environmental sustainability looking forward. These are not mutually exclusive when also considering economic sustainability, and there is a growing argument for anchoring them around economic market relationships in order to create longevity and engagement, with some evidence developing to support that.

Worry: This is a supply chain development that requires long term perspectives, and consideration of wider areas beyond the immediate supply chain trading relationship between customers and suppliers. There is long term value in this for the different parties, supply chain stakeholders, and a wider community, but longer term investment programmes are not frequently seen in supply chain development, and require broad stakeholder encouragement. Similarly, business has had a limited involvement in such broader approaches in the past and needs to extend its engagement and expertise, to drive and own change.

Asks: A long term perspective within business, with committed ownership from customers alongside the input and engagement of their suppliers, and associated support from investors to encourage a long term planning perspective. Civil society and Government can support both of these areas, working in collaboration to create wider impact, understanding of issues and an encouraging policy environment.

4.

TOWARDS A SUSTAINABLE FOOD SYSTEM – THE NEXT PHASE



4.1 BEYOND ‘BUSINESS AS USUAL’

The starting point for this project was the apparent consensus that ‘business as usual is not an option’ if we really are serious about developing a food system that meets the huge domestic and global challenges facing society today and in the future. But in fact the first step towards translating this widely-endorsed assessment into practice turns out to be realising there is not actually the consensus that there appears to be – because when you begin to explore the practical implications, it quickly becomes clear that moving beyond business as usual means (very) different things to different people. For some it means fundamental reform of the market system and all that goes with it; for others it means more healthy options in supermarkets – to give just two examples.

This first step is crucial, because it is only with this recognition that we can begin to assess what the different priorities are for stakeholders across all sectors – based on where they currently stand on the path towards a sustainable future. For businesses that are furthest along the path, this will be about facilitating their ongoing leadership, and about what they can do to bring others along. For businesses that have made less, or no, progress towards sustainability, it will be about creating the incentives, and providing the



support, to move them along. For government and civil society, it will be about understanding and performing these various roles of facilitation, incentivisation, and support.

Our discussions with stakeholders provided genuine grounds for optimism about the progress that is possible in identifying and implementing these respective priorities. Food businesses of all kinds and sizes have already made significant progress in implementing more sustainable practices – working individually, in collaboration with supply chain partners and with competitors, in partnership with government, and through engagement with civil society. Everyone recognises that much more remains to be done – but there is no doubting the real commitment on the part of stakeholders across all sectors to play their part. Moreover, our discussions have generated a wealth of ideas and concrete proposals for what needs to happen next – which we set out in Section 4.2.

But there is another side to this story. Notwithstanding the genuine progress that has been made, there is also a clear recognition on the part of the food industry that there are aspects of sustainability that they are really struggling with, where current approaches are not providing the solutions we need. This is the practical sense in which there is actually a consensus that ‘business as usual is not an option’. As we have seen, the challenge of effectively engaging with people – of bringing out the latent demand for sustainable food – is the most prominent area where business recognises that it is struggling. Even in a ‘best case scenario’, we are a long way away from seeing a market-driven sustainable food system. And it is still an open question if there can be one. This has far-reaching consequences, because it is intimately bound up with the issue of incentivising sustainable operational practices across the food industry, and because of the central role that business and government alike assign to consumers in driving the sustainable food agenda.

In addition to this fundamental issue around consumer demand, project participants also identified a number of policy areas that they felt presented particularly daunting challenges, and where current approaches were not meeting those challenges. There was a strong feeling that progress towards the health dimension is especially difficult, and lags significantly behind other aspects – as one participant put it, ‘the effort and investment that goes into environmental sustainability in businesses is of an order of magnitude more than goes into health’. One of the main reasons for this is that moves towards healthy diets do not always present the same kind of straightforward ‘win-wins’ for businesses as reducing energy consumption, for example, which also reduces costs. Taking health seriously would lead

to some businesses either losing sales or having to change what they produced or sold.

Reflecting the analysis put forward in the Food Ethics Council’s *Food Justice* report, a second major concern was the continuing failure to appreciate the social justice dimension of working towards a sustainable food system – in particular, of failing to recognise the extent to which a sustainable future depends upon addressing the economic problems facing small-scale producers in poorer countries, as well as the pay and conditions of those working in the food system.

A third prominent area of concern – where participants felt that current approaches were simply not commensurate with the scale of the challenge – was water scarcity. Again, one of the main reasons suggested for this was that there is much less business incentive to use less water than to create less waste or use less energy, unless the business concerned is operating in an area of current water stress.

The recommendations we propose in Section 4.2 would go some way towards addressing these relatively intractable obstacles. However, the fact that business representatives, and other stakeholders, were not confident in identifying ways to overcome these obstacles points to a more fundamental aspect of our analysis: that there are aspects of how the food system currently operates that make it difficult, if not impossible, to formulate the necessary solutions. We pursue this element of our analysis in Section 4.3.

“THE EFFORT THAT GOES INTO ENVIRONMENTAL SUSTAINABILITY IN BUSINESSES IS OF A DIFFERENT ORDER OF MAGNITUDE THAN GOES INTO HEALTH.”

PROJECT PARTICIPANT

“ IT’S GETTING BEYOND WHAT WE DO IN THE NEXT TWELVE MONTHS, AND GETTING PEOPLE TO REALLY START THINKING ABOUT WHAT’S AHEAD AND WHAT WE NEED TO BE

BEYOND

DOING NOW TO START MITIGATING FOR IT. THE BIGGEST PROBLEM WE’VE GOT IS THAT WE STRUGGLE TO GET PEOPLE TO THINK LONG-TERM INSTEAD OF SHORT-TERM. ”

RETAIL SECTOR REPRESENTATIVE



**SHORT-
TERM
M**

4.2 OVERCOMING THE BARRIERS

(I) FOOD INDUSTRY RESPONSIBILITIES

We were told about one food business chief executive who described the challenge of implementing sustainability with this analogy: ‘what you’re asking us to do is rewire an entire jumbo jet while keeping it up in the air’. This is back to the point about successful companies being successful because they provide what people want to buy – so the challenge is to somehow continue to fulfil that essential requirement, while at the same time fundamentally overhauling the business operation. Potentially a daunting task, but our dialogue with stakeholders identified a number of **priorities** for what businesses need to do in order to achieve the scale of change that is required – that will, as one participant expressed it, ‘allow business to transform itself so that it can perform its sustainable food system “good citizen” role’.

WHAT BUSINESSES CAN DO WITHIN THEIR OWN OPERATIONS

Food businesses need to **create a culture of sustainability** within their own organisations. This is essentially about mainstreaming, or embedding, sustainability considerations across all areas of their activity. It means, for example, making sure that key budget holders and opinion formers in the business are not only aware of the issues, but can put these principles into practice. One practical measure that is being developed within some businesses involves **linking performance assessment and reward** to long-term sustainability targets. For example, we heard how Marks & Spencer is beginning to reassess how remuneration is structured, aiming to measure and reward behaviour that generates long-term benefits such as innovation, resource efficiency and strengthened supply chain relationships. To that end it introduced a ‘Plan A’ target for every director as part of their annual bonus objective, cascading throughout their teams. Transparency – about how employees’ performance is assessed, and general sustainability initiatives – is also an important element of a progressive sustainability culture.

Crucial to the success of these approaches is that employees truly understand the importance of the sustainability goals that the company is pursuing, and feel that they can make a genuine contribution to achieving them. One aspect of organisational culture that can foster this understanding and sense of ownership is to involve employees in a meaningful way in discussions and decisions about the company’s

sustainability objectives and plans. This is one example of another priority for business: to promote sustainability through its **treatment of its workforce**. Two specific proposals on this point seemed particularly promising. The first was that employers should be doing much more to **provide sustainable meals** to their workforce – either through workplace canteens or voucher schemes. For one participant, this had the potential to achieve the same kind of cultural impact on diets as has been achieved through the school meal revolution in recent years – with healthier habits at the workplace carrying through to wider household consumption. An essential starting point in some workplaces will be to create an environment where employees feel able to take a proper lunch break.

A second specific proposal relates to **pension funds**. The first thing that food businesses need to do is take a more active role in ensuring that their pension funds adopt socially and environmentally responsible investment policies. Companies also need to get better at communicating with their employees about the sustainability policies that their pension funds are pursuing, and at offering options for gearing pension fund investment towards the range of sustainability concerns – including promoting options that are in line with the company’s own field of sustainability endeavour. This fulfils the dual function of promoting employee engagement with the business’s sustainability agenda, and developing responsible investment approaches on the part of pension funds.

Implicit in all of this is the responsibility for business to develop **business models grounded in sustainability** – business models that are commercially successful by providing social value within the limits of the planet – and to demonstrate that these work. Some stakeholders we spoke to suggested that the food sector is currently behind some other sectors in terms of experimenting with sustainable business models. Part of this is that more businesses need to move away from the notion that they cannot be ahead of their customers to one where they are anticipating what people want, even before they know they want it (and helping to positively influence demand).

ENGAGING WITH OTHER BUSINESSES

There is a growing recognition on the part of leading food businesses that optimum progress towards a sustainable food system is going to require **increased levels of collaboration**. Significant recent improvements in sustainable fish management were attributed to improved collaboration, for example. Yet current competition rules – or, prevailing interpretations of those rules – represent a significant barrier to such collaboration. This is especially problematic since

collaborative approaches around choice editing offer promising prospects for retailers to engage more effectively with consumers. This issue is considered further below, in the sub-section below on 'Businesses' engagement with citizens', and in Section (ii) on 'Government responsibilities'.

The importance of collaboration was also highlighted in relation to the farming community. The UK farming sector, we were told, is a disparate industry, with farmers traditionally inclined to 'go into silos and do their own thing', rather than working together. But collaboration offers numerous potential 'win-wins', where financial savings for the farmer accompany improvements in environmental sustainability – like the idea of farmers financing a local processing plant, thereby saving on travel costs and fuel consumption. Some stakeholders suggested that farmers should explore **co-operative-style business models**. While there are inherent advantages in pooling risks through co-operative models, many farmers are wary about the amount of time that it is necessary to invest, and believe they can do better trading as individual businesses. The experience of the rise and fall of co-operatives in the dairy industry was cited as an illustration of the potential pitfalls of the co-operative model. The lesson from international experience seems to be that the most successful examples of farmer-controlled businesses have moved away from full co-operative models: Fonterra, the New Zealand dairy co-operative demutualised in order to raise finance from private investment, but nevertheless remains 75% farmer-owned. So perhaps this is the path the UK farmers should explore.

One area where there has been significant progress on sustainability in recent years is **supply chain relationships**. Retailers must, and have begun to, work harder to develop long-term relationships with their suppliers. This is partly about securing suppliers' economic sustainability, but also means that suppliers will have the assurance and confidence to invest in more sustainable production practices, and in training and developing their workforce. The recognition that sustainable supply chains need to be founded on sustainable communities means that businesses are recognising the need to invest in the wider social and environmental well-being of the communities from which they source. Research by the National Farmers Union (NFU) confirms that retailers have made important commitments to their UK suppliers in relation to sourcing, supplier relationships and sustainability.¹⁰ On each count, however, the NFU also identifies room for improvement: commitments on sourcing, for example, have tended to relate to products where the retailer has little option but to buy domestically, such as fresh milk. Commitments on products such as cheese, fresh

“IN THE WORKPLACE WE’VE ALREADY GOT THE MOST ENLIGHTENED EMPLOYERS GIVING THEIR WORKFORCE HEALTHY MEAL OPTIONS WHICH ARE FREE OF CHARGE, FREE SALAD BARS, ETC. I THINK THAT WILL CHANGE FOOD CULTURE AND WHAT PEOPLE BUY FROM RETAILERS, AND RETAILERS WILL THEN CHANGE... HALF OF CATERED FOOD IS WORKPLACE FOOD, SO WHAT EMPLOYERS DO IN TERMS OF THE FOOD THEY PROVIDE TO THEIR STAFF IS INCREDIBLY IMPORTANT.”

VOLUNTARY SECTOR REPRESENTATIVE



10. National Farmers Union, 2012, *Review of Grocery Retailer CSR Policies*.

produce or frozen foods are less common. On the manufacturing side, Unilever and Nestlé were cited as having built longer-term, more stable relationships with their suppliers.

Participants made a number of suggestions about how supply chain relationships could more effectively promote sustainability. Retailers, caterers and manufacturers could help to build the sustainability business case for suppliers by placing business with suppliers who are taking sustainability more seriously. Where a retailer discovers poor practice by a supplier, the standard response has been to withdraw from the relationship – but it was suggested that this is not tenable going forward, so it is now the retailer's responsibility to implement supply chain improvement programmes instead. The requirement that suppliers demonstrate their compliance with a plethora of certification schemes takes up time and money that would be better spent on innovation or capacity building. This would be a particularly unproductive diversion of effort if one accepts, as was suggested by one participant, that certification processes essentially maintain the status quo rather than fostering significant change, and are primarily a way for food businesses to deflect criticism by civil society organisations. Major food companies could also provide low cost loans to enable farmers to invest in more sustainable production, particularly given that banks remain generally unwilling to lend.

BUSINESSES' ENGAGEMENT WITH CITIZENS

We have seen that many food businesses do not feel confident in their ability to engage effectively with people on sustainability issues. Nevertheless, participants from all sectors, including the food industry, felt that businesses were best equipped to communicate with people, and had enjoyed great success in doing so. Retailers and manufacturers can use strong communications and marketing teams to reach carefully segmented groups of people, and by exploiting mechanisms such as loyalty cards, they can communicate directly with individuals. Retailers are also very adept at creating environmental cues to influence purchasing behaviour. Participants felt that retailers could make much better use of these sophisticated tools to **influence people's food choices** towards more sustainable consumption.

On the part of leading food businesses at least, there is now an acceptance that they need to be more proactive in this regard. But there remains an underlying sense that the 'customer is king', that businesses have to give people what they want. This has to change. In particular, there needs to be a step-change in food businesses' willingness to **choice edit**.

Retailers tend to regard choice editing to promote sustainability as problematic - 'not in favour of choice editing, I could lose sales, as a selfish retailer, if I get rid of something does that mean they'll go to someone else', as one participant caricatured it. But it's already happening on a number of fronts. The exclusive use and sale of Fairtrade products and free-range eggs was one example, and reformulation is effectively a form of choice editing that is widespread. As the caricature above implies, collaboration is key here, to allay concerns about losing business to competitors who continue to offer less sustainable options. The government's role in providing a regulatory environment that facilitates such collaboration is considered in the follow section. But choice editing does not necessarily require collaboration; and it does not necessarily – if ever – involve the elimination of choice altogether. Ensuring that all the available options are as sustainable as possible could be a less controversial approach. One participant gave the example of a food service business that, instead of removing fish and chips as a menu option, used sustainably-sourced fish, changed the oil used to fry the fish and removed as much added salt as possible, while still taking into account flavour and safety. This approach can also incorporate an important element of people's autonomy, with people opting for fish and chips being told what proportion of their daily calorie intake it represented.

Increasing food prices have prompted a closer look at ways to reduce costs without compromising on quality, with one option being to reduce portion sizes (which could be regarded as a further form of choice editing). Portion size reduction was seen by business stakeholders as a win-win – an obvious public health (and wider sustainability) win by encouraging healthier consumption, and a win for business in terms of not having to increase the price of the product in line with raw material price increases, or higher costs associated with more sustainable supplies. However, persuading people to buy a smaller pack for the same price as they paid last week for the bigger portion is not without problems – it can easily be viewed as food businesses 'cheating' consumers. This highlights the need to cultivate **a broader conception of 'value'** among consumers – one that takes account of the wider social and environmental costs incurred in the production of their food. In other words, getting across the message that apparently 'cheap food' is not actually cheap after all. This message is not just about the wider costs associated with food production – people need to be 're-connected' with food, so that they value it more and, for example, are less inclined to throw it away. The role of civil society organisations in fostering this cultural shift is considered in Section (iii) below.

Picking up the earlier point about transparency, food businesses need to show much greater willingness to **make themselves publicly accountable** for their performance on sustainability. In 2009/10, only 28% of FTSE-listed companies followed the government guidance on providing environmental information.¹¹ Forthcoming Defra guidance on measuring and reporting corporate environmental impacts will provide the perfect opportunity for the food industry to improve its performance in this regard. If uptake of voluntary guidance does not improve markedly, then there will be an increasingly strong case for mandatory reporting, as will soon be the case regarding companies' greenhouse gas emissions.

BUSINESSES' ENGAGEMENT WITH GOVERNMENT

In terms of business's relationship with government, one way in which the challenge of securing fundamental change has been expressed is that **we need to move from a transactional model** - where businesses act to support public policy objectives in return for government acceding to business's preferences (by not regulating, for example) – **to a transformative model**. The latter is where there is a shared recognition of the scale of change that is needed, resulting in collaborative action with the primary objective of serving the public interest by implementing change more rapidly and on a larger scale.

There is scant evidence of the emergence of this kind of different relationship. Indeed, the comment of one business representative at one of our roundtable discussions illustrated how far there is to go: 'We have low confidence in government – we feel that we tackle issues much quicker, much more efficiently than if we involve government...It generally wouldn't even enter our head to go to government'. As the participant concerned noted, this is not a universal perspective, and of course food businesses are working closely with government on some of these issues. But the comment does exemplify how the culture of business's interaction with government needs to change: businesses need to see government as a genuine partner in addressing the sustainability challenges that they face. The issue of competition policy again provides a good example. The significant extent to which current interpretations of competition law hinders collaborative action by business has been a recurrent theme in our discussions with stakeholders – there is no question that this is a major obstacle to sustainability. Yet even with a gilt-edged legislative opportunity to address this – the passage of the legislation to establish the Competition and Markets Authority, which will take over responsibility for implementing competition policy from the OFT and the Competition Commission – it appears that food businesses have not used their established

and influential relationships with policy makers to push for positive change.

There are exceptions to the rule, such as the central role played by business stakeholders in the creation of the Gangmasters Licensing Authority – an initiative that was well supported. But this kind of collaborative pursuit of public policy objectives needs to become the rule, not the exception. And in keeping with the emphasis on serving the public interest, this increased collaboration needs to be accompanied by greater transparency on the part of companies, through public statements in support of sustainability-related policy objectives.

(II) GOVERNMENT RESPONSIBILITIES

The analysis presented in the preceding sections of this report already goes a long way towards delineating the role of government in working towards a fair, healthy and environmentally sustainable food system. Government needs to show leadership by providing a clear, long-term, joined-up food policy, and by facilitating the development of an action plan for implementing that policy. The urgency of business's plea for government leadership on the sustainability agenda has been manifested in a series of recent public statements. In October 2012, 50 businesses and other organisations – including Asda, PepsiCo and The Co-operative Group – published an open letter to Chancellor George Osborne, calling for a specific target for restricting carbon emissions from power generation, in order to provide companies and investors with long-term confidence in the direction of government policy.¹² The following month, Mike Barry, head of sustainable business at Marks & Spencer, 'accused the coalition of overseeing two years of uncertainty for businesses embarking on green measures'.¹³

Government also needs to learn and implement the lessons from the experience of voluntary partnership initiatives with business. Equally, government needs to provide the regulatory framework that is evidently necessary – and that businesses are calling for – to underpin progress on sustainability. And government needs to attach higher priority to those areas of policy where the current response is most clearly incommensurate with the scale of the challenge, such as health, social justice, and water scarcity.

Government is, of course, doing some of this. There are the various government-business partnerships identified in Section 3.4 for example. Defra has been particularly active in addressing the crucial challenge of attracting skilled new recruits to the food industry. The Kay Review of UK Equity Markets and Long-Term Decision Making represents significant progress

11. <http://www.environmenttools.co.uk/news/view/article/Defra+publishes+new+environmental+reporting+guide>

12. <http://www.bbc.co.uk/news/uk-19867371>

13. <http://www.guardian.co.uk/environment/2012/nov/11/marks-and-spencer-green-government?intcmp=122>

“ THE BIT THAT HASN'T BEEN CRACKED IS BEHAVIOUR CHANGE. UNLESS WE DO SOMETHING ON THIS, EVERYTHING ELSE IS REALLY JUST TINKERING. I CAN PLAY AROUND WITH THE NUTRITIONAL

BEYOND

CONTENT OF A DOUGHNUT AS MUCH AS I WANT, I CAN SAY EAT JUST ONE DOUGHNUT, I CAN MAKE THEM SMALLER – BUT I CAN'T STOP SOMEONE EATING THREE. ”

RETAIL SECTOR REPRESENTATIVE

'CUSTO

MERIS

KING'



VIEWPOINT



ANDREW KUYK, DIRECTOR, SUSTAINABILITY DIVISION, FOOD AND DRINK FEDERATION

Up to now, talk of challenges facing our food system has seemed fairly remote to most UK consumers, who continue to enjoy secure access to a greater range of safe, nutritious and affordable food than ever before. But recent extremes of weather, here and elsewhere, coupled with falling real incomes, rising prices and increasing concern over the links between diet and health, are all serving to bring home the message that business as usual may quite literally no longer be sustainable.

Agreeing what needs to be done is pretty challenging in itself, given the complexity of the issues and trade-offs involved and the role of choice and consumer behaviour in how the market currently operates. Food manufacturers have already done much to address environmental impacts along the whole food chain through voluntary and collaborative initiatives under FDF's Five-fold Environmental Ambition. We have also taken action to reformulate products to reduce levels of salt, saturated fat and energy and to provide information to consumers through clear labelling.

But moving to a more sustainable and healthier food system is not something which the industry can achieve on its own. All sectors in society must play their part in bringing about the changes required. For this to happen Government will have to develop a long term view of how our food needs will be met in years ahead, taking account of the wider global context in which other parts of the world may struggle to feed their growing populations because of pressure on their natural resources exacerbated by the consequences of climate change. Sustainable increases in production, in areas where we benefit from comparative advantage, also have the potential to promote UK economic growth, exports and employment, while contributing positively to the overall balance of supply and demand.

This all requires a cross-cutting strategic vision for the future of the food system as a whole and what needs to be put in place to allow it to be realised. This report provides a very clear summary of the issues involved.



towards addressing the inherent short-termism that is such a barrier to sustainability. And on the legislative front, some recent developments hold out the promise of the kind of joined-up sustainability policy that is so urgently required. For example the Public Services (Social Value) Act 2012 requires public bodies to consider social and environmental well-being when commissioning services.

Equally evident, however, is that considerably more is required of government. We do not possess a comprehensive blueprint for a sustainable food system – that has not been the aim of our dialogue with stakeholders. But we can, as we have done for business, highlight some of the priorities. In some cases these comprise firm, specific policy proposals; some are at a more exploratory stage; and some are simply that ‘government needs to find a way of doing this’.

EMBEDDING SUSTAINABILITY ACROSS ALL AREAS OF GOVERNMENT POLICY

Part of what people mean when they call for a ‘coherent, joined-up’ food policy is that government needs to ensure that all areas of policy contribute towards the goal of a sustainable food system – or, at the very least, that policies do not militate against the achievement of this goal. This report has identified two specific instances of this kind of policy conflict: competition policy, and pension fund trustee’s fiduciary duty. Both issues are considered in their own right below, but these are not the only cases of government policies which appear to undermine the prospects for a sustainable food system. The importance of a skills and career development framework in making a career in farming more attractive is widely recognised – yet this is precisely what had been provided by the Agricultural Wages Board until the government’s decision to abolish it. And in the second of our roundtables we heard concerns about how the Department of Education’s review of the English curriculum may well miss the opportunity to include sustainability within the curriculum.

These are just four examples of the current failure to ensure a joined-up sustainable food policy. As such, they appear to bear out the concerns expressed by many that the demise of the Sustainable Development Commission would have detrimental consequences for the prospects of embedding sustainability across all areas of government policy. In its response to the 2012 Environmental Audit Committee (EAC) report of its Sustainable Food inquiry, the government reiterated its commitment to embedding sustainable development – but it is clear that its current approach to doing so is not producing the desired results.

One challenge to embedding sustainability is to address the inherent short-termism of government policy that results from the five-year election cycle. This has been achieved by including legally binding targets in the 2008 Climate Change Act, and there is scope for this approach to extended to other areas of government policy – for example, through the introduction of a binding target for carbon emissions, as considered above. Government should explore the wider opportunities for achieving long-term security of policy direction.

COMPETITION POLICY

The restrictions on inter-company collaboration set out under UK competition law were one of the most prominent themes in our discussions with stakeholders. The need to address the problem was highlighted in the EAC Sustainable Food report, which recommended that ‘the Government should amend the OFT’s remit to take account of sustainable development while protecting competition’.¹⁴ Effectively, this means broadening the definition of ‘the consumer interest’ for the purposes of competition policy to encompass wider considerations relating to sustainability, rather than limiting the definition to choice and price.

The government’s response was disappointing, essentially amounting to the claim that existing policy and guidance are adequate.¹⁵ This is not an acceptable response. The government may well believe that the current legal position and policy guidance are adequate – but the fact is that whenever you sit down with representatives of leading food business, they tell you that the current arrangements place significant restrictions on their capacity to act in the public good by collaborating on sustainability. If this is the perception of the people who matter, then the current position is by definition unsatisfactory and needs to be rectified. We therefore urge the government to use the opportunity presented by the creation of the Competition and Markets Authority to address this major obstacle to the pursuit of a sustainable food system.

PENSION FUND TRUSTEES’ FIDUCIARY DUTY

The position regarding the adverse effects of narrowly interpreting investors’ fiduciary duties is remarkably similar to that regarding competition policy: the problem lies in the tendency of modern fiduciaries to adopt a short-term, exclusively financial interpretation of their beneficiaries’ ‘best interests’ rather than a wider interpretation that brings in non-financial considerations and permits a long-term perspective on financial success. The situation is also similar in that this conflict

14. House of Commons, Environmental Audit Committee, (2012), *Eleventh Report: Sustainable Food*. 15. House of Commons, Environmental Audit Committee, (2012), *Sustainable Food: Government Response to the Committee’s Eleventh Report of Session 2010-12*.

of interpretations has a significant impact on the capacity of the actors concerned to pursue policies that promote sustainability. We recommend that the government gives statutory clarification to investors' fiduciary duties to emphasise the validity of taking a broad perspective on the best interests of pension fund members and beneficiaries.

FOOD DUTIES

Several participants suggested that one of the most effective ways to shift consumer demand towards more sustainable food would be to tax less sustainable food. There is plentiful evidence – mainly from abroad, but also domestically in the context of tobacco and alcohol – that this is an effective way of reducing consumption, if done well. Given the shared admission by government and the food industry that they are struggling with the behaviour change aspect of the sustainable food agenda, then at the very least this proven strategy should be seriously considered. In particular, we recommend that the government consider the merits of introducing 'hypothecated' taxes on unsustainable food – where the revenue raised from the tax is ring-fenced for expenditure on public expenditure relating to the product being taxed. There is evidence of public support for this kind of taxation. For example, a survey for the Green Fiscal Commission in 2007 found that 51% of respondents supported environmental taxes, with the figure rising to 73% if the revenue is hypothecated to be spend on projects to directly reduce carbon dioxide emissions.¹⁶

EMPLOYERS' PROVISION OF SUSTAINABLE MEALS TO THEIR WORKFORCE

We have argued that the role of employers in providing meals for their workforce offers promising possibilities for taking forward the significant progress on household diets that has been catalysed by the improvement in school meals. Government can foster company activity in this area, by providing tax incentives for healthy meal options. At a more local level, government – along with other statutory bodies – could also subsidise the provision of healthy meals.

PUBLIC PROCUREMENT

The idea of local public bodies subsidising healthy meals leads us on to another of the most forcefully articulated messages from our stakeholder engagement: that if the government really wants people to take seriously its commitment to being the 'greenest government ever', then it needs to start leading the way through its own procurement practices. The Government Buying Standards for food and catering services, announced in 2011, are an important step

in the right direction. Taken together with mandatory nutrition standards for school meals, this means that two-thirds of public sector food is now covered by mandatory standards. But one-third – including hospital food – is not covered by any mandatory standards, and the standards applying to school food are limited to nutrition, so exclude other social and environmental factors. We recommend that the government extend the scope of public sector buying standards to cover all areas of public food procurement, and to incorporate the full range of social and environmental considerations.

INTERNATIONAL LEADERSHIP

The global nature of the food system was, of course, widely acknowledged by participants as a significant factor in determining what options were available to business and government in working toward a sustainable food system. For example, one participant suggested that fiscal measures to incorporate the full social and environmental costs of production could conflict with World Trade Organisation and European Union trade rules. Domestic measures that resulted in a less profitable operating environment for multinational companies could prompt those companies to relocate. For these reasons among others, it is crucial that the UK government champions the policies that are necessary for a sustainable food system in the various international fora that develop policy relevant to the food system.

GOVERNMENT-BUSINESS PARTNERSHIP INITIATIVES

Section 3.4 set out the key lessons that project participants had learnt from current and past government-business partnership initiatives. We urge government to take these lessons into account in taking forward the ongoing partnerships and designing new ones. A strong message from business representatives was how much they value the work of WRAP – so the recent confirmation that the reduction in the organisation's 2013-14 Defra funding will be greater than originally indicated is disappointing (while not unexpected, in the current economic climate). We hope that Defra's review of WRAP will take full account of how much businesses value its work – particularly the convening role that WRAP performs, facilitating a process whereby businesses and other stakeholders can come together to forge agreed ways forward. This is one of the main roles that, more generally, business wants government to play in mapping the path towards a sustainable food system.

DEMAND FOR SUSTAINABLE FOOD - THE GREEN FOOD PROJECT

As noted in the Introduction, the concluding report of the Green Food Project provided one of the most recent assertions that ‘business as usual is not an option’. The Green Food Project is arguably the most significant of the partnership initiatives that we discussed: it is exclusively focussed on food; and it explicitly aims to get beyond the easy ‘win-wins’, and identify some of the tougher challenges on the path to food sustainability – and in this respect shares common ground with *Beyond Business As Usual*. From this perspective, two features of the concluding report were particularly welcome. The first was the confirmation that the Project steering group is to remain in place, in order to take forward the actions set out in the report. The second was the firm emphasis that

“a much more detailed discussion on consumption is needed. With this in mind the project steering group is calling for a wider, more sophisticated debate across the food chain and by civil society, about the role of diet and consumption in the sustainability of the food system...”¹⁷

The Food Ethics Council has long argued that greater emphasis needs to be given to the consumption side of food sustainability. This has, for example, been the underlying rationale for our collaboration with WWF-UK on the ‘Livestock dialogues’, which has explored ways of creating a market that favours patterns of meat consumption that are both environmentally and economically sustainable. This emphasis on consumption is also consistent with core analysis from *Beyond Business As Usual*, which has shown that cultivating the latent demand for sustainable food is one of the highest priorities for business, government and civil society.

Our engagement with stakeholders had also confirmed what a serious challenge this is. So we endorse the steering group’s call for a wider, more sophisticated debate and are encouraged that this is being actioned by Defra. However, recognising the scale of this challenge does not preclude the formulation of firm recommendations to government. In particular, it is absolutely clear from our analysis that government has to abandon its faith in the ‘informed consumer’ as the driving force for a sustainable food system – which in turn opens the way for more serious consideration by government of its position on some of the more contentious options raised in this report, such as a step-change in the application of choice editing, the imposition of food duties, and perhaps above all, the government’s ‘non-interventionist’ philosophy – its perception of its own role as primarily ‘enabling’, and its wariness over (being seen to be) ‘telling people what to eat’. We consider these more contentious issues further in Section 4.3 below.

“IF YOU’RE GOING TO GET REAL CHANGE, GOVERNMENT HAS TO SAY UNCOMFORTABLE THINGS. CLOSEST I’VE SEEN THAT THE GOVERNMENT HAS GOT TO SAYING WHAT PEOPLE NEED TO EAT IS TALKING ABOUT ‘REBALANCING THE DIET’. WHAT DOES THAT MEAN? WOULDN’T ASK PEOPLE TO ‘REBALANCE’ CIGARETTE SMOKING...SO BLOODY WEAK.”

FARMER



17. Defra, 2012, *Green Food Project Conclusions*, p. 29.

“WHAT YOU’RE ASKING US TO DO IS
REWIRE AN ENTIRE JUMBO JET WHILE
KEEPING IT UP IN THE AIR.”

FOOD BUSINESS CHIEF EXECUTIVE, REPORTED COMMENT

BEYOND



IMPOSSIBLE

(III) CIVIL SOCIETY RESPONSIBILITIES

The main, twin focus of *Beyond Business As Usual* has been the food industry (what obstacles does it face in working towards a sustainable food system?); and government (how can it enable business to overcome those obstacles?). In the course of the project, however, we have also gained some valuable insights into the role of the third pillar of society – citizens and civil society – in promoting a sustainable food system. We may have argued that government and business need to revise their conceptions of where consumers fit into the sustainable food picture, but this certainly is not to say that citizens do not have a crucial role to play.

CONSUMERS AS CITIZENS

Consumers are people, and people's responsibilities for promoting a sustainable food system extend well beyond their role as consumers. Indeed, there is a risk that talking about 'consumer demand for sustainable food' and 'engaging with consumers' fosters an artificial, reductive conception of where people fit into all of this. The central tension is that between industry and government expecting consumers to drive the sustainable food agenda; and the evidence that consumers do not want this responsibility, and that the fully-informed consumer is an unachievable ideal. Prior to any arguments about whether consumers can ever be 'fully-informed' in this sense, the notion of consumers as rational, data-processing and decision-making actors only makes even superficial sense if one ignores huge number of wider determinants on their food purchasing due to their status as people and citizens.

Industry and government need to take this wider conception of consumers as citizens as the starting point for engaging with people in order to promote sustainable food consumption. But there are implications for people too: our civic and civil responsibilities as citizens carry over into our decisions around buying, eating and disposing of food. Our obligations to current generations and future generations impinge upon our decisions about what food to buy every bit as much as they do about what political party to vote for – and our food choices actually have direct implications for the well-being of people and planet.

One of the ways in which citizens can have a significant impact on the sustainability of our food system is in the workplace, through their role as employees. Employees can, for example, become 'Workplace Responsible Investment Champions', advocating for change with their pension providers and building support among colleagues for shareholder activism campaigns. They

can also encourage their workplaces to strengthen sustainable procurement practices.

CIVIL SOCIETY ORGANISATIONS

CSOs have a crucial role to play in promoting a sustainable food system. This includes their activities in creating public pressure for change, which one participant explained can also contribute to pushing forward the sustainability agenda within companies. When individual employees come to be perceived as passionate advocates of sustainability, there is a risk that their perspective will be undervalued as the niche interest of a committed individual – so it helps if the issues can be kept prominent in public and media debate through the activities of CSOs. By raising public awareness and understanding of the imperatives around sustainable food production and consumption, CSOs also have a role to play in helping to create the demand for more sustainable products.

CSOs also have important responsibilities in relation to government-business partnerships. Some of these responsibilities arise from their direct participation in one or other initiative – where they will often have the explicit or de facto responsibility of 'representing the CSO or NGO sector'. One particularly important CSO contribution is to ensure that the targets agreed by government and business are sufficiently challenging. For other CSOs, there is an important role in scrutinising the performance of the partnerships, and in ensuring that organisations that do not sign up to a given initiative do not thereby escape public scrutiny.

COMMUNITIES

In order for citizens to play their required role in promoting a sustainable food system, people need to value food much more highly than at present. An indication of the low cultural value that we currently attach to food is one participant's striking observation that there are over 300 museums in London, and not one of them is devoted to food and agriculture – despite the fact that these sectors account for 14% of the UK workforce and 10% of expenditure. One of the most important ways of addressing this undervaluation of food is by 're-connecting' people with food through community food projects, such as Community Supported Agriculture schemes and food co-operatives. The growth in these schemes, and in take up of allotments, are encouraging examples of the kind of citizen and community engagement that is required. The opportunity for local parent groups to lobby school governors in relation to how they allocate the school budget, and the use of discretionary curriculum time, was another potentially fruitful avenue proposed for community engagement in support of sustainable food.



VIEWPOINT



**THOMAS HIND, DIRECTOR
OF CORPORATE AFFAIRS,
NATIONAL FARMERS UNION**

You might be forgiven for thinking that the economic pressures on households across the country have put something of a brake on the development of a more sustainable food system. Demand for free range eggs has fallen for the first time in many years. Organic food has taken a knock. Many consumers are more inclined to put price before values when it comes to making purchasing decisions. On the contrary, I think the more straightened times we are now living in have helped bring sustainability down to earth. What was in the past seen as an 'elite' sport by many of us, promoted largely by educated, well-to-do and largely urban intellectuals has taken on a much broader audience precisely because the once-overlooked economic dimension of sustainability has come to the fore. Put simply, for a more sustainable food system to thrive it has to be affordable and appeal to all consumers, not just a select few.

The second big positive is a growing recognition that achieving a more sustainable system requires long-term thinking. This is not merely important to policy making but also the commercial climate in which businesses, including farmers, operate. Key to sustainability is investment (primarily in productivity in order to produce more from less). Investment requires predictability and stability. Yet in a world of ever-greater exposure to volatility in commodities markets, achieving greater predictability might seem paradoxical. Nevertheless, enlightened companies operating in the food supply chain (including some supermarkets) are starting to recognise that by divorcing commercial decisions from 'markets' they can create the sort of climate in which investment can thrive. Perhaps the biggest worry here is that progress towards making long-term commercial decisions the norm across the piece will remain slow while ever the competition amongst major food companies and retailers remains fierce and while ever shareholder perceptions are based on short-term financial performance.

My big plea would be to the NGOs and organisations like the Food Ethics Council that have done so much to promote constructive, informed dialogue on sustainable food. Do keep talking to industry. Do recognise that only a constructive, collaborative relationship with the business community will deliver results. Government will never provide all the answers or the leadership you're looking for. And, finally, at all times be realistic and pragmatic about the achievements you can make.

4.3 TRANSFORMING THE FOOD SYSTEM – AN ETHICAL PERSPECTIVE

As explained in the Introduction, the Food Ethics Council's *Beyond Business As Usual* project was motivated by the perception that there needs to be a fundamental transformation in how the food system operates, if society is going to successfully respond to various economic, social and environmental challenges it faces today.

The approach that we adopted to exploring what moving beyond business as usual might actually entail was an explicitly pragmatic one: we asked stakeholders – primarily representatives of food businesses – about the obstacles businesses face in moving more quickly towards a sustainable food system, and about what measures and initiatives would be most helpful in overcoming those obstacles. We believe that, if acted upon, the recommendations presented in Section 4.2 – which are based on stakeholders responses to these two questions - would constitute significant progress towards achieving the goal of a fair, healthy and environmentally sustainable food system.

But, for an organisation that exists in order to put ethics at the heart of decisions about food, this pragmatic analysis needs to be set alongside a more explicitly ethical perspective. Discussing 'obstacles and solutions' by definition places constraints on the kind of proposals that are going to be generated – because it sets the parameters for those proposals in terms of how the food system works at present. Approaching the issues from an ethical perspective, on the other hand, makes it possible – in fact, necessary – to adopt a different starting point. Instead of asking how the current system can be improved, the questions instead become:

- Is the food system as it is currently configured capable of addressing the challenges confronting it in ways that are equitable for all members of current and future generations?
- And if not, what systemic changes are required if this demand for fairness is to be satisfied?

From this perspective, the features of the existing food system that most urgently need to be addressed, as we move towards a more sustainable system, include:

- The massive inequalities in access to adequate and healthy diets that exist between the richest people on the planet and the poorest;
- The concentration of market and political power in the hands of a small number of transnational companies;
- The restricted access to finance for producers in poor countries, and for food businesses generally seeking to invest in more sustainable production.

There are several aspects of the analysis and recommendations presented in this report that would constitute real movement in the right direction in addressing these inequities. Trends towards investment in supply chains are already having some impact on food security in poor countries and access to finance for producers in those countries. The cultural change in industry's engagement with government, accompanied by full transparency about how that engagement is conducted, would help to address some of the concerns about (abuse of) disproportionate corporate power – as indeed, will the long overdue establishment of the Groceries Code Adjudicator. Given the scale of the challenges, however, few people would argue that these incremental improvements could add up to the kind of transformative change that is needed.

As we say, this is an analysis that the Food Ethics Council would be bound to develop on account of the organisation's particular perspective on debates about food policy. However, it is worth recalling at this point another of the key messages that emerged from the Food and Fairness Inquiry that inspired *Beyond Business As Usual*: that addressing the various forms of social injustice that are endemic to the food system is a prerequisite for achieving our wider environmental objectives. This means that there are both principled and practical reasons for identifying the systemic changes that are necessary to underpin the transition to a fair, healthy and environmentally sustainable food system.



The systemic changes that seem to be required can be grouped within three broad categories: the operation of the market; the need for new business models; and the role of government. It should be stressed that our analysis in each of these categories derives every bit as much from our dialogue with stakeholders as do the recommendations proposed in Section 4.2. The important difference is that these systemic changes are necessary to shift the parameters within which solutions can be generated, rather than as practical solutions to existing obstacles.

(I) HOW THE MARKET OPERATES

In Section 3.1 we identified the fact that food prices do not currently reflect the full social and environmental costs of production as a particular challenge on the path to a sustainable food system. The market mechanism as it is currently configured is categorically not working. There are two aspects to this challenge. First, we need to 'internalise the externalities' of food production. Whilst there is widespread endorsement of the idea that food prices should reflect these wider costs, no-one really knows as yet how to do it. A number of recent initiatives do hold out the promise for progress in this area. The Economics of Ecosystems and Biodiversity study is an international collaboration that aims to highlight the economic benefits of biodiversity, and quantify the growing cost of biodiversity loss and ecosystem degradation. On the domestic front, Defra has recently established the Natural Capital Commission to advise government on when, where and how natural assets are being used unsustainably. But the fact remains that we are a long way away from a market where food prices reflect these wider social and environmental costs. We urge government and business to accelerate work in this area. We also recognise that this will require research to explore the steps that can be taken to ensure that 'true cost' food is available and affordable to all.

Pending further progress on internalising externalities, one immediate implication of all this is to strengthen the case for food duties, as discussed in Section 4.2.

In more explicitly ethical terms, another major flaw in the current operation of the market is the excessive margins that some players are able to make thanks both to their disproportionate power, and the lack of transparency about respective margins along the

supply chain. This is an ethical issue not just in the sense of the intrinsic unfairness, but also in that it can impinge upon people's autonomy in respect of their purchasing behaviour: people choose to buy fair trade products because they want to support farmers in poor countries, not in order to enable supermarkets to maximise profits through excessive margins. Greater transparency about respective profit margins at different stages along supply chains would improve the functioning of the market by enabling people to make more informed purchasing decisions. The approach pioneered by French organisation Alter Eco – which gives a breakdown of profit distribution along their products' supply chains on the product packaging – provides a possible model for how this can be done.

(II) NEW BUSINESS MODELS

One frequently-expressed view in the course of our stakeholder engagement was that moving beyond business as usual requires the development and widespread adoption of new, more sustainable business models. In the preceding sections of this report we have put forward some ideas about what this might mean in practice, including the fact that it requires businesses to stop being so anxious about getting ahead of their customers. The definition of a 'sustainable business model' that we have used – one that is commercially successful by providing social value within the limits of the planet – points up the fundamental imperative to develop new models. Prevailing business models have been successful in responding to short-term pressures during an era of cheap, or free, resources. In a resource-constrained world, that era is now over, so radically new business models are needed. Characteristics of these new business models might include that they:

- Deliver affordable positive nutrition;
- Are not premised on economic growth above all else – and are not premised on marketing and advertising geared to persuading people to buy more than they need;
- Help build thriving long-term relationships with key stakeholders, including ensuring fair treatment and promoting the well-being of all involved;
- Build resilience of the system to be able to cope with future shocks and stresses;
- Are 'closed loop' businesses that use waste as a resource rather than a useless by-product;
- Are restorative to the planet, including enhancing soil fertility and biodiversity, and using renewable resources.



VIEWPOINT



MARK DRISCOLL, HEAD OF ONE PLANET FOOD PROGRAMME, WWF-UK

Food shortages, the obesity epidemic, price volatility, and a system which continues to undermine the natural ecosystems on which it depends – these should have been enough to spur governments to make food a political priority.

The truth is governments are failing to get to grips with the politics and challenges around the stuff of life. Our political leaders continue to have their heads buried in the sand, ignoring mounting evidence that our global food system is broken. Governments elected for a short political terms struggle to get to grips with the longer term solutions required. Votes matter and there are few areas more politically sensitive than food.

The short-term response is often to retreat to those areas which we think will give us short-term gains, often relying on systems which churn out 'cheap food'. This is frequently at the cost of the poorest and at the expense of the health of planet and people.

Paradoxically, this narrow, short-term approach may lead to a dramatic decrease in food security for many countries and the most vulnerable people. An understanding of the long term drivers of unsustainable resource use and hunger shows that increasing production on its own, is no silver bullet without taking a more holistic approach.

Leadership, or lack of it, is the other key barrier. We need innovative, visionary politicians and business leaders who can provide sustained leadership that can champion a progressive food agenda both nationally and internationally. The role of government remains paramount, not to provide all the answers, but to act as a facilitator and convenor. Governments are key institutions with a mandate to bring together all the different part of the food system, from farmers and producers to retailers and consumers.

I believe the UK government across all departments must forge a bold strategy for food that takes our health, our planet, and our economy seriously. We applaud the Government's Green Food Project as a first step in addressing some of the environmental challenges, but good intentions need to be translated into actions, as part of a clearer strategic approach to food.

The UK cannot and should not go it alone. We also need a global strategy, prioritised by the G20 and led by the UN, that takes a comprehensive approach that puts sustainability, equity and hunger at the heart of food security. The evidence is there. The need is great. All we need is political will. Will the UK take the lead?



One of the most important steps towards fostering and accelerating the emergence of these new business models is to address the pressure on businesses to focus on short-term success. The potential for responsible investment approaches to do just that has been signalled at various points in this report, and every sector in society has a role in realising that potential. The most direct means of achieving this would be for pension fund trustees themselves to adopt longer-term perspectives on financial success, and to recognise that their beneficiaries' best interests extend to ethical and environmental considerations. Government can help by clarifying that this longer-term, more enlightened approach does not conflict with trustees' fiduciary duties. Businesses can help by ensuring that their own pension funds adopt responsible approaches. And citizens, as the savers whose money is invested by pension funds, can demand and campaign for an investment industry that adopts a more accountable, transparent and responsible approach.

(III) THE ROLE OF GOVERNMENT

In Section 4.2 we put forward a number of recommendations for government action to help businesses overcome the obstacles they face in moving more quickly towards a sustainable food system. These recommendations are derived from our analysis of what stakeholders told us about those obstacles and the potential solutions. From an ethical perspective, however, we need to consider whether there needs to be a more fundamental shift in government's underlying approach. An obvious place to start is the reticence about 'telling people what to eat'. We have seen that this stance contributes to a tension that lies at the heart of debates about sustainable food systems – government and business both relying on consumers to drive sustainability, but people not wanting, or being able to discharge, this responsibility. We have said that business needs to move on from this denial of responsibility, and the same goes for government. When government is genuinely committed to shifting societal norms, it knows how to do so: high profile campaigning backed up by regulation. This has worked for smoking and seat belts, and it can work for sustainable consumption of food.

A second, related tenet of government policy is its conception of its role as essentially an enabling one - of creating a policy environment that allows business, and secondarily civil society, to bring about a sustainable food system. The creation of the right policy environment is certainly an important part of government's responsibility, but its responsibility does not end there. If, or when, it becomes apparent that the policy environment that government has created

is not bringing forth a sustainable food system, government needs to adapt its approach to make it more conducive. However, there are certain features of the way that the food industry operates that are simply incompatible with the achievement of a fair, healthy and environmentally sustainable food system, and more assertive government intervention is required to address these elements of the food system. Advertising and marketing practices are a prime example. Despite fierce resistance from the food industry, and contrary to its own non-interventionist instincts, the previous Labour government did eventually accept that it was necessary to introduce restrictions on targeting children with advertising of unhealthy food. This is a welcome and significant step in the right direction, but much more needs to be done. The Royal College of Paediatrics and Child Health has recently called for a total ban on junk food advertising before the 9pm watershed.¹⁸ More generally, Gerald Hastings of the Institute of Social Marketing has argued in the *British Medical Journal* that the marketing campaigns of multinational corporations, including food companies, are harming the population's physical, mental and collective wellbeing.¹⁹ This is an example of the kind of barrier to a sustainable food system that cannot be overcome through a purely enabling approach – government leadership also requires firm regulatory action to address aspects of corporate practice which have demonstrable detrimental and inequitable consequences.

The third tenet of government policy that is called into question by our analysis is even more fundamental than the first two: the attachment to an economic model premised on continued economic growth. In our earlier *Food Justice* report, we cited the argument put forward by Tim Jackson – then of now-defunct Sustainable Development Commission – in his book *Prosperity without Growth*, that people could be as happy and prosperous as they are now, but with a lower environmental impact, if per capita incomes in rich countries ceased to grow. If at the same time incomes for poor people continued to grow, then inequalities would fall. In this sense, reducing inequalities of income would make a significant contribution to living within environmental limits. The fact that the current economic model underpins the policy environment within which food businesses operate – and is therefore ultimately responsible for the aspects of that environment that are inimical to the achievement of a sustainable food system – does at least call into question the prevailing orthodoxy of the growth model.

18. Royal College of Paediatrics and Child Health, 4 September 2012: <http://www.rcpch.ac.uk/news/ban-tv-junk-food-ads-9pm-watershed-says-rcpch>

19. Gerald Hastings, 'Why corporate power is a public health priority', *British Medical Journal*, 2012; 345.

4.4 PRAGMATIC PROGRESS AND TRANSFORMATIVE CHANGE

It is crucial to stress that the two perspectives presented above are complementary.

The recommendations presented in Section 4.2 would in their own right constitute significant progress towards a sustainable food system. But they would also help to build the momentum that is necessary in order to make the more transformative changes that we argue are ultimately required. It is also important to recognise that the distinction between 'pragmatic', or incremental, change and transformative change is one of degree. Several of the issues that have been discussed in this report – food duties, responsible investment, business and government engagement with citizens, to name just three – are amenable to a range of approaches. Some of these are best described as 'incremental', some as 'transformative', and some fall somewhere in-between.

What ultimately matters is that we need a combination of pragmatic and transformative change if we are going to have any chance of achieving the goal of a fair, healthy and environmentally sustainable food system. We need to move from small steps to giant strides – and quickly.



BEYOND BUSINESS AS USUAL USUAL CONCLUSION:



FROM SMALL STEPS TO GIANT STRIDES

AS RECENTLY AS FIVE YEARS AGO, 'BUSINESS AS USUAL IS NOT AN OPTION' WAS THE NEW IDEA BEING DISCUSSED BY PROGRESSIVE THINK TANKS, GOVERNMENT ADVISORS AND A FEW ENLIGHTENED BUSINESSES. NOW EVERYONE'S TALKING ABOUT IT.

TODAY'S CHALLENGE IS TO IDENTIFY WHAT MOVING '**BEYOND BUSINESS AS USUAL**' REALLY MEANS FOR BUSINESS, GOVERNMENT AND CIVIL SOCIETY. THIS REPORT TAKES ON THAT CHALLENGE, GETTING PAST THE RHETORIC ONTO PRACTICAL ACTION AND TRANSFORMATIVE CHANGE TOWARDS A SUSTAINABLE FOOD SYSTEM. NOW IS THE TIME TO MOVE FROM SMALL STEPS TO GIANT STRIDES.

ABOUT THE FOOD ETHICS COUNCIL

The Food Ethics Council is a charity that provides independent advice on the ethics of food and farming. Our aim is to create a food system that is fair and healthy for people and the environment.

Our Council members include bioethicists and moral philosophers, farmers and food industry executives, scientists and sociologists, academics and authors.

Find out more about our work, including members of the Council, our exclusive Business Forum, and our must-read magazine, *Food Ethics*, on our website at www.foodethicscouncil.org

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This report was written by Sean Roberts, with significant input from Dan Crossley and Liz Barling. Other Food Ethics Council colleagues who provided substantial contributions to the project were:

Current and past staff members:

Sue Dibb, Tom MacMillan and Lisa Unsworth.

Food Ethics Council trustees and members:

Helen Browning, Charlie Clutterbuck, David Croft, Elizabeth Dowler, Jeanette Longfield, Christopher Ritson and Geoff Tansey.

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7creative specialises in strategic thinking and design communications for future positive projects. We work with charities, ethical and eco businesses, social enterprises, communities, corporates and the public sector – bringing ideas to life that have a positive social, environmental and economic impact.

APPENDIX 1 – PROJECT PARTICIPANTS

The Food Ethics Council would like to thank the following people for contributing their time and considerable expertise to the *Beyond Business As Usual* project – by providing an in-depth 1-1 interview, and/or by taking part in the programme of roundtable discussions.

Chris Brown, Asda
Helen Browning OBE, Soil Association,
Food Ethics Council chair
Tim Burns, Waste Watch
Alison Cairns, Unilever (UK and Ireland)
Jane Carlton-Smith, Responsible Hospitality
Partnership
Alison Clews, Marks & Spencer
Tony Cooke, of Sodexo at the time of his involvement,
now Tony Cooke Associates Ltd
David Croft, Waitrose, Food Ethics Council member
Caroline Cromar, Pret A Manger
Dan Crossley, of Forum for the Future at the time of his
initial involvement, now Food Ethics Council
Sue Davies, Which?
Adrian Dolby, Organic farmer
Natan Doron, Fabian Society
Elizabeth Dowler, University of Warwick,
Food Ethics Council trustee
Mark Driscoll, WWF-UK
Haydn Evans, Organic farmer
Michael Gell, WRAP
Rachel Hackett, IGD
Lindsay Harris, Department for Environment,
Food and Rural Affairs
Cathryn Higgs, The Co-operative Group
Thomas Hind, National Farmers Union
John Howard, Danish Agriculture and Food Council
Catherine Howarth, FairPensions



Julian Hunt, Coca-Cola Enterprises
Dr Susan Jebb, MRC Human Nutrition Research Unit
Claudia Kuss-Tenzer, Waste Watch
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and Finance Association
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Andrew Slight, PepsiCo
Geoff Tansey, Food Ethics Council trustee
Eleanor Turner, Tesco
Jim Twine, Soil Association, and organic farmer
Alison Ward, Sustainability and communications
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Alex Waugh, National Association of British
and Irish Millers
Tessa Younger, PIRC Ltd

The views and recommendations presented in this report are solely those of the Food Ethics Council. With the exception of Food Ethics Council trustees and members, the inclusion of this list of participants does not imply their endorsement of the contents of the report.

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If we are going to meet the formidable economic, social and environmental challenges confronting the food system, 'business as usual is not an option'. This assessment – now widely accepted by food sector commentators – provides the starting point for *Beyond Business As Usual*. However, this begs the question: 'What, in practice, does moving beyond business as usual mean?'

The report provides a two-part answer to this question, drawing on an extensive dialogue with senior business figures, key public servants, campaigners and academics. It makes a series of recommendations for action by business, government and civil society that would constitute real progress towards a fair, healthy and environmentally sustainable food system. But the report also argues that we need more – that these important pragmatic advances must be underpinned by more transformative change. Here again, the report identifies priorities for action.

To achieve a sustainable food system, we need to move from small steps to giant strides – and quickly. There really is no other option.

“ I CAN PLAY AROUND WITH THE NUTRITIONAL CONTENT OF A DOUGHNUT AS MUCH AS I WANT, I CAN SAY EAT JUST ONE DOUGHNUT, I CAN MAKE THEM SMALLER... BUT I CAN'T STOP SOMEONE EATING THREE. ”
RETAIL SECTOR REPRESENTATIVE

