

WORKING TOGETHER
TO CREATE
HEALTHIER AND MORE
SUSTAINABLE MEALS



Food Ethics Council

sodexo
QUALITY OF LIFE SERVICES



EXECUTIVE SUMMARY

CATERING FOR SUSTAINABILITY

MAKING THE CASE FOR SUSTAINABLE DIETS IN FOODSERVICE

FOREWORD

It's easy to make the moral case for eating more sustainably. Food lies at the intersection of some of the world's greatest environmental and societal challenges: from climate change and water depletion to malnutrition and land displacement. People's health and livelihoods and the health of the planet rely on a food system that respects planetary boundaries and prioritises people's quality of life.

But for many companies who need to balance short term profitability pressures with corporate values, the longer term business case for sustainable diets can be harder to make.

This report is one of the outcomes of a three-year partnership between Sodexo UK & Ireland and WWF-UK that aims to develop and promote more sustainable diets. In it, we demonstrate how it's possible to make a strong business case for sustainable meal choices based around revenue growth, profitability and supply chain resilience.

Sodexo itself has worked with WWF to develop Green & Lean meals which showcase plant-based proteins, are tasty, healthy, sourced to high standards and cost the customer no more than current meal options.

Feedback suggests a growing demand for meals that are nutritious but also less resource intensive to produce.

So, while there remains a degree of confusion about what a sustainable diet looks like in practice – a point on which this report seeks to provide some clarity – there is clear consensus among foodservice businesses that the case for action is compelling.

As awareness of the environmental impacts of our diets grows, particularly among Generation Z/Millennials, this report suggests that it is businesses who are meeting demand for sustainable food options that will be best placed to reap the rewards.

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EXECUTIVE SUMMARY

INTRODUCTION



**IN THE UK,
43.6% OF ALL
EXPENDITURE ON
FOOD AND DRINK
IS SPENT ON
'OUT OF HOME'
CATERING**

What we grow, eat and throw away has an impact on the environment, our health and well-being, and on animals' quality of life. Over recent years there has been growing interest in eating sustainable diets at home and in cafes, restaurants and workplace canteens.

As part of WWF's work on sustainable food, WWF-UK and Sodexo UK & Ireland commissioned the Food Ethics Council to undertake independent research to explore the business cases for adopting and promoting sustainable diets in the foodservice sector.

The work comprised a mix of desk-based research and semi-structured interviews with 16 senior foodservice sector personnel and other opinion leaders linked to the industry. The following report reflects the authors' findings from the research and draws extensively on the interviewees' insights and opinions.

Farming is a major contributor to climate change – it is responsible for 20-30% of the world's greenhouse gas emissions, 14.5% of which is related to livestock production.¹ It is also vulnerable to the effects of climate change.

Increased consumption of meat and foods high in sugar, salt and saturated fat is linked to associated rises in obesity and other non-communicable diseases such as type-2 diabetes, respiratory illnesses and some cancers.^{2,3}

In the UK, 43.6% of all expenditure on food and drink is spent on 'out of home' catering in some form or other, in 2015 equating to £87.6 billion.⁴ As well as feeding between a fifth and a quarter of people in the UK at least once a week,⁵ the foodservice industry employs over 1.6 million workers across almost 450,000 sites.⁴

Given its size and reach, it seems inevitable that foodservice will be affected by the challenges facing global food systems, and vulnerable to the negative effects of industrialised farming on human and planetary health.

How can foodservice ensure the long term sustainability of its industry in the face of these challenges, delivering healthy and sustainable food to its customers?

The work aims to understand whether, why and how sustainable diets are promoted by individual foodservice companies, and to assess the business cases for adopting and promoting sustainable diets across the sector. It seeks to understand the policy environment and other external drivers of change in the industry. The report focuses primarily on the UK, but within a global context. Quotes from participants are anonymous, but a list of people who contributed to the research is available in the acknowledgements section of this report.

WHAT ARE SUSTAINABLE DIETS?

The Food and Agriculture Organization of the United Nations summarises sustainable diets as:

“[Those] diets with low environmental impacts which contribute to food and nutrition security and to healthy life for present and future generations.”⁶

Whereas ‘healthy diets’ only focus on health and nutrition, sustainable diets consider a number of issues related to food, from farm to plate, addressing multiple impacts at once, including – crucially – climate change. Sustainable diets must:

- Protect biodiversity and ecosystems
- Be culturally acceptable
- Be easy to come by and affordable
- Deliver nutritious, healthy, safe and adequate food
- Optimise natural and human resources

WWF’s Livewell Principles⁷ (shown right) for a sustainable and healthy diet have been adopted by a number of organisations working across food sectors in the UK.

The full report (wwf.org.uk/foodservicefullreport) looks at the current conditions in which sustainable diets sit; projected trends in the market that may favour them; potential business cases for the adoption of sustainable diets; barriers to the business cases; what else is needed to move towards adopting sustainable diets; and practical recommendations for foodservice companies.

EAT MORE PLANTS
Enjoy vegetables and whole grains.

EAT A VARIETY OF FOODS
Have a colourful plate.

WASTE LESS FOOD
One third of food produced for human consumption is lost or wasted.

MODERATE YOUR MEAT CONSUMPTION, BOTH RED AND WHITE
Enjoy other sources of proteins such as peas, beans and nuts.

BUY FOOD THAT MEETS A CREDIBLE CERTIFIED STANDARD
Consider MSC, free-range and fair trade.

EAT FEWER FOODS HIGH IN FAT, SALT AND SUGAR
Keep foods such as cakes, sweets and chocolate as well as cured meat, fries and crisps to an occasional treat. Choose water, avoid sugary drinks and remember that juices only count as one of your 5-a-day however much you drink.

STATE OF PLAY

The report assesses the current level of offer of sustainable diets across the foodservice sector in the UK, and in individual companies. The majority of companies appear not to offer sustainable menus, and confusion seems to reign over what a 'sustainable diet' means.

Some foodservice companies offer 'healthy' menu choices, and may even be making some reductions in food waste, water and energy use. However, the majority are not making links between the two areas, and hardly any meet the six criteria set out by the Livewell principles on previous page.

Many foodservice companies are either unaware or only partially aware of the effects of climate change on food systems, and the likely knock on pressures for their business. Instead, they are operating on a short-term agenda of offering value for money, cutting margins and driving prices down. This focus on price can encourage efficient operations, but it should not be a proxy for sustainability.

Two drivers that may be foundations on which to build a more sustainable menu offering are **health and wellbeing**, and **provenance**, both of which have gained popularity with customers in recent years.

A small minority of foodservice companies are already working to the principles of sustainable diets, making menu changes (e.g. shifting from meat- to plant-centred meals), educating staff, clients and customers on the benefits of sustainable diets, and integrating sustainability across their business.

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TRENDS

The report identifies a number of trends in foodservice that will help to build solid foundations for adopting and promoting sustainable diets.

There is an increasing demand for healthy foods from customers and catering clients alike.

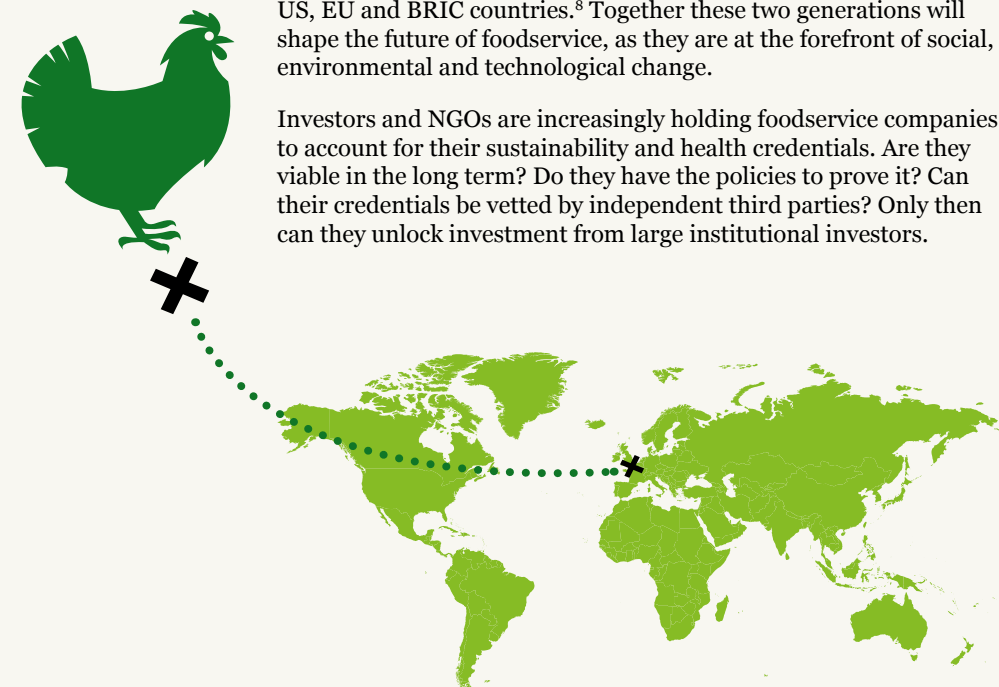
Meat consciousness is on the rise. There appears to be an increasing interest in eating less meat: interest in flexitarianism - eating a mostly vegetarian diet with the occasional addition of meat - is growing.

There is a growing interest in traceability. People want to know where their food comes from, what impact it has had on the environment, and whether it meets decent animal welfare standards. This is driving an internal trend within foodservice businesses to have more transparency in their own supply chains, which can drive up standards.

Customers are changing. Millennials are one of the largest generations in history, and the generation that follows them – 'Generation Z' – will represent 40% of the buying publics in the US, EU and BRIC countries.⁸ Together these two generations will shape the future of foodservice, as they are at the forefront of social, environmental and technological change.

Investors and NGOs are increasingly holding foodservice companies to account for their sustainability and health credentials. Are they viable in the long term? Do they have the policies to prove it? Can their credentials be vetted by independent third parties? Only then can they unlock investment from large institutional investors.

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THE BUSINESS CASES

No one business case fits all. Even within a business, decision makers have different motives for individual choices. The report sets out a wide suite of strong business cases for why foodservice businesses should embrace sustainable diets.

They can be grouped into three distinct areas (although in many cases they overlap and are interlinked):

1. **Delivering turnover growth** by differentiating the product offer, enhancing brand reputation and building customer loyalty, stimulating customer demand, and securing investment.
2. **Mitigating risks and increasing resilience** by ensuring quality and security of supply, increasing the integrity of supply chains, reducing regulatory risks, reducing the risks to reputation, and maintaining the licence to operate.
3. **Maintaining and improving profit margins** by improving staff motivation and retention, making efficiency savings, using lower or same cost ingredients, and reframing costs.



BARRIERS

BARRIERS INCLUDE THE MYTH THAT THE CUSTOMER IS ONLY INTERESTED IN PRICE, NOT SUSTAINABILITY

The senior foodservice sector personnel interviewed for this report identified a number of barriers to making a watertight business case for adopting sustainable diets, which are discussed in detail in the full report. Among them is a widespread perception that sustainable diets cost more. Other interviewees dismissed this barrier: it may be more expensive to buy higher welfare meat (for instance), but buying less of it and refocussing menus on plant-based ingredients is usually cost neutral or cheaper.

Other barriers include: the myth that the customer is only interested in price, not sustainability (which may be true in the very short term, but as has been seen already, the trend is towards more sustainable meals); supply chain constraints ('there's not enough MSC fish'); and it is too complex to implement and monitor.

One really important barrier is the lack of understanding across the foodservice industry – let alone amongst its customers – of what a sustainable diet means. Another is the current lack of government incentives and regulation to enable sustainable diets and to discourage unsustainable diets.





INGREDIENTS FOR CHANGE

The report identifies a number of ways to overcome the barriers to adopting and promoting sustainable diets, and other ingredients that are needed to encourage them to be taken up more widely.

In your business

- **Integrate** sustainable sourcing and health & nutrition across departments to make more rapid progress on sustainable diets
- **Pilot** sustainable menus and, if successful, roll them out across all your outlets
- **'Bundle' costs:** calculate the overall costs and benefits of introducing a sustainable menu, not the cost of individual products
- **Develop staff** who are passionate about delivering sustainability: provide them with the space, tools and incentives to deliver sustainable diets
- **Tailor** business cases for sustainable diets to the specific circumstances of your company, clients and customers
- **Horizon scan:** assess the impacts of geopolitical and societal shifts on the medium and long term health of your company
- **Remove worst offenders:** choice edit/rule out ingredients that are unsustainably sourced e.g. fish species from Marine Conservation Society's 'fish to avoid list'

Across your stakeholders

- **Educate and build demand:** tell customers, clients and suppliers why sustainable diets are important
- **Invest** in sustainable supply chains
- **Ask** "would customers eat your food if they knew where it came from, how it was made, and what its health and sustainability credentials were?"
- **Promote your values:** tell stakeholders why sustainable diets matter to you

Across your industry

- **Share best practice,** including non-commercially-competitive information about the business cases that have worked for you
- **Agree on a shared definition** (or common principles) for sustainable diets to create a level playing field when implementing them
- **Collaborate** for sustainable diets: go beyond zero-sum competitiveness to promote the benefits
- **Advocate** (to national governments) for a level playing field; a change to competition law; and agree an industry-wide definition of sustainable diets

CASE STUDY: LEON

The fast food restaurant chain Leon was founded in July 2004 by Henry Dimbleby, John Vincent and Allegra McEvedy. Their vision was to make it easy for everyone to eat food that tastes good and does you good. They aim to serve food that they would be happy to eat and feed to their own children.

Menus are developed by a multi-disciplinary team and reviewed four times a year. Menu items are based on grains or plants. Animal protein is sometimes added to compliment the recipe, with a preference for chicken over red meat, due to the resource intensive nature of beef and pork. Coffee is certified organic and Fairtrade; milk and porridge oats are organic; eggs are free range; vegetables are local and seasonal; and fish is MSC certified.

Leon doesn't disclose the calorific content of its meals; rather the focus is on dietary balance and variety.

CEO John Vincent works at the Victoria (London) branch about once a week. Similarly, head office staff spend five days a year working in a restaurant, grounding them in the fundamentals of the business. In turn, restaurant staff feel more connected to head office, the brand and its culture as well as understanding the management challenges.

Why? The business rationale

Back in 2004, Leon's vision was to make natural fast food at a reasonable price: a business model very much driven by the founders' belief that sustainable and healthy food could also be convenient and affordable.

A focus on sustainable diets has continued to be integral to delivering Leon's vision. Menus are regularly updated to incorporate innovative products and sustain customer interest. One initiative that engages with future customers and Generation Y is Cook5 (a cooking competition for under-16s).

How successful has it been?

Six months after launching in 2004, Leon was named Best New Restaurant in Great Britain at the Observer Food Monthly Awards. Since then, the brand has expanded from one to 36 restaurants, the majority of which are in London. Leon's founders suggest that faster growth, whilst achievable, would have compromised their values. Instead, they chose to grow the business more sustainably, rather than simply prioritising financial returns.

Other reasons for its success include its efficient business model (such as reducing the number of chiller cabinets and getting customers to order food at the counter); its menu; and committed and passionate leadership.

What are the challenges?

Leon competes with other fast food chains, so affordability, portability and convenience are key. Staying true to its principles while developing menus that deliver on price is challenging, but with perseverance, it is possible. According to Leon, purpose-driven leadership will always find a way to make things work. Another challenge is that being a smaller business makes it harder to negotiate price on smaller volumes with suppliers.

Future developments

Leon's founders want to grow the business to help more people eat sustainable diets. Future refinements include sourcing better ingredients and finding more interesting ways to engage with people to help them eat well.

LAST WORD

Foodservice companies embracing sustainable diets want to survive and prosper in the long-term – and make positive contributions to the health of people and the planet. The full report describes the drivers for change in more detail, gives businesses actions to take to prepare them for the future, and sets out compelling business cases for adopting sustainable diets.

By promoting sustainable diets, foodservice companies can get short-term reputational benefits. More fundamentally, they can future-proof their business: ensure their product offer is ready for the customers of tomorrow; make sure their supply chains are fit for the future; and ensure their staff are ready, fit and motivated for what lies ahead.

In the past, the market has been heavily stacked so that the short-term business case for promoting cheap, unhealthy, unsustainable diets felt strong, even if in reality the long-term case was weak. It is not surprising that until recently relatively few foodservice companies had begun to adopt genuinely sustainable diets. But change is coming – and fast.

With pressure from customers, clients and investors, it is inevitable that sustainable diets will become a much larger part of – and ultimately the only – offering on the menu of food providers big and small. Are you ready for that change?

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Why we are here

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

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