THE FOOD FOUNDATION

DISCUSSION PAPER

Exploring the practicalities of benchmarking food industries in different countries and contexts

Executive summary

This short paper aims to stimulate conversations on the role that national benchmarking initiatives can play in accelerating the transition of the food industry towards healthy, socially inclusive and environmentally sustainable outcomes. Recognising that there is no 'one size fits all' approach when it comes to implementing benchmarking initiatives within different countries, we would like to investigate a common methodology and set of metrics that could allow for national, and aligned, benchmarks to exist in different countries. This paper is intended to be a precursor for a series of multi-stakeholder dialogues on this topic that we aim to hold this year between national governments, businesses, investors, civil society organisations and other key stakeholders across different national and international contexts.

Using as a starting point the example of the Food Foundation's **Plating Up Progress** work in the UK (which assesses major food retailers, caterers and restaurants operating in the UK) we would like to discuss what factors may need to be taken into account when benchmarking food industry progress towards healthy, just and sustainable food systems in different national contexts.

The upcoming dialogues will focus on two questions:

- **What differences in national contexts (e.g. nutrition, social inclusion or environmental priorities) might need to be considered when implementing benchmarking initiatives?**
- **What different roles can national governments, businesses, investors, and civil society organisations play in making national benchmarking initiatives effective in creating change in the food industry?**

Why do food systems matter?

THE FOOD SYSTEM HAS MAJOR IMPACTS ON OUR HEALTH, SOCIETY AND THE ENVIRONMENT.

The food system is responsible for 30% of human-made greenhouse gas emissions[1] and 70% of freshwater withdrawals.[2] Land conversion and unsustainable food production practices cause biodiversity loss and land degradation.[3–5] We are also experiencing the global dual nutritional challenges of obesity and hunger, with 1 in 3 people living with overweight or obesity and 1 in 9 hungry or undernourished.[6] Across the system, 30% of food which is produced is wasted or lost, despite a heavy reliance on plastics in packaging.[7] Within supply chains there are concerns regarding human rights violations and workers facing poverty due to low wages.[8]

'Fixing food' is possible with a transition that involves the protection and restoration of natural habitats, widespread adoption of sustainable farming practices, tackling global food waste, ensuring human rights are upheld, and, crucially, a shift to healthy and sustainable diets.

There is no "one size fits all" to this dietary shift. In high income countries there is a clear need for 'less and better' meat and a shift to more plant-based food, whilst this is not necessarily the case in lower income countries. Additionally, high-, low-, and middle-income countries are all experiencing high burdens of diet related diseases. It is estimated that the annual economic impact of diabetes for the East Asia and Pacific Region will be US$800 billion by 2030.[9]

DIFFERENT BENCHMARKING APPROACHES

An important mechanism for understanding progress towards a healthy, just and sustainable food system is by benchmarking progress within the food industry. A lack of change in the food industry is a fairly clear indication of lack of change in our food system, so understanding this and identifying the levers for change in the industry is vital to creating change.

Benchmarking allows both the businesses and external stakeholders such as governments, investors and citizens to understand which businesses are addressing specific issues of concern, where businesses are failing to address issues and, to varying degrees, who are the leaders in the industry. Such benchmarks can be constructed in a number of ways: by assessing information on company websites and reports, from specific reporting platforms designed for corporate disclosure (such as CDP's reporting platform for climate change, forests and water), or from surveys completed by the businesses.

They can also focus on different challenges, either taking a "deep dive" into an issue (such as Access To Nutrition Initiative's benchmarks on corporate action on nutrition), or covering multiple issues such as nutrition, climate change, and human rights (as done by the Food Foundation's Plating Up Progress work in the UK and the World Benchmarking Alliance's Food and Agriculture Benchmark at a global level).

This paper recognises that a range of cultural, economic, political and geographical factors pose specific food-related challenges in different countries. As a result, an approach to benchmarking the food industry in one country may not work in exactly the same way in another.

The Food Foundation would like to explore what a common methodology and set of metrics should look like in order to allow national benchmarks of the food industry to be carried out in different regions in the world. We would also like to understand what role stakeholders such as national governments, as well as private sector actors such as investors, should play in responding to such benchmarks in order to create change within these different national contexts.

In the next section we describe an example from the UK, the Food Foundation's Plating Up Progress work, to illustrate how the national context has influenced the methodology and engagement in this initiative.

Plating Up Progress, an example from the UK

The Food Foundation's Plating Up Progress work is an example of a national benchmarking initiative that assesses major UK-operating food retailers, caterers and restaurants across key topics relating to health and nutrition, environmental, and social issues. This work has focused on the downstream sectors because these sectors are reasonably consolidated and businesses are in a unique position to influence the required transitions in food consumption and food production, being both the gatekeepers to our diets and the funnel through which most commercially produced food is channelled. We produced a **dashboard** that shows where individual companies and the sectors as a whole are performing better and worse. This dashboard and subsequent engagement with stakeholders has led, in part, to nine of the 26 food businesses improving their performance on the benchmark in 2020.

The engagement process has been threefold: directly with the businesses, with investors and, more recently, with the national government. In all three cases the underlying data is the same; the results of the benchmark drive the engagement, although the case for change differs. For businesses, the benchmark acts as a mirror of their performance and allows them to make comparisons with their peers. For investors, the benchmark allows them to see where their investments in companies are either exposed to risks or taking the opportunities presented in a changing world. For governments, the benchmark shows which issues of national concern are being responded to, or not, by the food industry, and where government action might be required to accelerate change. Following this logic, one of the outputs of this engagement process has been a **policy briefing** which makes recommendations for the UK government to make reporting on certain key issues mandatory.

For the purposes of this discussion paper, we highlight the main points of that policy briefing as an example of how evidence from a benchmarking initiative can be used to make recommendations to a key stakeholder, in this case a national government.

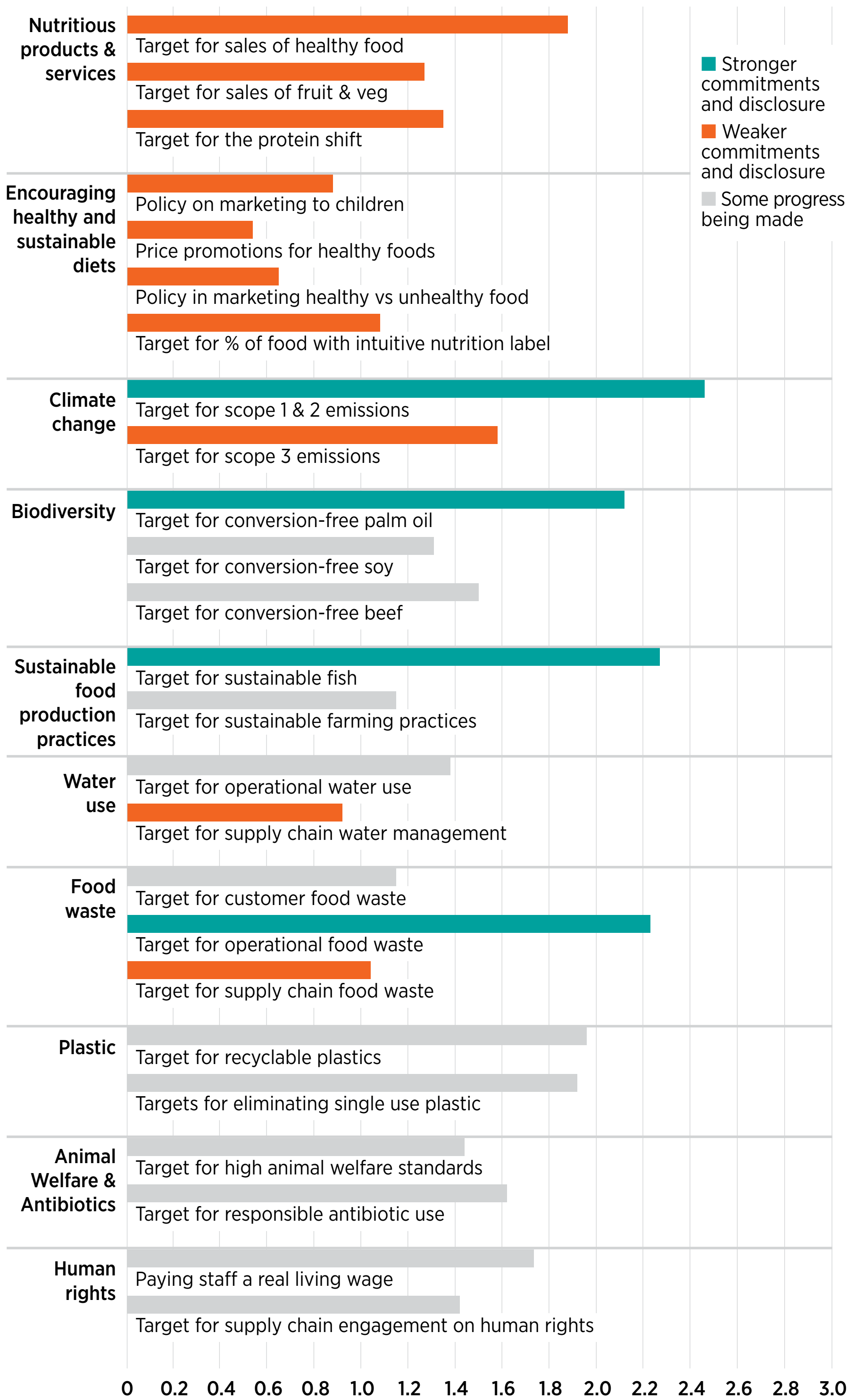
ASSESSMENT OF UK FOOD RETAILERS, RESTAURANTS AND CATERERS

In 2020, Plating Up Progress assessed the performance of 26 UK-operating major retailers, caterers, quick service and casual dining restaurants against metrics in the 10 topic areas outlined (see **Figure 1**). This analysis helped to identify: a) those areas where businesses are simply not reporting on data; and b) the genuine challenges that businesses face in reporting due to insufficient data availability or a lack of consensus around reporting methodologies.

The metrics that scored most highly were those relating to **scope 1 and 2 greenhouse gas emissions, reducing operational food waste, sustainable fish,** and **sustainable palm oil**.

Progress on other metrics has been slower. Reporting against **scope 3 greenhouse gas emissions** is not mandatory and is not yet widespread, although there are signs of leadership from businesses such as Tesco and Co-op who have set scope 3 targets and are reporting on their agriculture/product-related emissions. Progress on companies **engaging with suppliers to reduce food waste in their supply chains** was much more limited than on reducing operational food waste in their own businesses, with no company yet setting targets and disclosing clear data. Only 5 companies report (or partially report) on **water scarcity within their supply chains** (the percentage of food sourced from water-stressed regions). There is also limited reporting on **sales of healthy vs unhealthy foods** (shown in **Figure 1** as 'Nutritious products & services'), and a lack of evidence that companies are taking action on the metrics relating to **encouraging healthy diets** (percentage of products with intuitive health labels, policies relating to healthy choices for children, marketing of healthy vs unhealthy foods).

FIGURE 1: AVERAGE BUSINESS SCORING AGAINST PLATING UP PROGRESS METRICS



THE PLATING UP PROGRESS SCORING: 3 EQUALS MAXIMUM SCORE.

Full metrics available at ***foodfoundation.org.uk/wp-content/uploads/2020/09/PUP-2020-methodology-09.20.pdf***

SPECIFIC POLICY RECOMMENDATIONS FOR THE UK

Based on the existing reporting requirements, different levels of progress within the industry, and an understanding of both the challenges to reporting and complexities around data availability, we have made a number of recommendations to the UK government. We have identified four key priorities that we believe would accelerate change in the UK food industry:

1. **Strengthening existing mandatory reporting requirements on climate change and human rights.**
2. **Maximising the impact of newly announced reporting requirements on deforestation and food waste.**
3. **Working towards the introduction of new sales-weighted reporting requirements that relate to healthy & sustainable diets.**
4. **Working towards the introduction of new supply chain reporting requirements that relate to sustainable food production systems and water management.**

UNDERSTANDING THE UK CONTEXT

The example of the UK is useful here simply to illustrate how the national context influences the scope, methodology and engagement approach. Both the methodology and engagement (including the recommendations made to the government above) have been influenced by a number of key factors:

1. **The food environment: the UK has a small number of large food retailers and, although less homogenous, some dominant restaurant chains and caterers who can influence the direction of travel within the food industry. Change in these businesses can drive wider change across the sectors so a benchmark that focuses on these key companies can create wider change.**
2. **The UK is a high-income economy with overconsumption and high levels of meat consumption. This makes tackling obesity a priority, alongside the need to increase consumption of fruit and vegetables, and reduce meat consumption. The metrics used in the benchmark reflect this need, as well as the need for metrics that relate to sustainable supply chain issues such as deforestation, sustainable seafood, and human rights.**
3. **The UK food industry also has seen an increase in interest and engagement in recent years from the finance sector, with investors beginning to act more forcefully on nutrition, environment and social inclusion issues. As such, there is a ready-made investor audience for the benchmark and, additionally, a stakeholder group for whom the government recommendations on mandatory reporting would be relevant.**

These conditions may or may not be present in other countries, meaning that both the full spectrum of metrics that could be "reportable" and a national government's ability to mandate business reporting on those metrics will not necessarily be the same elsewhere.

Understanding national contexts for both an assessment toolkit and stakeholder engagement

We are interested in exploring how a common methodology can be created to assess the food industry in a consistent way that is also adaptable to different national contexts. The Food Foundation, alongside the World Benchmarking Alliance, aim to create a toolkit based around these learnings so that a shared but adaptable approach can be adopted.

This toolkit should allow for the differences in national contexts and priorities. We believe that some of the key considerations include:

1. **The "shape" of the food environment. The size and concentration of different food sectors and levers for change may differ from country to country.**
2. **Differing national priority issues. For example, nutrition or land use conversion may be more pressing issues in different countries.**
3. **The quality of data available. For example, smaller businesses often have different reporting challenges and opportunities to larger multi-national businesses.**
4. **Stakeholder influence. The role of key stakeholders such as national governments, investors and civil society organisations vary in different countries.**

This is by no means an exhaustive list and, by convening a series of dialogues, we hope that stakeholders from other countries will be able share their views and insights and help to inform a common benchmarking methodology.

IF YOU WOULD LIKE TO FIND OUT MORE ABOUT THIS PROCESS OR CONTRIBUTE TO THE DIALOGUES PLEASE CONTACT:

Will Nicholson,
Project lead, Plating Up Progress,
Food Foundation
will.nicholson@foodfoundation.org.uk

PLATING UP PROGRESS

Chloe MacKean,
Project lead, Global Food Systems,
Food Foundation
chloe.mackean@foodfoundation.org.uk

GLOBAL FOOD SYSTEMS

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Acknowledgements

We would like to sincerely thank our funders the Children's Investment Fund Foundation, Fondation Daniel et Nina Carasso, and the Foreign, Commonwealth & Development Office.

Food Foundation
c/o Spayne Lindsay & Co. LLP, 55 Strand, London, WC2N 5LR
+44(0)20 3086 9953 | www.foodfoundation.org.uk | @Food_Foundation