Preparing for Mandatory Sustainability Reporting

TRACEGAINS

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Meet Your Moderator

Mercedes Howard
Webinar Specialist

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Meet Your Speakers

Will Nicholson
Food Sustainability Consultant

WILL NICHOLSON CONSULTING

Dan McGlynn
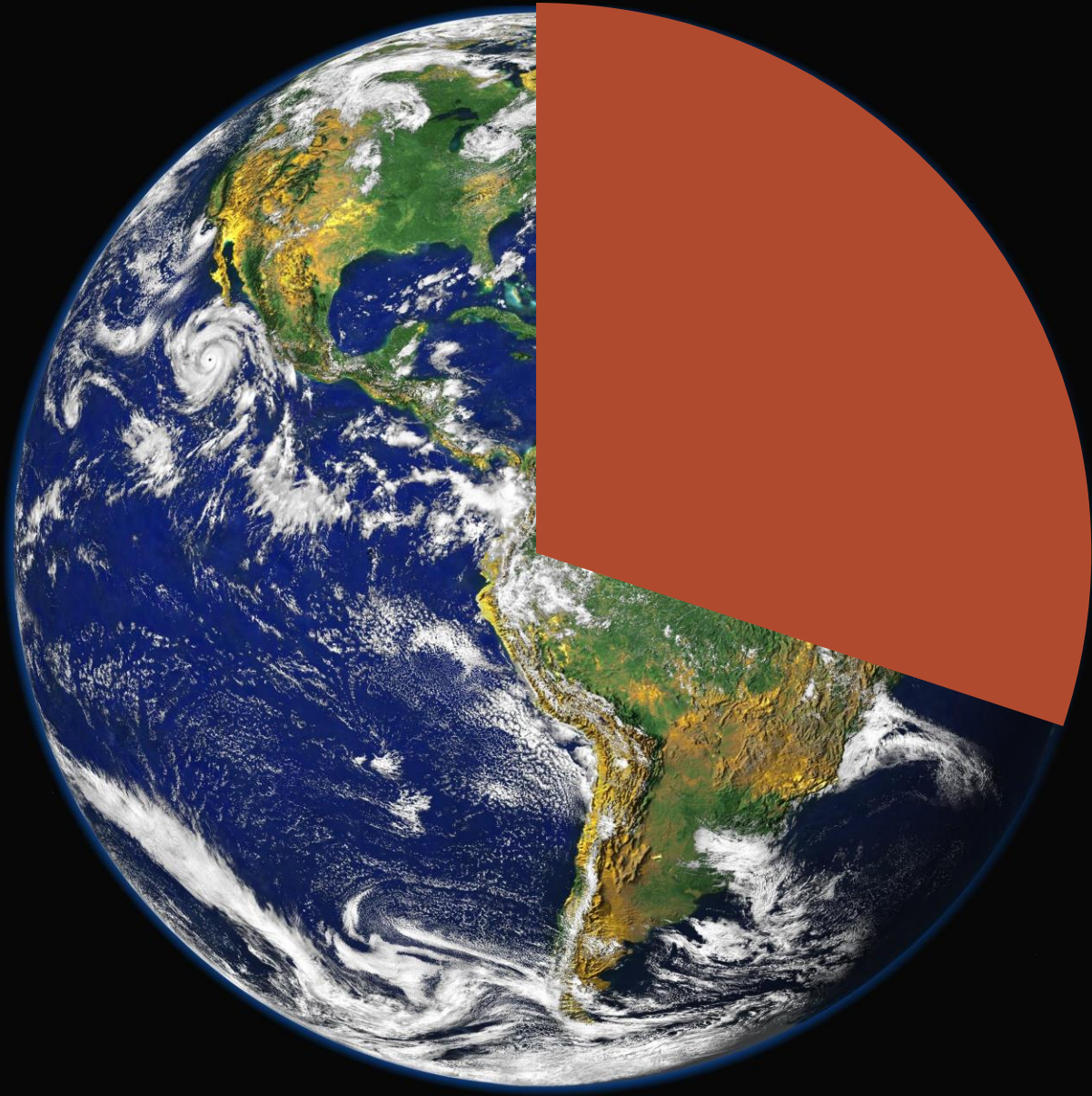Account Executive

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Today's agenda

- Food system impacts
- The changing regulatory environment
- What to expect, how to prepare

Food contributes 30% of all our greenhouse gas emissions

Livestock contribute around 15% of the world's greenhouse gas emissions

Land-use change for animal feed & grazing
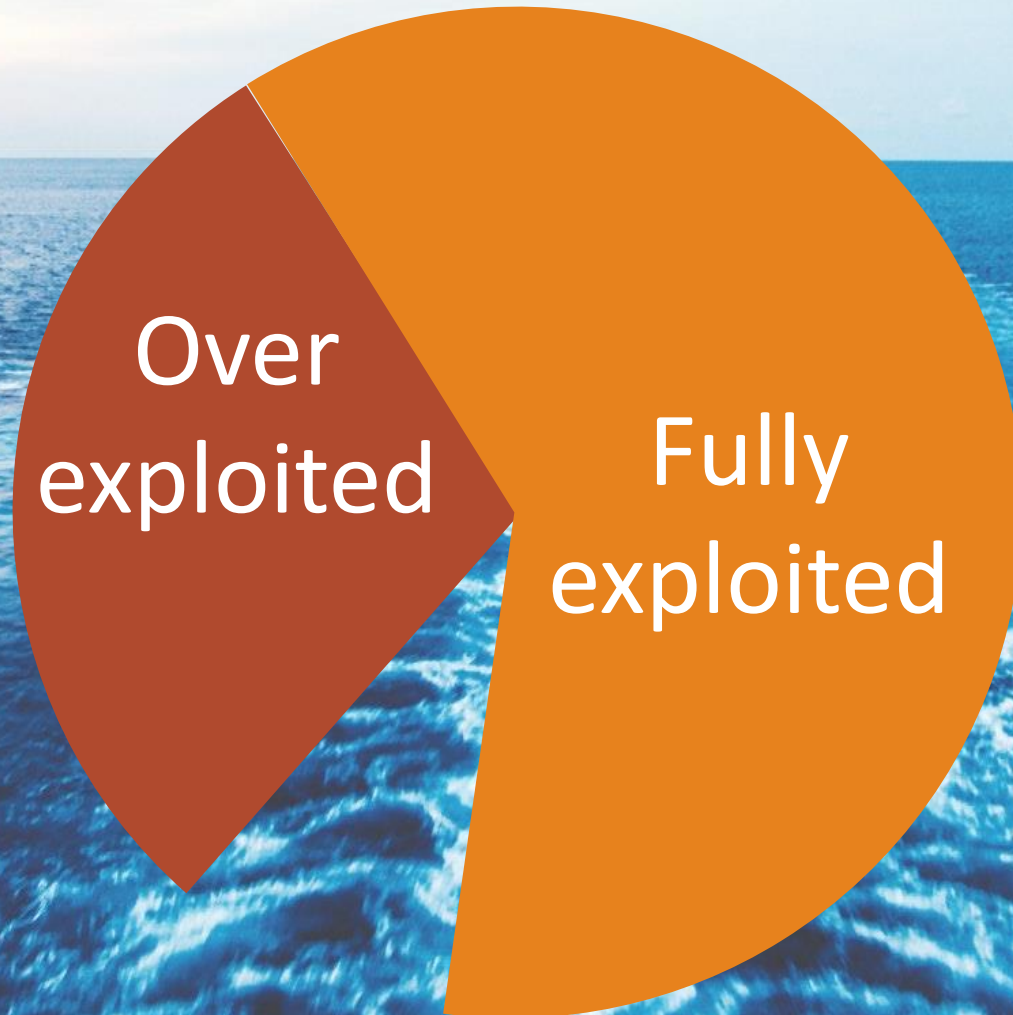
South America

4 million hectares lost per year for soy

Globally

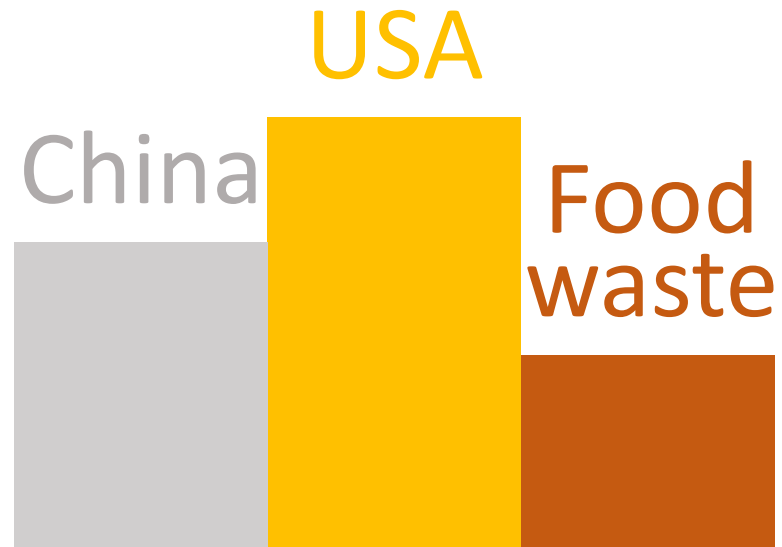75% of soy & maize production is for animal feed

Source: WWF

Plenty more fish in the sea?

Over exploited

Fully exploited

WWF 2015, Living Blue Planet Report

If "food waste" were a country…

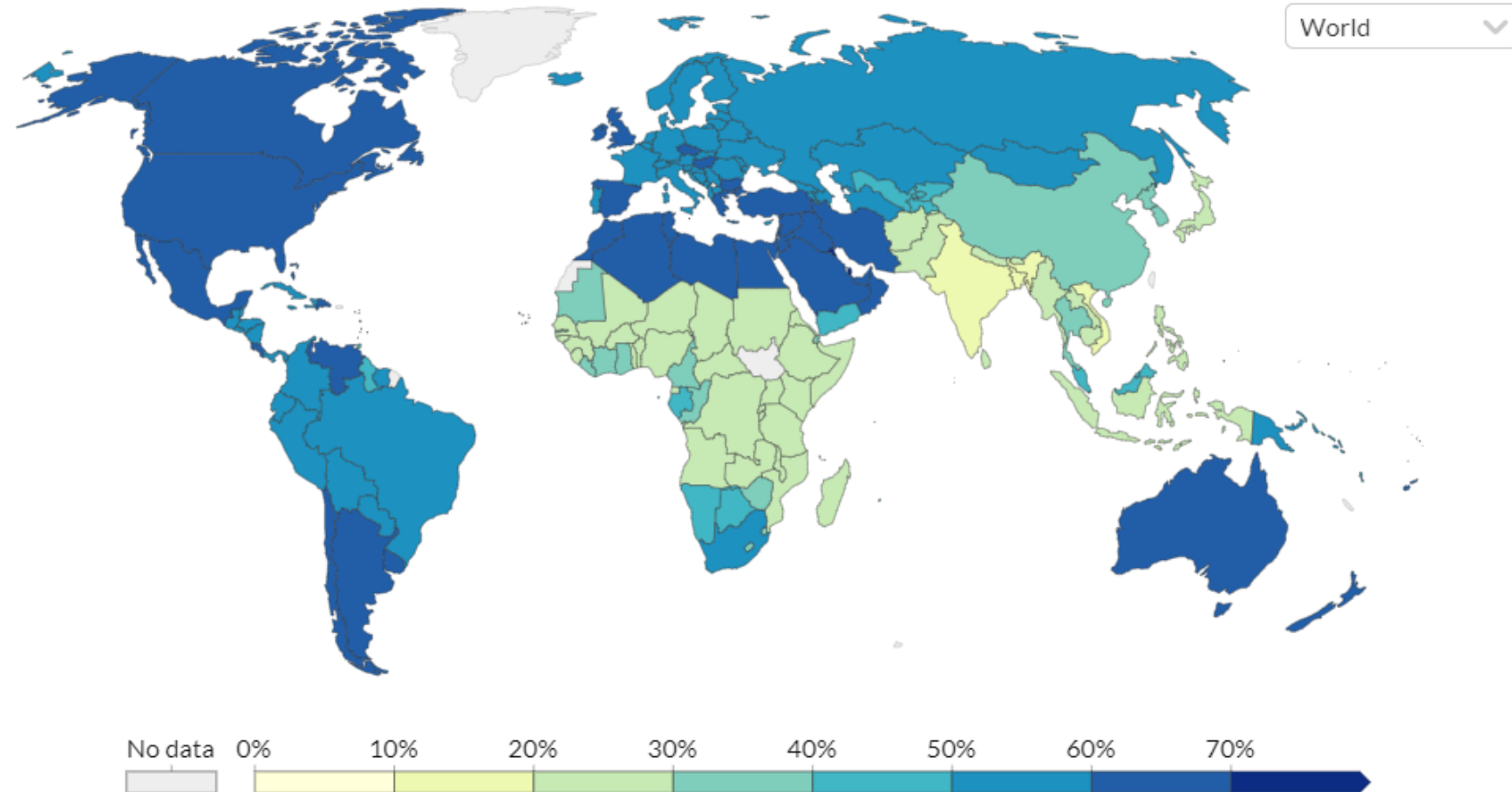… in the climate change Olympics, it would win the bronze medal

Beyond environmental concerns…

Health Survey for England in 2019: 63%

Share of adults that are overweight or obese, 2016

A person is defined as overweight if they have a body-mass index (BMI) equal to or greater than 25. BMI is a person's weight in kilograms divided by his height in metres squared.

World

No data   0%   10%   20%   30%   40%   50%   60%   70%

Source: WHO, Global Health Observatory

OurWorldInData.org/obesity • CC BY

Healthy & sustainable diets

Consume better

Produce better

Regulation hotspots

- Climate change
- Deforestation
- Food waste
- Nutrition
- Food sales

Climate change

Current regulation:

'Quoted companies', Limited Liability Partnerships (LLPs), and certain larger companies are required to report on their Scope 1 and Scope 2 greenhouse gas emissions. Scope 3 reporting is encouraged but remains voluntary

New regulation:

From 2022 "over 1,300 of the largest UK-registered companies and financial institutions will have to disclose climate-related financial information on a mandatory basis – in line with recommendations from the Task Force on Climate-Related Financial Disclosures. This will include many of the UK's largest traded companies, banks and insurers, as well as private companies with over 500 employees and £500 million in turnover."

Note: TCFD recommend scope 3 emissions are included where relevant.

Key take-away:

Scope 3 emissions will be key for the food sector and companies should be engaging with various initiatives to better understand scope 3 emissions, your risks & opportunities, and how to quantify scope 3.

WRAP are leading some important work on this in the UK.

Deforestation

Upcoming regulation:

March 2022, secondary consultation ended on the implementation of due diligence provisions in the Environment Act to help tackle illegal deforestation in UK supply chains.

The due diligence provisions will make it illegal for larger businesses operating in the UK to use key forest risk commodities produced on land illegally occupied or used.

Businesses in scope will also be required to undertake a due diligence exercise on their supply chains and to report on this exercise annually.

To ensure transparency, information about businesses' due diligence exercises will be published.

Key take-away:

Uncertainty over which commodities will be in scope of regulations, which businesses will be included, what they will be expected to report, and how this will be enforced.

But, it is expected to become a reality within 18-24 months.

The Accountability Framework Initiative and EFECA are leading initiatives for expertise in this space, although they do not provide technical solutions for data per se.

Food waste

Upcoming regulation:

As part of Defra's Resources and Waste Strategy, back in 2018 the government had promised that as a minimum all large companies would be forced to report food waste levels, as part of a bid to slash the country's waste figure in half by 2030 (SDG 12.3).

Having been initially delayed due to the pandemic, the legislation had been expected to come into force in April 2023. However, it is now expected to be part of a wider consultation on food industry reporting as part of the Government's response to the 2021 National Food Strategy (of which, more to come in a few minutes).

Key takeaway:

Food waste reporting is more mature than other topics so many food businesses are already reporting this to WRAP as part of the long-running Courtauld Commitment. Best practices already exist here so understanding what should be measured and reported is not a big challenge.

For some sectors the practicalities of accurately recording food waste can be more challenging.

Nutrition

Upcoming regulation:

HFSS regulation: retail sector
Promotions on food and drinks high in fat, sugar and salt (HFSS) in retailers will be restricted from October 2022.
This will require medium and large businesses, including those with 50 or more employees, to phase out their offering of multibuy promotions such as 'buy one get one free' or '3 for 2' offers on HFSS products.
Less healthy promotions will also no longer be featured in key locations, such as checkouts, store entrances, aisle ends and their online equivalents. Free refills of sugary soft drinks will also be prohibited in the eating-out sector.

Calorie labelling: out of home sector
From 6th April, mandatory calorie labelling among large food businesses (with 250 or more employees) in the out of home sector.

Key take-away:
Nutrient profiling models will probably become increasingly important sources of data.

Reporting on food sales

Upcoming announcement:
Government white paper response to the National Food Strategy (NFS)

Initial NFS recommendation were for mandatory reporting of:
Sales of HFSS food, fruit & veg, fibre and animal/plant-based proteins.
Food waste.
Protein supply chain (certifications mainly)
Reporting should be mandatory for retailers, restaurants & caterers, manufacturers & processors, and wholesalers with more than 250 employees.

The Government white paper response is expected in May 2022, having been delayed several times.

There are strong indications that a multistakeholder consultation of some sort will be announced to advise on the appropriate metrics.

National
Food Strategy
Independent Review

THE
PLAN.

Reporting on food sales

Key take-aways:

The mandatory reporting recommendations have had broad support from several major food businesses. But not all. Less support has probably come from manufacturing than retail and out of home.

Some key businesses are already reporting on some or all of the topics.

For example, Tesco, Sainsbury's are probably leading on much of this by reporting on sales of healthy food, on the split between animal-based and plant-based protein sales, and (Sainbury's) on sales for fruit & vegetables.

Many more companies are already reporting on food waste.

It is less clear what the reporting requirements will be for "protein supply chain" but most likely involve sustainability and animal welfare certification schemes and may cross-over a bit with the deforestation du diligence mentioned previously.

Why does this matter?

- Reporting regulations are clearly changing, and there is a sense that voluntary mechanisms are insufficient to create change.
- There is a trend from policy-based, often supply-chain, requirements towards data and actual quantitative reporting.
- And the distinction between supply chain responsibility and sales-based data is disappearing.
- And it is not just the Government who is interested.

Who else is starting to care about food?

Thank you
For more information, please get in touch
willintolife@gmail.com

Reporting Challenges

Turning ESG goals into actions often requires large-scale operations & cultural changes within the organisation

Knowing what metrics to track – managing the requirements of your board, shareholders & customers

Managing ESG risk – the risk of action & inaction

Anticipating future standards & requirements

Capturing, benchmarking & reporting on data from your supply chain

Identifying the correct data sources to track

Choosing the right technology partner

Evolution of Data

Sustainability Forms
Align your business values and supply chain partners

- ✓ Commodity Hot Spots
- ✓ Energy and Climate
- ✓ Material Efficiency
- ✓ People and Community Impact
- ✓ Certifications (RSPO, MSC, FSC, RTRS, etc.)
- ✓ Nature & Resources

Energy and Climate

Do you calculate greenhouse gas emissions for your facilities?*

-- Select --

Additional section comments:

Click Here

Material Efficiency

Do you track water use at your facilities?*

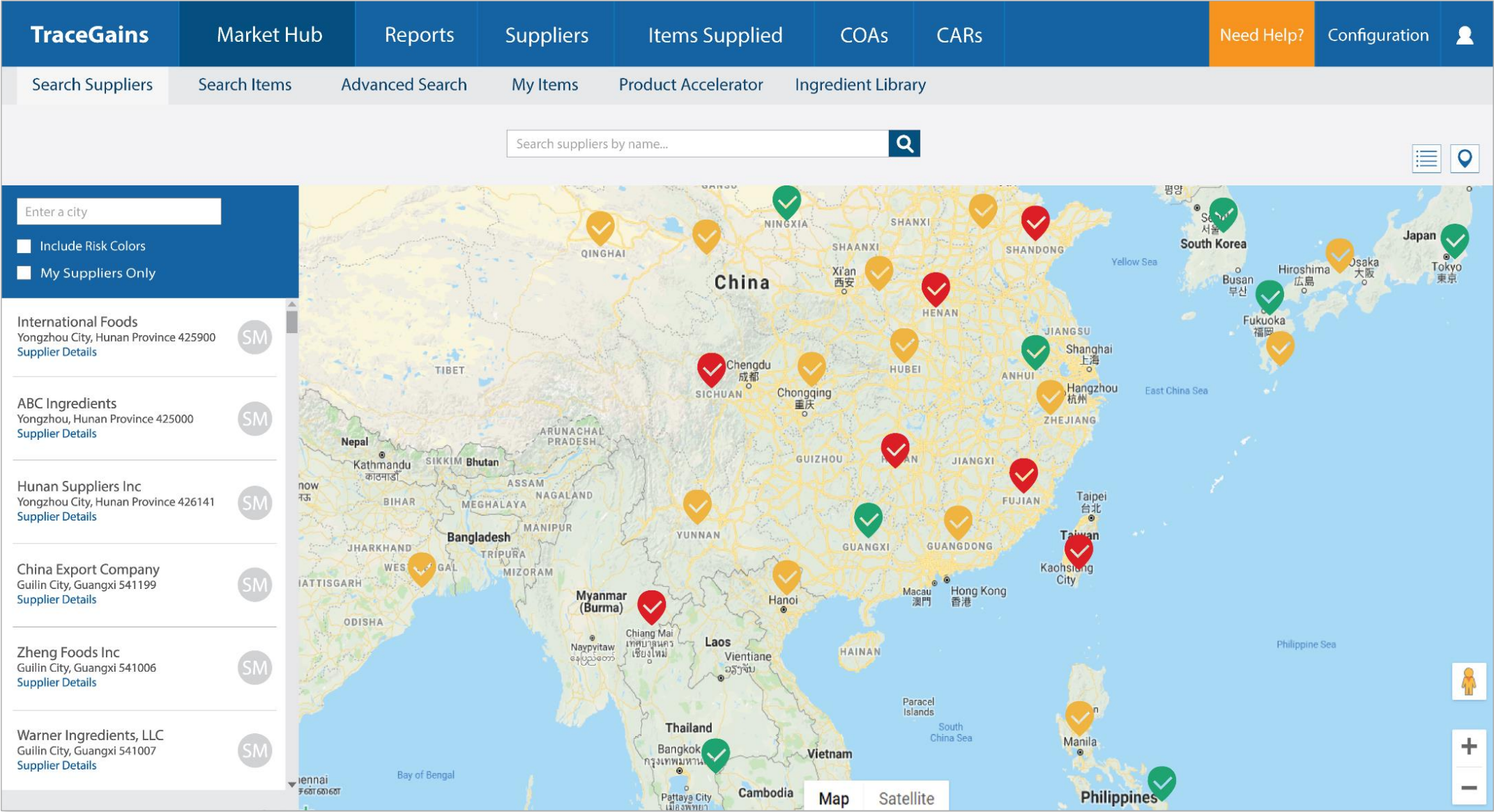-- Select --

Do you track solid waste generation?*

-- Select --
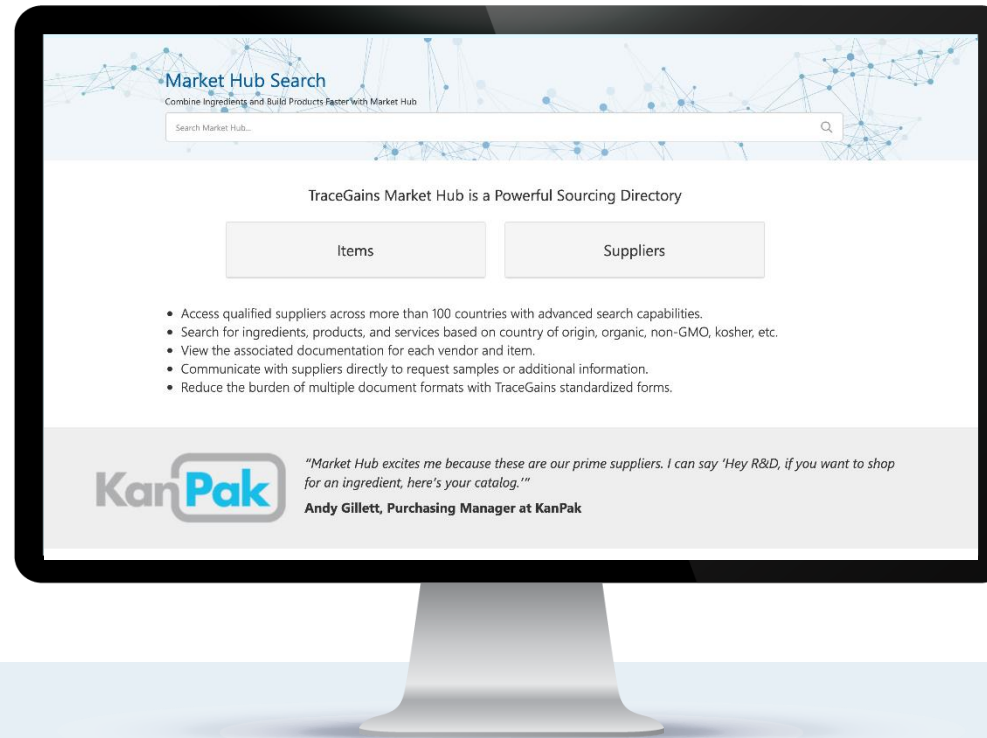
Additional section comments:

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Live Q&A

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