

Sustainability
in the food chain
DuVo-foundation

Sustainability in Perspective

APRIL 2001

Colophon

This booklet provides a translation of the executive summary from the third booklet issued by the Dutch Foundation for Sustainability in the Food-chain (DuVo). Members of that foundation are indicated on the innerside of the backcover of this booklet. Publications issued so far by, or on behalf of, DuVo are summarised on the last page of this booklet. For further information you can contact the DuVo-foundation through Ch. E. Dutilh, Prins Hendrikkade 141, 1011 AS Amsterdam, The Netherlands. E-mail address: chris@dutilh.com

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Introduction

Sustainability is a relative concept that can only be clearly developed via an extensive exchange of views between all parties involved. Therefore several years ago Stichting Duurzame Voedingsmiddelenketen (the Sustainable Food Chain Foundation, referred to below as DuVo) set a process in motion that consists of three elements, viz.:

- A dialogue with relevant stakeholders, aimed at establishing a common definition of the concept. On the basis of this, measurable criteria can be developed to steer and monitor an improvement process;
- Knowledge development, aimed at providing factual information that will enhance the content of the dialogue;
- An open exchange of knowledge to enable as many parties as possible to share the insights that have been acquired.

In 1999 the first formal Dialogue Meeting took place. The theme was 'Residues in the Food Chain'. An extensive report on that meeting, and more generally on the previous activities of DuVo, was included in the two previous publications by DuVo*. Based in part on the outcome of that first Dialogue Meeting, it was decided to inventorise during the year 2000 those indicators that are required to steer sustainable development in agriculture. Below is a brief summary of the findings of that study, as well as a report on experiences gained in sharing the knowledge available in the individual companies.

* 'Duurzaamheid in de Voedingsmiddelenketen' ('Sustainability in the Food Chain'), August 1999 and 'Begin van een dialoog' ('Start of a dialogue'), April 2000. Both booklets were published in Dutch by the DuVo Foundation, and English summaries are available.

KNOWLEDGE DEVELOPMENT

In the year 2000 two studies were initiated by DuVo in order to generate knowledge, viz. a survey on public expectations regarding sustainable food, and an inventory of sustainability indicators for the primary sector. The outcome of both projects is summarised below.

PERCEPTION OF SUSTAINABILITY IN PUBLIC OPINION

Increasingly society expects companies to make efforts to improve the sustainability of their activities and of the products they produce. If a business does not succeed in meeting those expectations, there is a risk that it will lose its support base, or its 'licence to operate'. That development inspired DuVo to investigate the Dutch public opinion regarding sustainable food and regarding the way in which that opinion has changed in recent years. That investigation consisted of three parts. First of all 12 volumes of *Allerhande* (the free magazine issued by retailer Albert Heijn for all its customers) were screened for articles, advertisements and editorials relating to sustainability. Secondly an evaluation was made of consumer surveys in the 1980s and 1990s and thirdly politicians and NGOs were consulted by telephone. Conclusions from that investigation were that people can be motivated in two ways: by issues of self-interest (taste, quality, safety and price) and by issues of social interest. Issues of self-interest are constantly present and form the precondition for all food purchasing behaviour. This can be described as providing a 'licence to sell'. In the short term this is of vital importance for a producer, which is why this aspect almost always gets most attention. On top of that there are a limited number of social issues, which usually have a less urgent nature and which vary over time. It seems that public interest in such issues increases until action is taken, for instance the adaptation of a product formulation, or the establishment of a covenant (gentlemen's agreement). After such action has taken place, public attention quickly fades away, apparently because society assumes that the problem has been solved. However, for many parties in the supply chain that is merely the moment when the change process begins.

SUSTAINABILITY INDICATORS FOR THE PRIMARY SECTOR

In general three dimensions for sustainability can be distinguished, i.e. ecological (planet), social (people) and economic (profit). Sustainability initiatives undertaken by various parties in the primary sector were inventorised and the indicators being applied or being developed in those initiatives were screened.

None of the parties considered was engaged in working towards achieving sustainability over its full breadth. In general, ecological sustainability received the most attention.

Many of the respondents specifically focus on typically Dutch environmental themes for agriculture, such as pesticides, fertilisers and energy consumption, sometimes supplemented by land-use. On a global scale, however, erosion, water consumption and depletion of the ozone layer (as a result of the leakage of refrigerants) are just as important. Social themes mainly relate to working conditions and to the scope for development for employees. Economic sustainability not only relates to business results but also to the requirements which a product has to comply with: quality standards as well as the consumer requirements regarding food safety and health.

KNOWLEDGE EXCHANGE

Exchange of knowledge forms an essential element in the DuVo process. On the one hand knowledge about special themes is mutually exchanged, whilst on the other hand DuVo initiated knowledge exchange on a much larger scale by organising Dialogue Meetings, followed by publication of the proceedings. In the following paragraphs the experiences from the mutual exchange of practical knowledge are briefly described. Also a short summary is given of the initiatives taken by individual businesses. Finally, the main conclusions from the second Dialogue Meeting are listed.

EXPERIENCES GAINED WITH CHAIN MANAGEMENT

Most of the DuVo members are in one way or another involved in chain management initiatives. For example, both Cehave and Albert Heijn play an important role in sustainability within the pigmeat chain. Important learning experiences gained during those processes are as follows:

- The main players in a chain must believe in the need to improve sustainability, whereby attention should not be focused merely on financial returns;
- Transparency and openness towards all parties involved will in due course facilitate the required attitudinal change. It is essential that all those parties feel that they are part of the chain. Often, this is too little the case for the primary sector;

- Clear articulation of the market requirements helps to create focus, but too much pressure from one of the parties involved slows down the development of a broad basis of support;
- It is important that a basis of trust should first be built up amongst all concerned before communicating with the outside world. Internal communication is essential, particularly in order to get rid of existing myopia within organisations;
- In various places there are shortcomings in the extent to which legal obligations are complied with. Improvement in that situation is essential before further steps can be taken, but unfortunately that making up for lost ground does not yield any credits;
- There is concern about the fact that the government immediately wants to turn positive developments into a standard by adapting the relevant legislation. In this way the motivation to take initiatives is nipped in the bud;
- The benefit of efforts made to achieve improvements in the chain only becomes really visible for all concerned once a recognisable end-product is supplied in which all parties in the chain can recognise their own input.

PRODUCT STEWARDSHIP AND THE POSITION OF THE FOOD CHAIN

For a number of years the Chemical Industry has gained experience with Product Stewardship, an approach which seems to offer interesting possibilities for the food chain as well. The emphasis in this is on communication throughout the entire chain and on achieving continuous improvements in the safety, health and environmental performance of the chain. Product Stewardship forms part of the Responsible Care programme which individual chemical businesses world-wide can subscribe to.

It is not easy to adopt the experiences from the chemicals sector just like that, specifically because that sector has a much more complex structure. It is insufficiently clear as to which sustainability issues ought to receive common attention, since the priority for various aspects of sustainability is shifting within the chain. An extra handicap is that the Dutch consumer is not (yet) prepared to pay for these extra efforts. The consumer is also being confused by the not very consistent information about the need for sustainability. The DuVo initiative shows that businesses in the food chain are willing to work together to identify issues which they can tackle jointly. Experiences from the chemicals industry should certainly serve as an example and a source of inspiration. In the meantime individual businesses continue to make efforts to develop their own improvement programmes and to inform the consumer about their results.

BUSINESS INITIATIVES

Most DuVo businesses are actively involved in organising chain management. Traceability of raw materials with a view to safeguarding food safety is an important motive for this, as is the desire to agree on process conditions. Many businesses, for example, are drawing up guidelines for the primary sector, often based on best practice experiences. In many cases those guidelines are aimed at reducing the use of fertilisers and pesticides. Certification is regarded by many businesses as a useful way to confirm and check agreements and, to a lesser extent, as a possibility for communicating these to the consumer. Such processes can be steered by individual businesses (such as the environmentally conscious farming programme (MBT) of The Greenery), by branches of industry (such as EUREP-GAP by the European retailers), the chain quality milk programme (KKM) by the dairy sector or the quality project for arable farming (KPA) or by an independent external body (such as the Marine Stewardship Council for the fishing industry). Indicators that can be used for monitoring and target setting usually come up naturally while setting up the chain management.

SECOND DIALOGUE MEETING

On 7 December 2000 around 120 people from various stakeholder groups met to discuss possibilities for selecting indicators for monitoring and steering sustainability in the food chain. Below is a summary of the subjects that were dealt with.

The *agricultural sector* indicated that they themselves had already decided to set to work on themes such as health, safety, energy consumption, natural resources, nature and the environment in which we live. However, those initiatives can only be successful if the entire chain supports them, so that a fair price can be paid for the farmer's efforts. It is important to have clarity on how the improvement process will be implemented, and on what the balance of power will look like.

The *Consumer Association* emphasised that a large section of consumers attach great value to subjects such as animal welfare, the environment and working conditions. That is why businesses should make serious efforts to improve the sustainability of their operations. Both government and consumer associations can stimulate that development, for example by formulating ground rules and by providing information. Evaluation criteria need to be developed for this, in consultation with businesses. The Consumer Association will see to it that no

new confusion will be generated by the introduction of labels with an 'intermediate positioning'.

Environmentalists feel that the major bottlenecks in food production are: the use of pesticides and (chemical) fertilisers, genetic modification and animal welfare. Many of these problems can, they feel, be solved via organic produc-

'Impressions from second dialogue meeting, held on December 7th, 2000'



tion methods. Several parties are already working to promote such methods, but the food business is lagging behind. The environmental movement is particularly urging branded product manufacturers to put more organic products on the market.

The *scientific world* has the in-house expertise and infrastructure that will enable it to contribute to a more concrete structuring of the concept of sustainability. Wageningen University has offered to work together with government and industry in order to develop tools to measure sustainability in the food chain.

In his contribution Mr *Wijffels* indicated that, for the time being, the path is more important than the final goal as far as sustainable production of foods is concerned. An important element is the formation of tight-knit chains, in which mutual trust and cooperation are the core. Such a development calls for a fundamental change in the competition policy that is currently being pursued.

During the discussion it was concluded that the efforts to achieve a general minimum set of indicators for agriculture and food-processing business as a whole do not seem a very realistic objective. However, individual businesses or chains can formulate such parameters for themselves and then start using them. DuVo businesses should take the lead in that process. By reporting on their experiences, they can also stimulate others to take action. There was a clear need on the part of the primary sector for better interaction with the other links in the chain, on the one hand so that the wishes of the consumer can play a clearer role in the work done by the farmer, and also in order to ensure that farmers receive a fair reward for their efforts. It was also considered important that the food chain should study the possibilities for intensifying the interaction with consumers and the general public about sustainable food.

THE CONTINUATION OF THE PROCESS

- DuVo has drawn the following conclusions from experiences gained during the past year and from the Dialogue Meeting in particular:
- A common language is essential for monitoring and steering sustainable development. DuVo has investigated the possibility of creating a common set of indicators. The conclusion from that study and from discussion during the year is that the time is not (yet) ripe for this. DuVo members will therefore have to make their own choices, and these will be partly determined by their position in the food chain. On the basis of those choices they will take action, and their experiences will be shared during the course of the year.
- Both in the primary sector and amongst consumers there seems to be a desire to be more actively involved in the dialogue regarding the sustainability of food. DuVo sees this as a task for the affiliated businesses and will support them to take action in this area.
- DuVo has decided to focus on the Relationship between Scale and Sustainability as the theme for the third Sustainability Dialogue, which will be held on 6 December 2001. In preparation for that various case studies will be conducted together with Wageningen University. Amongst others sustainability aspects of small-scale versus large-scale production will be investigated, as well as the effect which local or international sourcing of raw materials has on sustainability.

DUVO-PUBLICATIONS

Duurzaamheid in de Voedingsmiddelenketen (Sustainability in the foodchain) (64 pages), first booklet issued by DuVo, August 1999. English translation of summary section available.

Begin van een Dialoog (Beginning of a Dialogue) (80 pages), second booklet issued by DuVo, April 2000. English translation of summary section available.

Duurzaamheid in Perspectief (Sustainability in Perspective) (80 pages), third booklet issued by DuVo, April 2001. English translation of summary section available

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PEOPLE TO CONTACT FOR FURTHER INFORMATION:

Mrs C.W. André de la Porte, *Albert Heijn, Zaandam*, caroline.andre-de-la-porte@ah.nl
R.D. Beudeker, *DSM Food Specialities, Delft*, rob.beudeker@dsm-group.com
J. Brummans, *Cehave Landbouwbelang BV, Veghel*, jacques.brummans@chv-lbb.nl
A. Capelle, *Royal Cebeco Handelsraad, Rotterdam*, capelle@cebeco.nl
J.W. de Groot, *Sara Lee/DE, Utrecht*, hdegroot@saralee-de.com
R. den Hartog, *McDonalds Nederland, Amsterdam ZO*, rdhartog@nederland.mcd.com
S. Haverhoek, *Royal Van Melle International, Breda*, sieuwert.haverhoek@van.melle.com
Mrs H. Heeres, *Heineken Nederland, Zoeterwoude*, mw._A.M._Heeres@Heineken.nl
Mrs R. van Hoof, *The Greenery International, Breda*, r.vanhoof@thegreenery.com
F.J. de Jonge, *Unilever Bestfoods, Rotterdam*, frank-de.jonge@unilever.com
R. Kalwij, *Royal Cosun, Breda*, ronald.kalwij@cosun.com
J.F. Kleibeuker, *Campina Melkunie, Zaltbommel*, kleibj@campina.com
H.J. Kroft, *Honig Merkartikelen, Nijmegen*, heinkroft@honig.nl
Mrs E. Luykx, *Royal Numico, Zoetermeer*, elvira.luykx@numico.com
A.J. Waterlander, *CSM Suiker, Breda*, annejacob.waterlander@csmsuiker.com
W.J. de Zeeuw, *Avebe, Veendam*, zeeuww@avebe.com

General information:

Ch.E. Dutilh, *DuVo-secretariat, Amsterdam*, chris@dutilh.com

COMPANIES PARTICIPATING IN THE FOUNDATION FOR
SUSTAINABILITY IN THE FOOD-CHAIN (DuVo)

Albert Heijn, Zaandam (www.ah.nl)

Avebe, Veendam (www.avebe.com)

Campina Melkunie, Zaltbommel (www.campina.com)

Royal Cebeco Groep, Rotterdam (www.cebeco.nl)

Cehave Landbouwbetang, Veghel (www.chv-lbb.nl)

Royal Cosun, Breda (www.cosun.com)

CSM, Amsterdam (www.csm.nl)

DSM, Heerlen (www.dsm.com)

The Greenery International, Breda (www.thegreenery.com)

Heineken Nederland, Zoeterwoude (www.heineken.nl)

McDonald's Nederland, Amsterdam ZO (www.mcdonalds.com)

Royal Van Melle, Breda (www.vanmelle.nl)

Royal Numico, Zoetermeer (www.numico.com)

Sara Lee/DE, Utrecht (www.saralee-de.com)

Unilever Nederland, Rotterdam (www.unilever.com)



