



SUSTAINABILITY AS A GLOBAL INDUSTRY GOAL

POSITION PAPER

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International Federation for Produce Standards

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THE CONTEXT

The **International Federation for Produce Standards (IFPS)** is a coalition of international fruit and vegetable associations working together as equal partners. IFPS provides a comprehensive forum to address issues in the fresh fruit and vegetable sector which require international harmonization or standardization. It represents the first incorporated body made up of national produce industry organizations from around the globe.

Formed initially in the mid-nineties to develop an international standard for Price Look-Up numbers used to facilitate accurate product data being captured at supermarket checkouts, IFPS has during the last 20 years expanded its work on behalf of its member associations into the Food Safety/Traceability and Data Management areas. The focus has consistently remained on improving the supply chain efficiency of the fresh produce industry through developing, implementing and managing harmonized international standards.

Representing industry, the IFPS has recognition from ISO and Codex and most recently was asked by the Geneva-based World Business Council for Sustainable Development (WBCSD) to join its advisory group as the representative of the global fresh produce industry at the 2021 UN Food Systems Summit. That representation, and the focus on the UN Sustainable Development Goals (SDGs), along with emerging trends and requirements relative to sustainability, highlighted the need for the fresh produce industry to engage in, and contribute to, sustainability efforts.

Sustainability truly is a global topic that impacts us all. But what do we as the global produce industry actually understand sustainability to be? Which of the SDGs should we focus on? Do we all share the same vision? And how do we as the global produce industry make sure our voice is heard and understood by the entire fresh supply chain, to ensure our common interest of facilitating the smooth, uninterrupted and growing flow of produce towards the consumer does not face unintended hurdles created through a lack of understanding and direction?

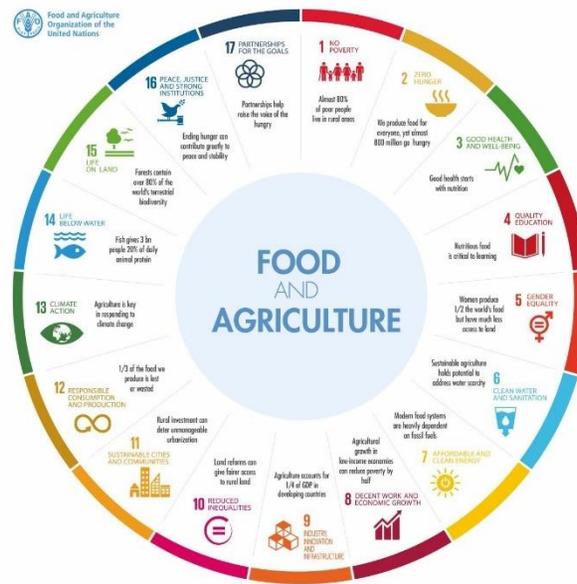
SUSTAINABILITY AND THE FRESH PRODUCE INDUSTRY

There is growing recognition that, in order to establish a global food system that can feed the future population in a sustainable and healthy way, changes are needed all along its constituent supply chains.¹ A transition toward the adoption of healthy diets from sustainable food systems is considered an effective way to fight the dual crisis of climate change and biodiversity loss, while addressing the challenge of food and nutrition security globally.²

The United Nations SDGs provide an overarching roadmap as to how the global agri-food sector can contribute to achieving this overall goal of creating a safe and just space for humanity by respecting the Earth's ecological ceiling while preserving its social foundations (cf. Figure 1.1).³

There is a key role to play for the global fresh produce industry in contributing to this overall agenda.

Figure 1.1 SDG Wheel



Source: FAO, SGS Wheel ([source](#))

On the one hand, the industry is facing many challenges that need to be addressed to build resiliency in the context of major ecological shifts (climate change, biodiversity loss), meet market and regulatory or administrative demands for sustainability and preserve consumers’ and citizens’ trust around the globe when it comes to how food is produced and consumed. On the other hand, the industry must also work to reverse its general impacts on its natural environment, i.e., deforestation, modification of global geochemical flows, soil exhaustion and biodiversity loss (cf. side box below).

Implementation of a sustainability agenda is now becoming one of the costs of doing business, and many companies are already taking action. Today, sustainability frameworks and standards impact almost every link in the supply chain from farm to fork, including agrochemicals, production practices, labour, processing, transportation, retail, marketing, disclosure, waste and more. More approaches are being developed or adapted to address emerging issues, with “regeneration” being among the most influential trends at present.⁴

However, the development and implementation of sustainability frameworks create new challenges of their own. The increasing demand from a growing number of stakeholders for sustainability information – which comes with measurement, verification and reporting requirements – is already inducing confusion and added cost. As a result, efforts are being made within and outside the industry to standardize approaches (e.g., HortiFootprint), align efforts (e.g., SIFAV) and benchmark standards (e.g., Consumer Good Forum’s Sustainable Supply Chain Initiative - SSCI). Yet these initiatives have specific scope and do not provide a comprehensive roadmap as to how the global fresh produce industry can effectively deliver on sustainability.

This situation is in many ways similar to the one experienced by the industry in the 90s with respect to food safety. Faced by a multiplicity of private or regional food safety standards, significant work over a 10-year period was necessary to achieve greater consistency and reduce inefficiencies through the establishment of the Global Food Safety Initiative (GFSI). That experience could help the fresh produce industry tackle the challenges of coordinating the various efforts to meet customer and consumer demand for sustainability in an effective way.

The IFPS wants to engage industry in a discussion on how to approach this emerging challenge. Building on a desktop review and interviews with key informants to document emerging expectations around sustainability in the agri-food industry in general and the fresh produce industry specifically,¹ this position paper aims to identify key questions that can inform how sustainability for fresh produce should be addressed.

SIDE BOX: SUSTAINABILITY-RELATED CHALLENGES FOR THE GLOBAL FRESH PRODUCE INDUSTRY

Environmentally, one of the key challenges of the fresh produce industry is the adaptation to the profound changes in its natural environment. Climate change is increasing extreme weather events, such as high temperatures, drought and increased rainfall and flooding leading to erosion, an overall downtick in the health of soils and availability of arable acres of farmland. In fact, soil health has in large part emerged as one of the major concerns for the fresh produce industry.⁵ Biodiversity loss is also disrupting many agro-ecosystems supporting fresh produce farming. In addition, plastic packaging is contributing to pollution by novel entities, with broadly unquantified and unknown impacts on human and environmental health. Consequently, among the main sustainability issues are low-carbon/low-input farming, biodiversity preservation, water management, food loss and waste management. But emerging issues also include the presence of novel chemical entities and micropollutants, counterbalancing health benefits, urban farming and the development of bio-engineered fruits and vegetables.^{6,7}

Socially, the agricultural workforce is under pressure, with labour shortages in developed countries and human rights infractions in developing and developed countries alike.⁸ On the consumer side, demand is complex, with sometimes conflicting concerns related to food: health, safety, affordability, accessibility and compliance with evolving social norms and values, requiring that an increasing amount of information be conveyed from field to fork.

Economically, this is impacting the fresh produce industry's economic structure and dynamics. Ongoing consolidation and concentration of market power is happening along the whole value chain, especially in the packing, marketing and distribution stages. Simultaneously, a growing share of farmland is owned by non-farmers, investment funds or corporations.^{9;10;11} This affects what is being grown and where, with broad impacts on how sustainability is defined and implemented. Additionally, small-scale farmers remain a fundamental component of the global fresh produce supply chain, and their capacity must be considered in any sustainability discussion.^{12;13;14;15}

For businesses relying on capital markets, the push for reporting and disclosure against sustainability standards has also become an economic priority for two main reasons: (1) the growing perception in the financial sector that businesses that do not commit to sustainability could be unsustainable and thus riskier from an environmental, social or governance (ESG) standpoint; and (2) the stricter standards being imposed by governments seeking to take climate action, limiting export opportunities for those who do not meet these "climate-friendly" requirements.

¹ IFPS commissioned Groupe AGÉCO to carry out these interviews and desk-based activities. They took place between April and June 2022, in collaboration with IFPS representatives. The desktop review covered the sustainability strategy of eight global players of the industry. In addition, six interviews with key informants, including industry players and standard setting organizations, were conducted. The objectives were to identify the key emerging sustainability issues (or trends) facing the fresh produce industry globally; understand how these trends translate into initiatives affecting the industry; discuss recommendations on the role of the IFPS with respect to sustainability. The project was global in scope and did not target particular regions or products. Therefore, the review did not capture the diversity of sustainability-related issues and initiatives taking place in the industry.

THE CHALLENGE

The urgency to commit to sustainable development goals and act on these commitments is growing as we collectively approach growing numbers of ecological tipping points and witness greater social inequity across the globe.

Consequently, there is increasingly pressing demand for some form of sustainability-related accountability, leading to a growing number of standards aiming at certifying sustainability claims, whether practice- or outcome-based.

However, this demand comes from stakeholders that have their own sustainability agendas. Standards are often designed to address specific concerns, resulting in a landscape of partial and partly-overlapping frameworks. This leads to organizations having to comply with a set of different standards to substantiate the very same practices or outcomes, multiplying the cost incurred without much gain in terms of value-added.

Meanwhile, the scope and meaning of sustainability is ever-changing, driven by the progress of scientific knowledge, innovation and shifting social norms and values.

Consequently, sustainability standards will evolve and may continue to multiply, in conjunction with a growing need for harmonization to improve efficiencies throughout the value chain.

Given this, what actions should the fresh produce industry take with respect to sustainability in the industry globally?

THE QUESTIONS

Desktop reviews and interviews with influential sustainability players in the fresh produce sector provided an opportunity to document trends and explore perspectives as to what role the industry should or could play with respect to sustainability.

To inform this discussion, these trends and perspectives are organized around three core questions the IFPS, its members, and indeed the entire industry are invited to reflect on:

- **Question 1:** What does sustainability mean in the context of the global fresh produce industry?
- **Question 2:** How should the sustainability agenda be addressed in the industry?
- **Question 3:** Who within or outside the industry should participate in that discussion?

To feed reflection on these considerations, these questions are explored in more detail below. Each is supported by **key observations** from the desktop review and interviews, followed by **specific questions** industry stakeholders need to answer to define their role with respect to sustainability within and outside the industry.

CORE QUESTION 1 – WHAT DOES SUSTAINABILITY MEAN IN THE CONTEXT OF THE GLOBAL FRESH PRODUCE INDUSTRY?

Key observations:

- Sustainability is at its core a common good issue, but it is currently a competitive one as many companies are differentiating their brands based on their sustainability commitments.

- Sustainability is necessarily contextualized and is continuously evolving, reflecting changes in values, progress of knowledge, innovation, etc. How sustainability is defined will vary depending on the standpoint, based on the entity (a product, organization or value chain), the geography (global vs. regional vs. local) and the dimensions considered (financial, environmental, social, governance, nutrition).
- By necessity, any organization will need to address the issues that are most pressing to them in a meaningful way. However, this should not preclude some level of harmonization in how sustainability is defined and prioritized within a particular industry or for particular issues to avoid duplication and improve consistency across standards.
- Different players in the fresh produce industry have established different priorities with respect to sustainability. While there is a strong emphasis on climate change/GHG emissions, there are different levels of prioritization between other themes (e.g., social, soil, water, packaging, food loss/waste, biodiversity, crop input use). Many companies are focusing on areas that are particularly high risk or provide 'easy wins'.
- Beyond the internal commitments from industry actors, external factors drive the sustainability agenda. For example, the World Resource Institute (WRI) started leading the 10 x 20 x 30 initiative that challenges 10 major retailers to engage 20 of their suppliers to halve food waste by 2030. Such commitments have downstream effects for suppliers. Legislation (e.g., EU Green Deal) can also play an important role in defining what priorities are established by companies. In turn, they can have global implications especially for import/export markets (e.g., South America to Europe).
- Recognizing the importance of sustainability to the sector, the IFPS included that theme as its 4th pillar, in addition to Product Identification, Food Safety and Information Management and Standardization. Through its own work on sustainability, and by working together, the IFPS is also committed to contributing to achieving the SDGs – with a focus on Goal 17 'Partnerships for the Goals'. Through sharing of knowledge and provision of insights and inspiration, the organization wants to increase knowledge and understanding of its commitment to the SDGs, including the development of, focus on and efforts in sustainability in different countries.

Action questions that need to be answered:

- Question 1.1 – How do fresh produce stakeholders define sustainability with respect to the fresh produce industry?
 - Question 1.1.1 – Should the industry adopt definitions made by existing frameworks and standards? Which one(s)?
 - Question 1.1.2 – Should the industry focus on specific issues or priorities (e.g., high risks, easy wins)? Which one(s)?
 - Question 1.1.3 – Is there a particular issue to which the fresh produce industry is best positioned to contribute (e.g., climate, water, biodiversity)?
- Question 1.2 – From which standpoint(s) should industry efforts address sustainability (e.g., from a commodity, business or value chain perspective; globally or regionally)?
- Question 1.3 – To what extent is sustainability seen as a pre-competitive issue for industry stakeholders? What aspect(s) should be common to the industry vs. established by individual organizations?

CORE QUESTION 2 – HOW SHOULD THE SUSTAINABILITY AGENDA BE ADDRESSED IN THE INDUSTRY?

Key observations:

- Developing, implementing and managing standards is a resource-intensive activity. It requires sufficient capacities (expertise, budget and time), as well as a clear mandate and a trusted process in order to be credible and appropriate. This challenge is particularly significant with respect to sustainability. The diversity of themes to be considered, the complexity of designing meaningful and science-based metrics and the difficulty of collecting the necessary data for evaluation are some of the critical challenges faced by standard-setting organizations.
- A wide array of standards is already being used in the industry, including Global GAP, SAI Platform FSA, Rainforest Alliance, Sedex and Fair Trade. Given this, benchmarking is preferred by some stakeholders over setting new 'global' standards. Yet efficient benchmarking also requires a framework akin to a standard, as well as significant internal capacity.
- A typical sustainability agenda will be comprised of several steps, including (1) making a commitment to sustainability and its various components, (2) setting targets and goals and (3) establishing a pathway to hitting targets and reporting on progress throughout. Standards play a key supporting role in this process. However, other conditions are also needed for a sustainability journey to be successful, including strong governance, involvement of key stakeholders and transparent processes for sharing, reporting and disclosing information.

Action questions that need to be answered:

- Question 2.1 – To what extent does the lack of harmonized standards preclude action towards sustainability within the industry?
- Question 2.2 – What standards already exist that provide the most value to industry?
- Question 2.3 – If new or harmonized standards were to be developed, what particular gap(s) should they address?
- Question 2.4 – Aside from standard setting, what other initiative(s) could the industry undertake to guide the sustainability agenda (e.g., mapping, coordinating, consensus building, aligning, advocating, collecting, aggregating, reporting)?

CORE QUESTION 3 – WHO WITHIN OR OUTSIDE THE INDUSTRY SHOULD PARTICIPATE IN THAT DISCUSSION?

Key observations:

- The sustainability agenda is influenced by many players. Producers, suppliers, buyers and retailers all establish their own priorities and sustainability agendas. In the meantime, governments and NGOs have also developed their own sustainability standards in support of their particular sustainability agendas.
- Achieving sustainability goals will require sufficient alignment between stakeholders and some balance between businesses' competing agendas. Globally, there are several initiatives in place aiming to achieve such alignment. Many are operating outside the agri-food industry (e.g., SBTi, TCFD, ISSB, SSCI) while some are specific to agriculture (e.g., SAI Platform, Global GAP) or to the fresh produce industry in particular (e.g., SIFAV).
- Representation on these discussions by industry actors and their members (including farmers) varies widely. But there is a desire for all stakeholders to be heard when setting norms and standards or defining goals, as participatory approaches are at the core of sustainable development.

- Currently, most companies' commitments are largely focused on their own internal operations. For example, retailers commit to reducing packaging waste on their own branded products, focusing on direct emissions induced by their own activities (e.g., Scope 1 & 2 emissions). However, a growing number of companies allude to – or have already started – engaging with suppliers to set expectations affecting the entire supply chain (e.g., Scope 3). Currently the major ask is for suppliers to start reporting on various topics, mainly food loss and waste and GHG emissions.
- Demonstrating commitment to, and measurable progress towards, sustainable development is set to become ever more pressing, reinforcing the use of standards across the value chain. As sustainability is being extended to value chains in their entirety, there will be a stronger need for collaboration – not only in establishing the process of setting norms and standards and defining goals, but also in conveying factual and validated information effectively throughout the supply chain. Sustainability standard-setting will become an increasingly powerful instrument to exert market power across the value chain. The agendas of consumer-packaged goods companies, retailers and industry organizations, including NGOs, will increasingly impose their sustainability agenda on their suppliers.
- The IFPS has an objective of improving the supply chain efficiency of the fresh produce industry by developing, implementing and managing harmonized international standards, as well as of acting as a forum for comment and discussion on issues relating to international standards as they affect the produce industry.

Action questions that need to be answered:

- Question 3.1 – Through what channel(s) or forum(s) can the collective power of the industry be used to align the sustainability agenda for fresh produce?
- Question 3.2 – How should the IFPS expand its standards-related mandate into the sustainability area?
- Question 3.3 – What organization(s) or industry player(s) within or outside the fresh produce industry should IFPS engage with to achieve this?

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