
Connecting the Dots; Capturing Value through Food Loss & Waste Reduction in Your Supply Chain



Context

Global food companies have questions about food loss and waste; the Sustainable Food Lab and Wageningen University & Research want to help them get answers. We recently engaged more than 40 multinational food companies – the world’s leading input providers, traders, processors and retailers – in dialogue to understand how they thought about food loss and waste (FLW). Was it a serious problem for them? While most companies responded with a resounding “Yes!” very few had either a quantitative sense of the issue or the resources required to measure it across their entire supply chain. FLW rates at on-farm production stages, for example, are often unknown. How much FLW is occurring and when? Is it happening more in developing regions like Africa? Why? Is it material?

Our dialogue with global food companies suggests some **key questions** around supply chain FLW that need answers:

- When is measurement of FLW necessary? What does a lean approach to FLW assessment look like?
- How can FLW reduction contribute to commercial and sustainability goals?
- What lessons are companies learning about reducing FLW?

Our global conversation shows that **we need smarter ways to engage** on this important topic. This paper suggests how this process can begin through the execution of learning pilots.

Commentary

Most major food companies are committed to reducing FLW. They are committed through fora like Champions 12.3 and the Consumer Goods Forum and are making great strides in their own operations via public commitments to zero waste or very significant reductions. Companies with small farmers in their supply chains know less about the FLW occurring in these chains and would like to know how to engage meaningfully.

Major food companies are also committed to sustainability. While the nature of their strategy depends on the company’s positioning in the value chain and their level of ambition, the cornerstones are generally environmental, social, or economic. And here’s the thing: these cornerstones are the doorways into useful conversations about FLW.

Most major food companies are working hard to measure and report on their sustainability strategy. Companies are tracking activities that relate to their strategic agenda, in accordance with domain-specific standards. Some are measuring greenhouse gas reductions while others focus on improvements in nutrition or boosting producer livelihoods.

When companies see FLW reductions translated into the metrics they know – metrics that are used to report on achievements tied to their sustainability strategies, such as greenhouse gas emissions – **they may be more likely to act against FLW.**

Some investors are raising the bar. A recent industry report¹ aimed at investors in the food sector suggests that capital should flow to food companies based on how well they:

- measure FLW in their own operations;
- manage FLW in accordance with the US EPA's food recovery hierarchy; and
- make public their work in FLW.

While we see these assessment areas as **critical intervention points in the fight against FLW**, we also recognize that the opportunity space outside of a company's own operations is as under-defined as it is promising.

The challenges to realizing value in this space, however, are real. Once a company looks beyond its own operations, **activities such as detailed measurement become less practical.**

It can also be **difficult to translate the benefits** of FLW reduction back to a company's already-established strategic sustainability agenda, metrics and reporting frameworks. For this reason, we believe that clearer guidance for FLW impact translation could help companies better assess the value of FLW efforts and encourage them to take up activities outside of their own operations.

Conclusions

Companies are resistant to new onerous measurement. This makes sense. Measuring FLW in 'own operations' enables reductions that are more likely to directly impact the bottom line. Looking for and measuring loss that is further afield can be costly and time consuming.

Companies may not need to measure FLW to know if they have a FLW problem.

Characteristics of the supply chain, such as water content of the crop or the practices used to harvest, store, trade, or sort it may indicate if the chain is susceptible to high FLW.

Simple decision-support materials can help companies make sense of the scale of their FLW problem without having to measure directly at first. They only need to know their supply chain and where they fit within it.

If FLW is indeed an issue, **specific and targeted interventions are necessary** to unlock the value associated with reduction, which could be reported in environmental, social, or economic terms that align with existing sustainability strategies.

Call to Action

The Food Lab and Wageningen University & Research are designing learning pilots that will help companies address FLW, targeting the points in the supply chain where the issue is most significant.

Learning from the pilots will be shared widely to advance global understanding of this complex issue and some of the simple and practical steps that can be taken to address it.

Join Us: If your company sees FLW as an issue in supply chains that include small farmers, especially those in Africa, please get in touch.

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¹ Trillium Asset Management and NRDC, "Assessing Corporate Performance on Food Waste Reduction: A Strategic Guide for Investors." 2017.