



The path of the food and drink industry towards Sustainable Food Systems





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Summary

The food and drink industry is the largest manufacturing sector in the EU with an annual turnover of over €1.2 trillion and is a leading employer, employing 4.72 million people. We provide food and drink for some 1.5 billion meals every day¹ and most of the sector (99%) is composed of Small and Medium-sized Enterprises (SMEs). However, growing challenges such as climate change, resource depletion, and malnutrition are affecting our sector and society alike.

Today, we are determined more than ever to help address these global challenges by moving towards more sustainable food systems and implementing the United Nations Sustainable Development Goals (SDGs).

In this context, building on our efforts and achievements to date, we will work collectively to:

- ➔ Generate inclusive and sustainable growth;
- ➔ Meet citizens' needs and consumer demands, including through:
 - Provision of nutritional and environmental information on food and drink products;
 - Supporting healthier and more sustainable diets;
- ➔ Nurture a sustainable planet, including through:
 - Supporting sustainable farming;
 - Sustainable global sourcing (including e.g. deforestation, biodiversity);
 - Climate change adaptation and mitigation;
 - Moving towards a more responsible and efficient use of natural resources and a circular economy.

A swift transition towards more sustainable food systems requires engagement and co-operation from all actors throughout the food supply chain and beyond, both individually and collectively, at national, regional and global level. There is a need for a holistic, fair, and coordinated approach. We will encourage a shift of mindsets, business models and strategies across the whole agri-food chain, to ensure that sustainability becomes a strategic priority for all food business operators.

Achieving more sustainable food systems will only be possible if there are supportive market conditions, financial support and policy and regulatory frameworks in place to help tackle potential barriers.

This paper outlines our recommendations and commitments to support an effective transition towards more resilient and sustainable food systems in line with the SDGs. We aim to pave the way for a sustainable future with stronger links between food, people and the planet, while making recommendations for the future EU 'Farm to Fork' strategy.

¹ FoodDrinkEurope 'Data and Trends' https://www.fooddrink europe.eu/uploads/publications_documents/FoodDrinkEurope_-_Data__Trends_2019.pdf



1 Sustainable Food Systems: the trajectory of the food and drink industry

Over the last decades, the European food and drink industry has been a responsible and constructive leader in addressing the economic, social, and environmental pillars of sustainability in the food chain. In view of today's growing environmental and societal challenges, and as a major contributor to the EU economy and the global food system, the industry is strongly committed to further engage in a swift transition towards more sustainable food systems².

An effective transition to sustainable food systems requires solutions that go beyond 'business as usual', reviewing the way food is produced, packed, transported and consumed. It requires addressing the three pillars of sustainability in a coherent, consistent and integrated manner throughout the food chain, and at all geographical levels. Moving towards sustainable food systems also needs a holistic and coordinated approach from farm to fork, involving policy-makers, public authorities, civil society, academics and the private sector.

The food and drink industry will increase its engagement in anticipating changes in consumer and societal expectations, while remaining competitive. It will continue to be a trusted partner of EU decision-makers in the definition of the policy framework for future-proof, integrated sustainable food systems.

Through its day-to-day business with relevant supply chain partners, the food and drink industry fully engages in implementing the United Nations blueprint to achieve a better and more 'sustainable future for all'³. In particular, our actions are being driven and framed by the 17 SDGs⁴.

Within this context, we welcome the intentions of the new Commission to develop a 'farm to fork strategy' as part of the 'European Green Deal'.

² Sustainable food systems are systems which ensure food safety, quality and nutrition security for current and future generations, while preserving and enhancing natural capital and fostering economic and social welfare. Reference FAO (2018) <http://www.fao.org/3/ca2079en/CA2079EN.pdf>

³ UN Sustainable Development Goals (SDGs) <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

⁴ FoodDrinkEurope and its members' commitments to the UN SDGs <https://sdg.fooddrinkurope.eu/>



2. Achieving more environmentally sustainable and circular food systems

The European food and drink industry will adopt and promote more environmentally-friendly practices and move towards a more circular and sustainable economy.



Climate change & energy

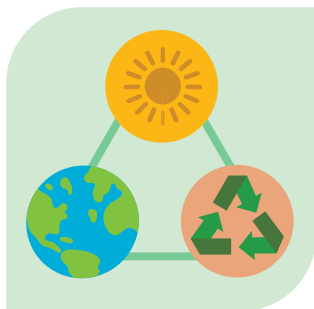
As an energy intensive sector in the EU, we aspire to contribute to reaching a target of zero-net emissions as an average across sectors in Europe by 2050⁵, in line with the Paris Climate agreement objective⁶, in particular through science-based target setting. Building on past achievements⁷, we will continue to reduce green-house gas (GHG) emissions in our operations wherever possible.

To this end, the European food and drink industry will especially multiply efforts to reduce its energy consumption wherever possible, including through taking energy efficiency measures and increasing the use of renewable energy sources and natural refrigerants. Food and drink manufacturers will also adopt more ambitious energy management programmes and transport optimisation strategies to mitigate emissions from transport and logistics. To achieve greater results at a large scale, we will work together with our supply chain partners, including farmers and consumers.

⁵ Commission Communication (2018): 'A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy' <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0773&from=EN>

⁶ To keep the global temperature increase to well below 2°C and pursue efforts to keep it to 1.5°C

⁷ Total GHG emissions in the food and drink processing industry in the EU-15 decreased by 22% between 1990 and 2012, see FoodDrinkEurope's report 'A time to act - Climate Action and the food and drink industry' https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrink_Europe_Climate_Action_Brochure.pdf

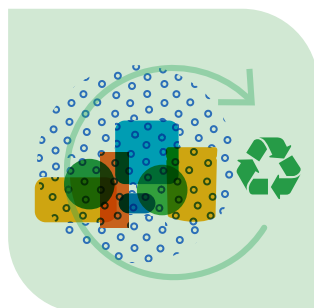


Resource efficiency and key environmental indicators

Resource efficiency plays a key role in food and drink companies' long-term competitiveness and makes good environmental and business sense. The European food and drink industry strives to further preserve the value of resources that go into producing food and drink products and to ensure the most efficient use (and reuse) of resources, in particular water, energy and raw materials. This applies to the sourcing and processing of agricultural raw materials through to the consumption of food and drink products, and requires a circular and sustainable approach throughout the entire agri-food chain.

In particular, food and drink companies will continue to define, measure and improve their operations and their chain-related impacts in a scientific and credible way, especially through the Product Environmental Footprint (PEF). Several sectors have established the PEF methodology in a Commission-led pilot phase⁸ and many are using it to identify hotspots in supply chains and to drive improvements in environmental performance. The European food and drink sector is proud to be leading the work for the food chain. We will continue to support the development of best-suited methodologies and adequate implementation policies.

Preventing and reducing food waste will also remain a key priority for our sector. We will contribute to halving edible food waste throughout the food chain by 2030⁹. We will work to eliminate inefficiencies within our supply chains and raise consumer awareness on issues such as date marking.



Circular economy & packaging waste

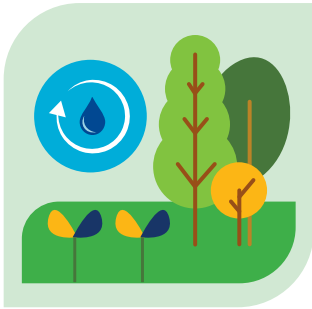
As a major user of packaging, we will continue to improve the circularity and environmental performance of packaging for food and drink products wherever possible, while ensuring the highest level of quality and safety of products for consumers. Using relevant methodologies such as the PEF method, we will work to minimise the use of packaging without compromising food safety and use more sustainable packaging, including incorporating recycled materials or biobased materials. We will also research and invest in the development of new innovative packaging.

We will contribute to the prevention, reuse, collection and recycling of packaging waste, while promoting zero landfilling and incineration. In addition to participating in Extended Producer Responsibility (EPR) schemes, the food and drink industry will also help deploy efforts to improve collection and sorting infrastructure. We will also continue to inform consumers and raise awareness about the appropriate disposal of packaging waste, including zero-littering. This needs to be taken forward through a comprehensive, collaborative and holistic approach to education, infrastructure and enforcement of laws.

Packaging plays a key role in guaranteeing a high level of quality and safety of our products and in preventing food waste. We will therefore make sure that actions towards more sustainable packaging continue to preserve material functionality and protection for health, safety, and the environment.

⁸ Commission 'The Environmental Footprint transition phase' https://ec.europa.eu/environment/eussd/smgp/ef_transition.htm

⁹ In line with the UN SDG 12.3 target



Biodiversity and sustainable sourcing

Biodiversity loss has accelerated at an unprecedented level in Europe and worldwide. Protecting natural habitats is a central element of sustainable sourcing and the food and drink industry will continue to source agricultural raw materials sustainably at EU and global levels. We will also contribute to protecting and conserving land and biodiversity and to halting deforestation throughout food supply chains.

Building upon the recent EC Communication on deforestation¹⁰, we will contribute to strengthening the existing policy and regulatory frameworks that promote sustainable forest management and land-use planning, following a coherent approach to existing commitments, initiatives and best practices. We will use water in a sustainable and efficient way, preserving water quality and availability. We will also further develop approaches to biodiversity in the context of PEF sector methodologies.

We will continue to work closely with the agricultural sector to identify and act upon biodiversity and elements of ecosystem services¹¹, taking into account environmental, social and economic considerations. In this context, EU standards under the Common Agricultural Policy (CAP), in the fields of environment and climate action, assure consumers that EU agri-food products are produced sustainably. We believe that the future CAP should provide appropriate financial resources to farmers to help them address pressing social and environmental challenges, and ensure the supply of safe and high-quality materials produced in a sustainable way.

We will adopt, encourage and support sustainable business practices throughout the food chain. We will support the sustainable use of resources with a view to preventing soil degradation and restoring soil health. We will also contribute to improving sustainability in plant protection and protecting ecosystems on and around farms and industrial plants, and in waters. We will contribute to foster research and investment in innovative techniques and technologies, such as artificial intelligence and blockchain. As always, we will avoid any tradeoffs, wherever possible, in particular in view of the need to ensure food security to a growing world population. We will promote a science-based approach to plant protection, avoiding unnecessary negative impacts on crop output and overall productivity.

¹⁰ Commission Communication (2019) – ‘Stepping up EU Action to Protect and Restore the World’s Forests’ https://ec.europa.eu/environment/forests/pdf/EU_Communication_2019.pdf

¹¹ Ecosystem services are the direct and indirect contributions of ecosystems to human well-being.



3. Ensuring food systems that serve society, consumers and workers

The food and drink industry strives to provide consumers with products that meet their needs in terms of safety, quality, nutrition, affordability and convenience, and to inform and guide their purchasing decisions. We aim to remain a major and reliable employer in the EU and to promote transparency and fairness along the supply chain.

→ Safety of food

Today's food in the EU is safer, of higher-quality, and has a longer shelf-life than ever before. This has been achieved thanks to scientific knowledge and developments in food processing as well as a wide range of regulatory and self-regulatory measures to ensure all products on the market meet the highest standards. Innovation also enables more efficient production of safe food and at a larger scale, while reducing environmental and social impacts. Ensuring that food is safe is a non-negotiable responsibility for our sector and this will remain our priority for the future. We will do so by continuously optimising food processing techniques and fostering research in the area of food safety.



→ Healthy and sustainable diets

While ensuring the highest possible level of safety for our products, we will continue to offer a wide choice of nutritious, tasty and sustainably-produced food and drink products across the EU. We will do this taking into account consumer preferences and dietary patterns, cultural differences, convenience and affordability¹². In particular, we will work to further optimise the nutritional content of products and foster innovation, while improving the environmental footprint of our products (see also II.2).

¹² Building upon our 'Eat & Live Well' roadmap of actions, <http://www.eatandlivewell.eu/>

We will continue to provide reliable, science-based and easily understandable nutritional information to consumers through responsible marketing. We will also explore how to effectively communicate the origin and environmental impacts of products based on the PEF methodology, and potentially using innovative information provision technologies. Finally, we will continue to support awareness raising and educational activities on healthy and sustainable diets and lifestyles from a young age, in collaboration with private and public actors, in particular with a view to prevent and address obesity and non-communicable diseases.



Due diligence and responsible business conduct

The European food and drink industry is willing to lead by example, by adopting the highest standards of human rights, animal health and welfare, and labour practices in all business activities throughout the food value chain.

We take guidance from the UN Guiding Principles on Business and Human Rights, as well as the Global Compact principles on human rights¹³. We remain committed to the International Labour Organisation (ILO)'s 'Declaration on the future of work'¹⁴. Our sector will work to ensure effective and transparent disclosure of information on environmental, social and human rights¹⁵.

To support us in our efforts on due diligence, we will advocate for the establishment of a harmonised framework that encourages all actors of the food value chain to follow suit and adopt sustainable and responsible business practices, while avoiding unnecessary litigation risks.



Employment, education and equal opportunities

As the largest manufacturing sector in the EU, the food and drink industry employs 4.72 million people¹⁶, in particular in rural areas. Securing career paths and jobs, while improving the attractiveness of our sector, is a key element to ensure the sustainability of food systems. We will therefore continue to promote employment opportunities at EU and national levels.

We will also work to ensure safe, fair, flexible and inclusive labour conditions in our companies and throughout the supply chain. We will encourage educational programmes, apprenticeships and employee volunteering schemes with a view to improving the employability of young people, including farmers, while managing an ageing workforce. We will engage in social dialogue-related activities¹⁷ and EU-funded projects with a view to contributing to the design and implementation of future economic, employment and social policies.

We will explore investment in new technologies in the context of digitalisation, emerging jobs and new skills and types of qualifications required for the future, while ensuring sustainability of the labour market and the competitiveness of the sector.

¹³ The Ten Principles of the UN Global Compact' <https://www.unglobalcompact.org/what-is-gc/mission/principles>

¹⁴ ILO Declaration on the future of work' https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_711288.pdf

¹⁵ in particular, in accordance with the European Directive on non-financial reporting <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0095&from=EN> and OECD-FAO Guidelines for Responsible Agricultural Supply Chains <https://mneguidelines.oecd.org/OECD-FAO-Guidance.pdf>

¹⁶ FoodDrinkEurope 'Data and Trends' https://www.fooddrink europe.eu/uploads/publications_documents/Food-DrinkEurope_-_Data__Trends_2019.pdf

¹⁷ Sectoral social dialogue - Food and drink industry <https://ec.europa.eu/social/main.jsp?catId=480&langId=en&intPagelD=1820>



4. Ensuring inclusive and sustainable growth of the food and drink industry

The EU food and drink industry operates in a highly competitive market. It has committed to continue generating sustainable growth, through strengthening the Single Market, fostering employment, innovation and international trade. The sector is already on track with its commitment to increase value added by 2.5-3.5% per year to 2025¹⁸.

→ Single Market

With a turnover of €1.2 trillion and a value added of €236 billion, the food and drink industry is the leading manufacturing sector in Europe. SMEs generate nearly 50% of the industry's EU turnover and value added, while providing two thirds of the employment of the sector¹⁹.

To achieve sustainable food systems we will ensure a common sectoral approach that promotes growth, sustainability and quality in the European food supply chain in the long term. In particular, we will contribute to the strengthening of a business-friendly framework and a strong Single Market with a purpose²⁰.

¹⁸ Value added represents the contribution of the sector to the economy. This ambition was developed based on an economic study commissioned to Wageningen University

¹⁹ FoodDrinkEurope 'Data and Trends' https://www.fooddrinkeurope.eu/uploads/publications_documents/Food-DrinkEurope_-_Data__Trends_2019.pdf

²⁰ FoodDrinkEurope 'Lets Step up to the Plate' - Europe's Food and Drink Industry Priorities for the EU Institutions 2019-2014 https://www.fooddrinkeurope.eu/uploads/publications_documents/StepUpToThePlate_FDE_0208_%281%29.pdf



Working with farmers

The food and drink sector relies firmly on the steady supply of safe, high-quality and competitively and fairly priced agricultural raw materials, which are produced in a sustainable way. The future CAP is key to secure these industry needs.

With around 70% of the EU agricultural production feeding into the food and drink industry, farmers and the food and drink processing industry are highly interdependent and all are vulnerable to climate change and environmental risks. Moreover, 99% of the European food and drink industry is composed of Small and Medium-sized Enterprises (SMEs), which are mainly located in rural areas and largely source locally.

To build the foundation for a more sustainable agri-food chain, the food and drink industry will play a key role to ensure that the food supply chain works for all, with minimal negative environmental and social impacts. In this context, we will continue working closely with the farming community at all geographical levels, in particular through voluntary initiatives ²¹. We will continue to foster trust and support for farmers, the processing industry, and consumers.

Within this context, we welcome the recent adoption of the Unfair Trading Practices Directive ²², which provides for minimum harmonisation to combat unfair trading practices in the food supply chain and reinforces the Single Market. The food and drink industry will make every effort to ensure that the transposition of the Directive at Member States' level extends the scope of protection to all suppliers.



International Trade

Today, the EU is a leading food producer and the world's largest exporter of food and drink products, with exports having almost doubled over the past decade. As well as using a substantial amount of EU agricultural raw materials, our industry also requires reliable access to imports of raw materials from safe, secure, and traceable supply chains. Some key ingredients are not produced in the EU, or at least not in sufficient quantities, and imports therefore play a complementary role in the production of many value-added products.

International trade today supports many EU food and drink manufacturing jobs. Businesses of all sizes (small, medium-sized and large) across supply chains, contribute to consumers' access to safe, nutritious and affordable food worldwide.

Our sector will work to ensure that trade policy continues to support the sustainable growth of the industry, creating new export opportunities and facilitating security of supply while providing fair terms of competition and a level-playing field for EU producers. Policy coherence between EU trade policy with other EU policies, which have an impact on the sector's competitiveness, is therefore essential (e.g. CAP, energy policy, regulatory requirements).

²¹ FoodDrinkEurope 'Industry working with farmers' <https://www.fooddrinkurope.eu/priorities/detail/industry-working-with-farmers/>

²² The Directive on Unfair Trading Practices in the agricultural and food supply chain https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/brochure-utp-directive_en.pdf

We will work to strengthen support for a strong, rules-based multilateral trading system administered by the World Trade Organisation (WTO), which provides legal certainty in international trade and investment. We will also advocate for an ambitious EU trade policy that reflects business needs and supports the EU's commitment to include Trade and Sustainable Development chapters in all EU Free Trade Agreements.

Such chapters should serve as a means for trading partners to mutually agree on shared sustainability principles and to achieve progress in this area across the food value chain in a collaborative manner, through dialogue and cooperation.

Considering the global dimension of trade and sustainable development, we see potential to strengthen cooperation between international organisations such as the WTO, relevant United Nations' bodies and other stakeholders, including the private sector. Meanwhile, companies will continue to step up efforts to integrate voluntary Corporate Social Responsibility (CSR)/Responsible Business Conduct (RBC) into everyday business²³, in line with internationally recognised principles and guidelines²⁴.



Investment, Research and Innovation

Food and drink companies already make significant investments in assets, such as factories and machinery, and in research and innovation (R&I), to sustain production capacity²⁵. The transition towards more sustainable food systems will come at a cost for the food and drink industry and require further investments. Whether industrial or social, R&I plays a key role in this transition. Moreover, R&I contributes to evidence-based policy-making, which can play a key role in helping the food industry meet global challenges. It enables the development of new products and technologies or the improvement of existing ones, with a view to bringing benefits to consumers, workers and society as a whole.

The food and drink industry will ensure that all products on the market meet the highest quality and safety standards, based on sound science. We will continue investing in R&I to become a more competitive, sustainable and trusted sector, while securing the production of safe, nutritious and sustainable food for all. We will also contribute to ensuring a European R&I policy that supports the competitiveness and innovation capacity of European food and drink manufacturing companies of all sizes. We will encourage public spending in R&I in the food and drink area, for instance in Horizon Europe, and a regulatory framework that encourages industry-led R&I.

²³ Integrating Corporate Social Responsibility into everyday business - FoodDrinkEurope's Contribution and Commitments https://www.fooddrinkeurope.eu/uploads/static_pages_documents/4045_FoodDrink_Europe_CSR_Brochure_14.pdf

²⁴ i.e. OECD guidelines for Multinational Enterprises (MNE), UN Guiding principles on Business and Human Rights

²⁵ With €40.1 billion invested in 2016, the food and drink industry is the manufacturing sector with the highest capital spending. Source: FoodDrinkEurope 'Data and Trends'

5. The need for supporting framework conditions

The transition towards more sustainable food systems requires the integration of policies that connect the environment, the economy and society. The European food and drink industry will work to ensure that all actors of the food supply chain, from raw material producers to consumers, work together towards common ambitions and realistic objectives in the context of sustainability.

To ensure a swift transition towards sustainable food systems, we call on policy-makers to:

- ➔ Work on food-related policies with coherent and ambitious long-term objectives, supported by coordinated and effective strategies, while avoiding any conflicts and trade-offs;
- ➔ Provide an appropriate EU budget that keeps the food and drink sector centre-stage across its policies and that supports the much-needed investment for the transition to sustainable food systems;
- ➔ Strengthen and promote the EU Single Market and harmonisation of measures regulating the food and drink sector (e.g. labelling schemes, packaging reduction measures);
- ➔ Ensure that all actors of the supply chain, in particular the agriculture sector, processors, retailers, public authorities and civil society organisations, contribute to the path towards sustainable food systems;
- ➔ Consider the SDGs and the Paris Climate Agreement as the overarching roadmap for all EU policy areas, especially those related to agriculture, health and food, in order to ensure a coherent policy approach to sustainability;
- ➔ Ensure that the SDGs and the Climate Agreement form the roadmap to the global framework for international cooperation on sustainable development and its economic, social, environmental and governance dimensions²⁶;
- ➔ Promote and support a multi-stakeholder environment, involving the agri-food industry, public authorities, academia and civil society organisations, to discuss opportunities and challenges, shape legislation and share best practices. In particular, the Commission should enhance the role of the High-Level Platform on the implementation of the SDGs;
- ➔ Support higher environmental and climate ambition in the next CAP, and dedicate appropriate resources from the EU budget to finance it and ensure that farmers can contribute to the transition to sustainable food systems;

²⁶ As recommended by the Commission's Reflection Paper 'Towards a Sustainable Europe by 2030' https://ec.europa.eu/commission/sites/beta-political/files/rp_sustainable_europe_30-01_en_web.pdf

- ➔ Increase consumers awareness of the merits of EU production methods through promotion campaigns under the EU promotion policy²⁷, in view to enhancing the competitiveness of the agri-food sector; open upcoming calls of the EU promotion policy to innovative food and drink sectors;
- ➔ Design an R&I policy that promotes the competitiveness of European industry, including SMEs, and significantly increases public spending in R&I;
- ➔ Foster a regulatory and legislative culture that supports innovation and facilitates the transition towards more sustainable food systems.

²⁷ Regulation (EU) 1144/2014 on information provision and promotion measures concerning agricultural products
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R1144&from=en>



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