



# Doing better business

A sustainability handbook for food and drink companies

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The Welsh Government aims 'to create a strong and vibrant Welsh food and drink sector with a global reputation for excellence, having one of the most environmentally and socially responsible supply chains in the world.'<sup>1</sup>

Driven by increasing consumer demand and underpinned by legislation for a low carbon future, the marketplace for sustainably produced food and drink is significant and growing. With trade buyers actively seeking out responsible suppliers that can help them meet their own environmental and social responsibility objectives, often referred to as CSR.

Of course, every business is unique and sustainability is a broad agenda. Therefore, this handbook doesn't attempt to provide solutions to individual needs.

Instead, its purpose is to provide straightforward information about a range of key sustainability considerations for Welsh food and drink businesses. Practical tips and links to further information are included throughout to help you on your way.

This handbook accompanies a free to use **online self-assessment** for food and drink businesses to quickly gauge their sustainability performance and instantly receive a bespoke report, to help identify where to focus and what practical steps to take.

Together, this handbook and the online self-assessment, form a self-guiding toolkit and an introduction to the Welsh Government sustainability training programmes for food and drink manufacturers.

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Environment. This is about resource efficiency and the transition to a low carbon economy. It considers issues such as packaging and food waste, energy and water consumption, nature and biodiversity, transport and distribution.

### Section 2:

Society. This is about interactions with different people along the supply chain and supporting their well-being. It considers issues such as healthy food, local communities, fair work, supply chain and responsible suppliers.

### Section 3:

Culture. This is about produce, identity, tradition and language that defines food and drink from Wales and using these assets to enhance your brand. It considers sharing best practice, Welsh food culture and trading locally.

### Section 4:

Strategy. This is about putting sustainability at the core of current plans and future objectives. It considers measuring impacts, tracking progress and communicating results.





# Environment.

Food and drink production typically involves several stages: beginning with getting primary ingredients from farms, then processing, storage and packaging, before distributing to customers. Natural resources, such as energy and water are used at every stage, and food and packaging waste arises throughout the process. This generates carbon and other greenhouse gas emissions that are harmful to nature and contribute to climate change.

Globally agreed targets are set to limit the impacts of climate change by reducing greenhouse gas emissions. In Wales, The Environment Act 2016 contains legal targets to force a 63% reduction of greenhouse gas emissions by 2030 and 89% by 2040, with Wales reaching 'net zero' by 2050.

Overall emissions in post farm-gate activities of the food chain are estimated at 10% of Wales carbon footprint<sup>2</sup>. This means that reducing emissions that arise through food and drink production in Wales can be critical to limiting the impacts of climate change whilst helping to conserve the natural resources that enable the sector to function.

But being environmentally responsible is about more than meeting legislation. Trade buyers are also actively reducing their own emissions and increasingly seek out suppliers that can help them to meet their objectives. Whilst consumer demand continues to drive growth for sustainable food and drink produced by responsible businesses.

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# Energy management

Good energy management is an essential part of managing the smooth operation of a business.

Whilst electricity generated from renewables such as solar, hydro and wind is becoming increasingly available. Most of our energy currently comes from finite fossil fuels such as oil, coal and gas. Burning fossil fuel creates greenhouse gas emissions that cause pollution and is a major contributor of human derived climate change.

As a food and drink business, it is likely that your business will use electricity or gas in its production processes, for example where refrigerated storage or ovens are in regular use. This generates greenhouse gas emissions. As you grow so will

your consumption of these resources, so carefully managing this can help keep emissions and running costs down.

Perhaps more fundamentally, with the recent price hikes in energy, fuel and other inputs, it makes sense for businesses to take steps to become as efficient as possible in their use of these vital resources. Of course, being more efficient when using energy also improves your businesses environmental performance, reducing emissions and lowering your carbon footprint. Doing this helps you along your journey towards Net Zero.

## Practical Tips

- > Knowing how much energy you use is the first step to good energy management. Can you assign a member of your team to regularly record your energy consumption, or can you do it yourself?
- > Regular monitoring can give you a better understanding of where and when you use energy. This can help you focus on the areas where you use most and where the biggest savings can be made. Have you identified where efficiencies can be made? Have you set reduction targets that are achievable within a specific timeframe?
- > Practical efficiency steps can reduce your consumption over the short term, such as using power, heat and light only when it is needed. Whereas investments in new technology such as low energy equipment and renewables, can often be explored over a longer period. Writing an action plan containing short, medium and long term objectives that are prioritised for carbon and cost savings is valuable here.

## Good to know

Business Wales has a useful list of general [energy efficiency tips and factsheets](#)

The Food and Drink Federation has some useful [industry resources about Net Zero](#)

# Appropriate packaging

Packaging has an important role in the everyday activities of food and drink businesses.

It ensures that produce can be distributed safely and arrive in the best possible condition. It also provides ways to display marketing information and show the customer where a product comes from, how it can be stored, used or consumed.

Packaging that creates less waste can add value to the positive messages about your business and this can help you to build stronger relations with your customers. Materials used may be made from compostable or recycled materials, or be recyclable after use, or returnable for re-use.

Plastic pollution is a real concern for many, but the broader challenge is to move away from single use packaging regardless of the material it is made from. This is due to its short life cycle before it becomes

waste and the energy embodied in this waste.

Government legislation limits the amount of packaging waste that is generated and food packaging is subject to more specific requirements to ensure that products reach the consumer free from contamination and pose no risk to human health.

However, seeking out better packaging takes time and money. Many small businesses don't produce in large volumes or have the storage space to justify bulk buying from packaging suppliers, while designing your own packaging can be prohibitively expensive. This often means that small businesses are restricted to choosing packaging that they can get from suppliers in small batches.

## Practical Tips

- > As products move along the supply chain – from producer to consumer - packaging might be handled by staff, distributors, wholesalers, retailers and consumers. The type of packaging you use will depend on what it contains and what you want the packaging to do – you may use packaging to receive goods, to transport products to customers, to the retail environment.
- > A critical consideration is to use only what packaging is needed to keep your produce in the best condition. Can your packaging be made from a single material? Are additional layers necessary? Can you use lighter weight packaging?
- > When considering alternative materials such as compostables it can be important to understand if they have limitations. Do they function as well as conventional materials? Can they be home composted or collected with food waste and recycled locally?
- > Ultimately your packaging will need your customers to take responsibility for its safe disposal or return, unless it is collected by you. This can become a cost and a burden to your customers. So, it's important to consider what happens to your packaging once it leaves your business and ultimately where it ends up. Have you included information for its safe disposal? Does it come with symbols to identify the material type? Can you consider a take back scheme with suppliers and customers?

## Good to know

**Extended Producer Responsibility (EPR) are the UK packaging regulations.** This requires businesses to collect and report data on the packaging they handle and supply, from 1st January 2023, and to pay an equivalent waste management fee for this.

As part of the EPR regulations, Deposit Return Schemes (DRS) for single use drinks bottles and cans made from plastic, steel, aluminium and glass and mandatory labelling for packaging are currently being explored.

A Plastic Packaging Tax was introduced in April 2022. This applies if you import or manufacture 10 tonnes or more plastic packaging per year that contains less than 30% recycled content. The tax will rise to £210.82 per tonne from April 2023. If you buy packaging from a packaging supplier, you should ask them if they have paid this tax.

# Water efficiency

Globally, food and drink production is a significant consumer of fresh water, that is used for raw materials, processing and as an ingredient.

Its availability is becoming increasingly scarce due to our changing climate and with demand expected to outstrip the supply of fresh water by 40% by the end of 2030<sup>3</sup>.

In Wales, we seem to get more than our fair share of rain, at the same time, countries in other parts of the world experience extreme drought. This can lead to global food shortages and threats to supply. Therefore, the careful management and efficient use of water is becoming a growing challenge for government and businesses alike.

For food and drink manufacturers, the availability of primary ingredients can be affected when sourcing from suppliers who face freshwater shortages themselves. Whilst the cost of using water, the energy used to process fresh mains water, and the consumer demand for food produced with a lower water footprint are increasing.

By considering where and how much water is needed in the production processes, businesses can begin to take steps to make water savings, limit discharge and improve the efficiency of the water used.

## Practical Tips

- > Knowing how much water you use is the first step to good water management. Can you assign a member of your team to regularly record your water consumption, or can you do it yourself?
- > Regular monitoring can give you a better understanding of where and when you use water. This can help you focus on the areas where you use most and where the biggest savings can be made. Have you identified where efficiencies can be made? Have you set reduction targets that are achievable within a specific timeframe?
- > Practical efficiency steps can reduce your consumption over the short term, whereas investments in new technology, such as rainwater collection and process water recycling, can be explored. Writing a water management plan containing short, medium and long term objectives that are prioritised for consumption and cost savings is valuable here.

## Good to know

**The water footprint** is an indicator of freshwater use that looks at both direct and indirect water use.

Dwr Cymru has a [water efficiency guide for small businesses](#)

# Preventing food waste

Approximately 9.5 million tonnes of food is wasted every year in the UK, almost 70% of this is still edible, with around 2.9 million tonnes arising from the supply chain<sup>4</sup>.

The food waste problem becomes a human tragedy when an estimated 14 million people in the UK are struggling to get enough to eat<sup>5</sup> and the demand for food-banks continues to rise. Furthermore, food waste generates greenhouse gas emissions that contribute to climate change.

Over recent years Government-led action has focussed on encouraging food and drink companies

to look at ways to reduce food waste generated in their supply chains and to help consumers prevent food waste occurring at home. With industrial-scale composting plants using anaerobic digestion being developed that process food waste into energy. Whilst some food waste is unavoidable, the cost of commercial collections of waste is increasing so it can be wise for food businesses to look at ways to prevent food waste happening.

## Practical Tips

- > Knowing where along your operations and food waste most frequently occurs, and in what volumes, means that you can set realistic reduction targets and achieve this with simple and practical actions. Are you aware of the volume and type of food waste that you generate? Do you keep a record of your food waste?
- > Start by identifying the places where most waste is generated in your business operation. Do a walk-through audit to spot recurring spills and losses that can be resolved through process change or maintenance checks.
- > Hotspots are places where food waste arises. By identifying these you can begin to consider ways to prevent, reduce or find another use for food waste. One issue relates to shelf life and 'best before' dates. If these can be extended, or if your supply chain can be shorter, you may reduce waste post-production.

## Good to know

The new **Non-Domestic Premises Recycling Regulations** in Wales propose from 1 October 2023 that businesses producing more than 5kg of food waste a week will need to be collected separately. Where a commercial food waste collection is provided you can safely deal with all of your food waste. Your local authority can provide details about this. Be aware that it is illegal to use domestic waste collections for commercial waste.

The **Guardians of Grub** is a campaign to help hospitality and food service businesses reduce food waste. In recent years, new food waste apps have been developed that are all about selling surplus food to consumers at a discounted price. Some examples include: **Too Good To Go** and **Karma**



# Efficient distribution

## Getting products to customers involves fuel, transport and labour

Managing distribution is a critical issue for many food and drink businesses where inefficiencies can lead to significant costs that can be avoided with better planning.

Delivering in small volumes and using couriers can be costly, particularly when delicate items require specific handling or chilled transit. This issue is compounded through the recent rise in fuel costs and can be particularly challenging for businesses in rural areas, and in remote locations with a dispersed population.

Trade buyers, such as large retailers, often request

scheduled deliveries in specified vehicles. When this is the case, it may be useful to seek out dedicated wholesalers, distributors or other third parties that can take orders, invoice, store, consolidate and deliver on behalf of numerous businesses.

Collaborating with other businesses to share distribution may also be worthwhile. This can be as simple as van sharing when supplying common customers. An aspect to consider when doing your own deliveries is backhauling, this is about ensuring that delivery vehicles aren't empty on their return journey.

### Practical Tips

Some other considerations to improve distribution efficiency include:

- > Minimising the weight of packaging and avoiding air pockets between products in transit. Good route planning involving multiple drops or to customer hubs. Are multiple drops possible? Are your products packed minimally to reduce weight?
- > Older vehicles tend to use more fuel than newer more fuel-efficient models; however new vehicles are expensive, so ensuring your delivery vehicles are in good condition can be a practical way to keep costs down. Do you perform regular checks to monitor fuel use and ensure vehicles are well maintained? Do you keep a record to monitor mileage and fuel use?
- > Have you asked other businesses where they deliver to? Have you identified any that you may be able to share delivery with? If you use a courier service are you aware of their policies?

### Good to know

With a UK Government ban on new diesel and petrol cars and vans from 2030, and lorries by 2040, electric vehicles will likely become the norm, certainly for shorter delivery runs. Alternative fuel sources from **hydrogen** and different plant based biofuels are emerging and 'ones to watch'.



# Nature & biodiversity

Food originates from nature, but our global food system is a primary driver of biodiversity loss<sup>6</sup>.

Combined the nature crisis and climate crisis threaten our ability to produce food in the future.

Whether you produce your own ingredients or source from others, it's vital to look critically at your whole supply chain, including your raw ingredients, and be aware of your impact on nature.

Produce that is grown peat free and without the use of synthetic fertiliser and pesticides are ways to slow biodiversity loss. Deforestation destroys some of the world's biggest carbon sinks and produce should be from sources that protect rainforests. Production that supports marine conservation, animal welfare, rare breeds or heritage varieties are also positive considerations here.

Primary ingredients that are produced on land certified to environmental schemes, such as LEAF, or organic standards such as OF&G or the Soil Association for example, or from land in National Parks or Areas of Outstanding Natural Beauty may inherently embody responsible land use.

Of equal importance are areas conserved for biodiversity. This can apply at your own premises as well as that of your suppliers. Native woodland, mature hedgerows, soil health and water quality are all part of your positive plans for nature.

## Practical Tips

- > A key action you take is to thoroughly check and keep a record that the producers of your primary ingredients meet certification schemes or follow practices that are good for nature.
- > At your premises, installing planters, planting native trees and hardy plants, installing houses and bird feeders and allowing your outdoor areas to develop naturally are some practical steps to take.
- > Writing a nature action plan is a worthwhile way to show your commitment to biodiversity. This might include partnerships with conservation organisations and carrying out regular biodiversity checks for example

## Good to know

Emerging policy for how payments to primary producers in Wales will be made via the **Sustainable Farming Scheme** will place emphasis on production that is low in emissions, enhances biodiversity and conservation.

The **Nature Positive Business Pledge** is a commitment by business to halt and reverse impacts on nature.

**The People's Plan for Nature** is a campaign to protect and restore nature by the WWF, RSPB and National Trust.



# Society.

Every food and drink company interacts with people along their supply chain, as products are made they move between suppliers, employees, buyers and consumers. Equally many businesses recognise that their local community and other local businesses can become partners in their success.

Ultimately, people can be advocates for brands that share their values and businesses that look beyond profit alone are most likely to build this type of loyalty. In many ways, this is about businesses that go above and beyond their day to day operations to benefit society. For example, through supporting employee well-being, helping people in difficult circumstances or those facing poverty, by encouraging responsible practices of suppliers, buying goods and services from local businesses, or sharing resources with community groups, as well as volunteering or sponsorship.

In Wales, the Well-Being of Future Generations Act 2015 makes it legally binding on the public sector to ensure that current and future generations benefit from decisions taken now. Food and drink businesses are expected to meet this legislation to access future Welsh Government business support.

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# Healthy food choices

Supplying products that promote dietary health can increase consumer choice and be good for business.

Supplying products that promote dietary health can increase consumer choice and be good for business, not least because concerns about obesity, child health and well-being have been compounded during the COVID pandemic.

According to Mintel we can expect to 'see a growth in the healthy eating market size due to increased demand for healthy products that are sustainable and budget-friendly.'<sup>17</sup> Various **healthy eating campaigns** continue to promote the consumption of fresh fruit and vegetables and food that is in season, and to regulate portion size.

Food and drink products that are developed with health in mind, such as reduced calorie, low in sugar, salt and fat, offering fresh and seasonal produce, or meeting a niche, such as gluten free or zero alcohol, can appeal to customers. A recent growth area is around plant based proteins that offer low carbon alternatives to meat and dairy. Eating food that is in season means that food doesn't have to travel far, thereby reducing food miles.

## Practical Tips

- > Consider what products you offer or could offer that benefit human health and well-being. For example, do you actively minimise or reduce salt, fat and sugar content in your products? Do you promote healthy eating suggestions, wholefood or otherwise nutritious consumption? Do you advise on portion size?
- > Fresh and seasonal produce can be healthy, good for the environment and contribute to regional food culture. To what extent does your business promote what's in season? To what extent can you ensure your products are fairly priced in relation to the region and consumers that you sell to?

## Good to know

The Welsh Government long term **strategy to prevent and reduce obesity**

Accessibility to healthy and fresh food is an issue for some communities, where shopping choice and public transport options are limited. Some food businesses supply organisations like the **Community Food Hubs** in Pembrokeshire, who distribute fresh food to these locations. This offers a ready-made marketplace for food businesses whilst providing healthy food options to consumers in low-income areas.

# Providing fair work

Good employers often choose to go further than meeting their obligation towards the basic rights of employees.

Employers are required to meet the basic rights of employees. These include giving proper contracts of employment with stated employment terms, which will for example indicate the right to a national minimum wage, equality and diversity, and the right to paid holidays.

Good employers often choose to go further than meeting their obligation towards the basic rights of employees. Offering vocational training, apprenticeships, encouraging staff to put forward ideas and giving them recognition, supporting their well-being, and paying the real Living Wage rather

than the minimum wage are some examples of this. Welsh Government defines Fair Work as treating every worker with decency and respect. It includes fair pay, equality, health and safety, and skills development. Ultimately it is about being a responsible business and this is critical to building a sustainable food and drink industry.

More employers recognise the business benefits from providing secure, meaningful employment and a good working environment, and how this can result in attracting and retaining talent and how employees can be their greatest ambassadors.

## Practical Tips

- > Make future skills analysis part of your business plans. Spotting skills gaps in advance can help with your recruitment planning, as well as identifying training needs of existing staff. Providing training helps people learn and progress.
- > Consider involving staff in your business decisions. This can be key to maintaining a good working environment and your staff may be better placed to identify where improvements can be made. Acknowledging their value is good for well-being.
- > Get accredited for example, as Living Wage employer, or as Chwarae Teg Fair Play Employer or similar. Paying more than the minimum wage is especially important when the cost of living is high.

## Good to know

The Welsh Government has [a guide to Fair Work](#).

[Healthy Working Wales](#) offers businesses advice and support on fair work and health and well-being in the workplace.

Information on [Living Wage in Wales](#) and how to become an accredited employer.

# Working with responsible suppliers

All food and drink businesses rely to an extent on suppliers of products and services.

For example, raw ingredients, packaging, processing equipment, distributors, waste collection, energy and other utilities.

Increasingly, consumers want to know where their food comes from and how it was made. Trade buyers want their suppliers to meet ethical codes of conduct and ensure integrity in their sourcing practices.

Identifying and potentially influencing suppliers to operate in responsible ways can be critical to assuring your business is part of a sustainable supply chain.

This can be challenging, particularly for smaller businesses and it may be difficult to find out about business practices of suppliers unless they make them available. It can involve building working relationships with suppliers that understand your business objectives and ideally share your values.

## Practical Tips

- > The first step is in asking suppliers about these issues. Their responses will help you make informed choices about which suppliers to use and if there are aspects that you can work on and improve together for mutual benefit.
- > Write a purchasing policy that gives due consideration to the environmental and social impacts of suppliers when making purchasing decisions.
- > Write a code of conduct that describes your sustainability approach and expectations of suppliers and share it with your suppliers.



# Co-operating with other businesses

Co-operating with others can be a useful strategy for many businesses in the food and drink sector.

Sharing resources and know-how in activities such as co-production, marketing and distribution are areas where collaboration can reduce costs, open-up new business opportunities and achieve mutual benefits.

This can be a driver for business growth, for example, by working alongside other businesses to identify new markets and trading opportunities, learning from others about new techniques to improve efficiency, or seeking in-kind support such as professional, operational and financial help, the loan of vehicles, equipment or access to premises.

It can also be a positive impact your business can have by broadening your social remit for

example, by making good food affordable and available to a wider population, providing employment skills and educational opportunities for local people, or providing community meeting spaces or catering facilities.

Complex challenges facing the industry – such as finding alternative approaches to single use plastic for example – can be difficult to achieve independently and more easily addressed by working with others. Equally, influencing others in their approach to environmental responsibility can help to safeguard natural resources and co-operative buying can insure against disruption to price rises.

## Practical Tips

This is about exploring opportunities to work with other organisations to achieve mutual benefits. Some considerations include:

- > bulk buying ingredients, packaging materials or other inputs and equipment
- > co-production, sharing distribution or promotional activity

Within a cluster this can work when activities complement rather than compete with collaborating businesses.

## Good to know

Food and Drink Wales has a **Cluster Network**

The **Open Food Network** is an online platform for small food producers to sell online.

# Participating with local communities

Businesses that can build a loyal local customer base have a unique point of differentiation because they can develop close links with the communities where they are located.

Offering employment opportunities for local people, hosting open days or educational visits, and offering incentives or loyalty schemes, are examples of how some businesses do this.

Some businesses encourage staff volunteering days, support local charities or community activities through fundraising or sponsorship. Others might offer free training, cookery classes or share skills with community groups. Equally, by supporting local businesses through prioritising buying from them, can increase your contribution to the local economy and the environment.

Many Welsh food and drink businesses are embedded in their local community through being family

owned, or by employing people from the local area. Participating with your local community can be especially important when the cost of living is high. Businesses can donate resources, or share knowledge, provide training and experienced staff, for example, to cash strapped community organisations that are on the front line of supporting people facing hardship.

Businesses can take a co-operative approach or form a social enterprise. Where decisions are made in participation with and for the benefit of local communities, potentially sharing profits or taking a share of the produce.

## Practical Tips

A first step is to consider if community involvement is or could be a core part of your day to day decision-making and to consider why doing can be beneficial.

Some questions to ask include:

- > To what extent do you provide information locally about your business?
- > How fully have you identified the types of community links that might be relevant or beneficial?
- > How frequently do you actively invite public participation in your business?

This information can be useful to plan and take purposeful action. Keeping a record of this can be valuable way to help communicate your social impact to customers.



# Culture.

Wales enjoys a thriving food scene that benefits from its natural resources, coastline and landscape alongside tradition and language. Combined, these are cultural assets that help to define food and drink from Wales and innovative food and drink companies use these assets to enhance their brand.

The food and drink sector forms a central pillar of the rural economy of Wales, bringing jobs to rural communities and having a critical role in Welsh culture. Food and drink is an important factor influencing people's decisions to visit Wales and produce that is distinctive to a particular region can create a strong connection to the area. This contributes to the local economy, supporting businesses and communities.

Welsh food and drink that is exported across the world can benefit by highlighting the unique assets of Wales. By being part of Brand Wales, food and drink businesses can more easily differentiate against global competition and Wales can readily compete on an international stage.

**'A society that is healthier, happier and fairer, with a vibrant culture and thriving Welsh language'** is part of The Well-Being of Future Generations Act – a pioneering piece of Welsh legislation and is key to Food and Drink Wales Vision for the Food & Drink industry from 2021.

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# Maintaining Welsh Food Culture

Food and drink that is distinctively Welsh can find a niche marketplace, whilst taking advantage of, and building upon, the identity of Wales.

Food that is distinguished by its origin and how it is prepared, by using traditional recipes and ingredients distinctive to a particular location, are key elements of food culture. According to Sustain, 'food can break down barriers across age, ethnicity, class and gender, and stimulate a sense of ownership of, and pride in, the local environment. Traditional varieties and regional, seasonal recipes can enhance food culture and develop connections with the local community'.

to access a secure supply of food is compounded by the uncertainties associated with climate change and the current cost of living.

This means that knowing where food comes from can be a unique selling point for Welsh food and drink businesses that offer traceability, for those that offer food made with seasonal produce, or use recipes from their region.

Whereas the COVID pandemic has emphasised weaknesses in global food supply chains, the need

## Practical Tips

Maintaining Welsh food culture can be good for business and can build recognition for Welsh food and drink locally and internationally. This can be achieved by promoting and increasing the produce and recipes that you use, and can enhance your brand's Welsh identity.

Some other considerations include:

- > Can you encourage the use of the Welsh language in the workplace?
- > Have your products been developed and designed to reflect local traditions or methods of preparation?
- > What proportion of the raw ingredients you use are from your region? Are these typical or distinctive to your area?

## Good to know

Where food products are unique to an area, they may qualify for protection under Geographical Indication (GI). Welsh products with GI status can claim the distinctive quality, authenticity and heritage of their natural place of origin. **New UK Geographical Indication (GI) Schemes**

The link with **tourism** is a strong opportunity for many food and drink businesses.

A useful **guide to using Welsh language in your business** from the Welsh Language Commissioner.

# Raising awareness of good practice

Increasingly customers want to know more about the food and drink they buy and the companies that they buy from.

Research shows that 'a widespread increase in consumer distrust has placed pressure on food and drink businesses to provide clear and honest information, about where food comes from, and how it was made and sold'<sup>8</sup>.

Being associated with responsible practices can help you differentiate from your competitors as well as boosting staff morale. This can lead to more sales and better productivity. Building sustainability into your marketing strategy and business plans ensures good practice is ingrained into the way your business

operates and encourages staff and customers to engage with your values.

Values and practices that help to define you as a brand can be a strength that you should communicate. Presenting a clear and consistent brand across all communications will help to ensure customers understand why they should choose to buy your products. If you and your employees are passionate about your brand, and this is communicated to your customers, it can become one of your most valuable assets.

## Practical Tips

- > Being confident about what you do well is perhaps the first step in being associated with good practice. Finding out about other businesses that are facing similar challenges and sharing experiences is a practical and proven way to build better businesses.
- > Encouraging staff to engage with your sustainable approach to business can add significant value to your brand. Employees may say good things about you and tell customers why you are a sustainable business and they can also come up with new ideas that can help your business develop and grow. Providing sustainability training as part of staff induction alongside ongoing professional development training can be one way to do this.
- > Seeking feedback from customers can be useful in understanding how they perceive your brand and products, to assess their ethical purchasing considerations and how your brand meets their needs.
- > You could take this further by dedicating space on your website to communicate your sustainability objectives, become a case study for Government agencies and create dialogue with customers and the media. Other ways to raise awareness might include hosting open days, encouraging school and educational visits, providing training opportunities and creating innovative point of sale information



# Trading locally

Trading locally helps to keep money in the local economy. This can build resilience by improving livelihoods and cohesion between business and communities.

Food and drink businesses that buy and sell locally can contribute to this aim.

Larger buyers recognise the consumer interest in regional food and many actively seek out suppliers that can help them meet this demand. This provides opportunities, particularly for food and drink businesses that demonstrate provenance and sustainability credentials. However, many supermarkets and larger food-service buyers remain largely centralised and highly competitive and many smaller producers choose to sell direct sales at farmers' markets, farm shops, online sales, or to independent restaurants.

Government agencies and public sector buyers have been instrumental in developing the strategic and policy rationale for sustainable sourcing. As the legislative landscape evolves, public procurement may offer a significant opportunity for food businesses that can supply more sustainable products and services.

In recent years, there has also been growing awareness of the need for strategies at a local level, which have helped to coordinate activities throughout the supply chain, involving public, private and community organisations.

## Practical Tips

This is about knowing how much of the inputs you use and the customers you sell to that are from your region, then exploring the benefits of increasing this.

Some questions to consider include:

- > What volume of raw ingredients or food products do you use that are from your region?
- > What volume of other, non-food inputs do you purchase from your region? This could include business services such as distributors, fuel, packaging, machinery providers, administrative or legal providers etc.
- > Do you sell directly to customers in your region? Do you sell to independent shops or restaurants in your region? Do you sell to larger buyers that sell your products in your region?
- > Can you increase these?

## Good to know

Welsh Government are developing a **Community Food Strategy** and have a forthcoming **Social Partnership and Public Procurement (Wales) Bill**.

**Sustainable Food Places** is a network of food partnerships from towns, cities, boroughs, districts and counties across the UK

The **Sustainable Food Procurement Hubs** is a pilot project to show that the public sector can procure efficiently from local food producers in ways that benefit the natural environment and local prosperity.



# Strategy.

Food and drink companies that integrate sustainability into the core of their business and reflect this in their marketing strategy can gain a significant advantage over their competitors.

Larger buyers actively seek out suppliers that can help them meet their responsible business targets and legal obligations. At the same time, consumers increasingly want to know where their food comes from and how it was made.

This means that food and drink companies need to communicate both where they have an impact are and how they are progressing towards environmental and social objectives.

Involving people in decision-making and ensuring environmental claims can be backed up and withstand scrutiny are both critical factors for businesses that want to put sustainability at the core of current plans and future objectives.

Similarly, the Welsh Government **Economic Contract** requests businesses to demonstrate the contribution they will make to these principles and the Welsh Government sets out the non-financial support it will give it in return.

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# Good Governance

Good governance can be essential to make sustainable development happen in business.

Conventional business planning and development is an on-going process of reviewing marketplace opportunities, supply chain resilience, operational systems, financial requirements, staffing and management. Forward thinking companies will factor in environmental and social objectives, and understand how these issues impact on their ability to win new business and maintain or develop their market position.

This can seem onerous, particularly for smaller businesses, but it needn't be. It can start with having a clear set of business objectives that look beyond profit to consider the benefits that their brand, products and services can bring to the local economy, environment and communities that they serve.

Involving people can be critical. Forming an in-house sustainability team that meets regularly and includes staff and senior management will help ensure improvements are prioritised, agreed and implemented in a co-ordinated way that resonates with the company's wider business objectives; or organising regular community stakeholder meetings to encourage their participation in business decisions.

For some businesses being sustainable is simply about surviving from day to day and year to year. However, those that take a longer term, forward-looking perspective are better prepared to cope with uncertainties. For example, where fluctuations in energy prices occur or, where unreliable weather patterns or unforeseen events affect the supply and cost of raw ingredients.

## Practical Tips

A first step for ensuring good governance is to write a sustainability policy or a statement of intent. It should be approved and signed by your Director and annually updated.

Then develop an action plan with a focus on making savings and improvements across the business.

A next step maybe to make environmental responsibilities a part of employment contracts, induction and regular training for all staff.

Some other considerations include:

- > have you clearly set out your environmental and social responsibilities?
- > are your environmental and social objectives shared with and understood by all staff, managers and directors?
- > to what extent are your environmental and social aims acted upon? Do you record any actions and outcomes?

## Good to know

If you sell to trade buyers, explore their approach to sustainability to help ensure that you are making progress in areas that correspond with their objectives. This is often referred to as Corporate Social Responsibility (CSR). If you are seeking investment, potential investors may similarly seek to satisfy their Environmental, Social and Governance (ESG) requirements.

The Providing Fair Work section of this handbook may also be useful to refer to.

# Measuring and reporting

The activities of food and drink business and the products they make have an impact on people and the environment. This can result in both positive and negative outcomes.

Over recent years more companies have begun to measure these impacts. Trade buyers regularly ask their suppliers for this type of information to help inform their purchasing decisions. Whilst a growing consumer awareness is driving demand for businesses to communicate their sustainability credentials.

Environmental impacts create emissions that contribute to climate change and businesses that monitor these emissions can measure their carbon footprint using credible data sources. These emissions fall into 3 categories:

**Scope 1:** those produced by a business' own facilities and vehicles, and therefore under their direct control.

**Scope 2:** those associated with its purchased electricity.

**Scope 3:** all its other emissions, including those generated by suppliers, distributors, employees' business travel, and in the use of products sold.

Impacts on people can be more difficult to identify, but consideration about how activities benefit local communities is a useful area to focus on. This is often called social value.

## Practical Tips

- > Communicating progress towards sustainability is increasingly valuable to buyers and consumers alike. This can be done formally through regular reporting or informally for example through social media. Having a website page dedicated to sustainability can be a place for customers to go to find out more.
- > Avoid greenwash. Any claims you make will need to withstand scrutiny by your customers and others. If you can't back it up with evidence don't do it.
- > Explore which standards and accreditations are appropriate for your business. You may find that your business already meet the requirements of some schemes but for some you will most likely need to dedicate additional resources.

## Good to know

Greenwashing is where businesses make claims that aren't accurate or that they can't provide evidence for. Businesses can be fined for this and should be mindful that claims they make will attract scrutiny. The **Green Claims Code** is a guide for all businesses that want to make environmental claims.

With a wide variety of frameworks, certified schemes and accreditations available for food and drink businesses there is no single best fit. Businesses should consider their own objectives and customer needs when choosing an approach suitable to them. The emergence of **science based targets** for climate and nature aim to offer a consistent route forward.

Whilst many accreditations are voluntary, there are standards that food businesses are required to meet both for reasons of food safety, and to meet trading and environmental health standards. **The Food Standards Agency** is an official source of information on the regulatory environment.

# References and further reading

1. A Vision for the Food & Drink industry from 2021, Food and Drink Wales
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5. **Food waste and hunger in the UK, Fareshare, 2023**
6. **Facts about the nature crisis, UNEP**
7. UK attitudes towards eating healthy, Market Report 2022, MINTEL
8. Global Food and Drink Trends 2018, MINTEL

Every effort has been taken to ensure the information contained within this guide is accurate and current at the time of writing. We cannot take responsibility for links to external websites.

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