

Plan it with

PURPOSE

FOOD & DRINK

SECTOR GUIDE



Sector specific guide: Food & Drink

The future is in flux. Social inequality and the climate crisis are increasingly important concerns for consumers, resulting in the changing of behaviour. Customers want to buy from businesses that have a clear purpose and positive impact on society and the planet.

With this in mind, Enterprise Nation has teamed up with Aviva to launch the [Plan it with Purpose](#) campaign. There are 6 million small businesses across the UK, which represents a powerful collective that can make a significant dent in the challenges facing our world. If each business made a small conscious change to the way they run, the impact would be game changing nationally and globally. This is the kind of impact that could be a key weapon in tackling climate change and changing our society to offer people fairer, better lives. Excitingly, all of this doesn't have to be at the expense of profit.

Over the course of the 12-month campaign, we'll be launching a number of sector specific guides to help you understand how you can maximise social and environmental impact in your industry.

This guide will look at the Food & Drink Sector.

The food and drink industry is the UK's largest manufacturing sector, contributing £120billion to the economy annually, with 79% of food sector businesses being SMEs.

The food industry also has one of the highest environmental impacts, compared to any other industry. The agricultural sector alone contributes 10% of the UK's greenhouse gases emissions (GHGs), predominantly from livestock methane & agricultural soils, and on average it accounts for 75% of freshwater withdrawals globally.

There are also significant potential impacts on people, with global supply chains that are often complicated in terms of positive outcomes or have low transparency. Nationally, the food & drink industry has a responsibility to deliver healthy options for the UK public and to provide good, stable jobs to the 4.1 million people employed within the sector in the UK alone.

All this is to say that the potential for positive impact in the sector cannot be underestimated. The food and drink that we grow, manufacture, sell and ultimately dispose of can be reimagined to be more sustainable, regenerative, healthy and impactful and your business can play a huge role in building that future.

In this guide we will cover:

The business case:

Why investing in impact is good for food & drink businesses

Industry trends:

What the key players are doing and what is the best practice emerging

Opportunities for impact:

Where and how can you start thinking about impact across your business

Case studies:

Real businesses in the sector who are innovating and leading the way in how they manage and increase their positive impact

Actions you can take:

Concrete actions you can take now to begin your social and environmental impact journey

Supplementary resources

FIND YOUR COMPETITIVE EDGE

Standing out from the competition is vital in today's rapidly changing markets. News about environmental and social responsibility is the **most significant news type** affecting people's decision to buy. Consumers are one third more likely to try a product or service from a purpose-driven organisation, and **50% are more likely** to switch brands to a purpose-driven company. To grow your current customer base and reach new markets, it is vital that customers recognise their values in your company.

British consumers are truly being affected by recent revelations, and are becoming increasingly more conscious of the food and drink they purchase. In fact, in 2019, the British public spent **£8.2 billion on food and drink from ethical sources**. This includes Fairtrade, organic, Rainforest Alliance, and Marine Stewardship Council (MSC) certified products.

A projected expenditure rise of 17 percent, reaching £9.6 billion between 2019-23, is the forecast for the next few years.

FUTURE PROOF YOUR BUSINESS

Social justice and environmental sustainability challenges are business challenges. What affects people and the planet will impact your business. The reputation, regulation compliance, operational & supply chain disruption risks from sustainability challenges are estimated to impact your business's earnings before tax by **25% to 70%**. Managing and mitigating these risks, and proactively looking for opportunities to align what you do with the needs of people and the planet will make your business more resilient and ready to thrive in the future.

In March 2020, Rishi Sunak announced a plastic packaging tax that will come into force in April 2022. Designed to discourage companies from using plastic packaging, the tax will be levied at £200 per tonne of plastic when it's made from under 30% recycled plastic. If you're not considering the impact you're having on the planet now, then shortly you'll have to be considering the impact on your wallet.



LOWER YOUR OPERATING COSTS

You can make significant operating cost savings through better management of resources like water and energy, as well as minimising waste. Research has shown that the estimated internal rate of return could be between **27% and 70% on investments** to lower your carbon footprint, not to mention lower recruitment costs through keeping your team engaged in purposeful work.

The opportunity for cost savings through increased efficiency is clear in the food & drink industry. Manufacturing processes within the industry can have high levels of impact on the environment through the use of raw materials, water and energy. Creating processes that maximise the efficiency of these three will save you money and limit your impact on the environment.

BUILD A THRIVING TEAM

Your people are itching to have more purpose in their day jobs, and **70%** of them are more inclined to work for companies that have social impact initiatives. Happy and engaged staff produce better work and stay in their jobs for longer helping you to avoid expensive recruitment costs. Companies that invest in the employee experience are up to **four times more profitable** than those that don't.

The large workforces inherent to the food & drink sector unfortunately can lead to accusations of unfair labour practices, exploitative and dangerous working conditions or poor hiring practices. It's important to not only understand your labour practices but also those of your suppliers. The reputational damage of being associated with poor employers in the industry can affect the way potential customers and employees view your company.

THE BUSINESS CASE

The Food and Drink Federation (FDF), which represents 16% of the UK's food and drink sector, have published their 'Ambition 2025' document, aiming for a more sustainable future. Companies like McCain, Cadbury, and McVitie's are all part of this set of goals.

Some of their goals include a 55% reduction in CO2 emissions by 2025. Reducing food waste and water consumption, as well as carbon impact and packaging waste, are also key aims.

Some more specific company targets include:

- Heineken: by 2020, at least 50% of their raw materials will be sourced sustainably.
- Univar: by 2020, Univar aims to source 100% of their fruit and vegetables with sustainability in mind.
- Coca-Cola: launched their PlantBottle™, created from 30% plant based plastics.

One of the top priorities for addressing environmental concerns for sustainability in the food industry is tackling food waste. Within the EU alone, annual food waste is estimated to be around **88 million tonnes!**

In 2021 the UK government published an independent review called the **national food strategy**. This includes 14 recommendations across four key areas:

1. ESCAPE THE JUNK FOOD CYCLE AND PROTECT THE NHS

- + Introduce a Sugar and Salt Reformulation Tax. Use some of the revenue to help get fresh fruit and vegetables to low-income families.
- + Introduce mandatory reporting for large food companies.
- + Launch a new "Eat and Learn" initiative for schools

2. REDUCE DIET-RELATED INEQUALITY

- + Extend eligibility for free school meals.
- + Fund the Holiday Activities and Food programme for the next three years.
- + Expand the Healthy Start scheme.
- + Trial a "Community Eatwell" programme, supporting those on low incomes to improve their diets.

3. MAKE THE BEST USE OF OUR LAND

- + Guarantee the budget for agricultural payments until at least 2029 to help farmers transition to more sustainable land use.
- + Create a Rural Land Use Framework based on the three compartment model.
- + Define minimum standards for trade and a mechanism for protecting them.

4. CREATE A LONG-TERM SHIFT IN OUR FOOD CULTURE

- + Invest £1 billion in innovation to create a better food system.
- + Create a National Food System Data programme.
- + Strengthen government procurement rules to ensure that taxpayer money is spent on healthy and sustainable food.
- + Set clear targets and bring in legislation for long-term change.

INDUSTRY TRENDS

OPPORTUNITIES FOR IMPACT



1. UNDERSTAND THE SOURCES

As we've seen, more and more consumers are making choices based on the provenance of their food options. It's often easier to see these concerns broken down into environmental and social concerns:

Environmental

- + What are the growing, farming and processing practices that go into my food and what is the impact of those practices on the environment?
- + How far has my food travelled to reach my plate?

Social

- + Are the people involved at every stage in the supply chain of my food treated and paid fairly?

An important step in understanding how this impacts your offering is mapping your supply chain. This can help you identify points of potential intervention where you can decrease the negative impact you are having on people and the planet, but it can also help you highlight points where you can increase, and talk about, your positive social and environmental impact.

When looking at your supply chain you should consider any potential risks that may arise in the future from both social and environmental factors, from issues surrounding animal welfare to ingredient scarcity posed by climate change. Any risk posed to your suppliers is a risk posed to you. Forward thinking companies are now creating ethical procurement checklists which they request all their suppliers to adhere to. This helps mitigate against future risks and also encourages others to be more mindful of their impact.

Another factor that is dividing consumers is the proliferation of new food and drink sources. New food options such as animal-free proteins, 3D printed foods or cell cultured (aka lab-grown) meat and seafood has sparked the curiosity of consumers who can be quick to recognise environmental and animal welfare benefits, but also can express concerns about potential negative health effects of processed foods. Understanding the arguments for and against can help you promote the thing you believe in and modify your business appropriately.

Case studies

ADUNA

Aduna is an Africa-inspired health food brand and social enterprise. Aduna's African superfoods are available as pure powders, raw energy bars and Super-Teas. Wherever possible, Aduna sources its ingredients directly from small-scale producers in Africa. 850 women in Upper East Ghana are receiving sustainable income flows through Aduna's baobab supply chain, enabling them to provide basic needs for their families.

NIBS ETC.

nibs etc. is about making delicious, and nourishing sustainable snacks out of ingredients that would normally be thrown away to fight food waste, and enable customers to reduce their carbon footprint by doing so. As well, they work with juice bars around London to collect 'waste' pulp, which is packed with flavour and fibre, and upcycle it into sustainable snacks.



2. HEALTH FIRST

The food and drink industry has a responsibility to be able to provide people with the ability to choose options that are healthy for themselves and for the planet. Yet, all too often, healthy food is more expensive or time consuming, meaning sustainable and healthy living does not always feel accessible, affordable or convenient to everyone. Many consumers make food choices depending on their immediate food environment and the options they can access easily.

There is a growing movement to increase people's access to good healthy food for a reasonable price, led by people like footballer Marcus Rashford who alongside his campaigning against child poverty in the UK has created a video series with chef Tom Kerridge to teach people how to create quick healthy low cost meals.

In 2018 the government introduced a sugar tax, called the Soft Drinks Industry Levy, which taxed beverages that contained 8g of sugar per 100ml. Currently, there are further discussions to expand on this to create a sugar and salt tax. Whilst there is evidence to suggest that these taxes in fact disproportionately affect those from lower socio-economic backgrounds, if you are in the food and drinks industry there is a need in the market for healthier food options at a lower price point to make these options more accessible to everyone.

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Case studies

ODDBOX

Oddbox is a sustainable fruit and vegetable box delivery service which works with farmers to supply seasonal produce at risk of going to waste. So far, the business has rescued 2,000 tons of produce from going to waste, all while providing fresh and varied vegetables to consumers' doors for a reasonable price. Oddbox also plans to further develop its technology, including a "personal impact" dashboard which allows consumers to view the amount of food waste, CO2 emissions and water they've saved.

GRAZE

Graze has recently become a B Corp and it was especially recognised for its work in creating healthy snacks for its customers. This was largely due to creating strict health guidelines for itself as part of its mission, with the majority of its products containing less than 150 Kcals per portion, actively reducing sugar content (with 160 tonnes being removed from its products since 2019), and never using unnecessary artificial ingredients.



3. TRANSPARENCY

There are so many exciting new ways of growing, harvesting, making and distributing food and drink. But when the farms, oceans and factories are so far removed from our plates, how do we speak clearly and honestly about these positive innovations? How do we demystify claims like organic, plant-based and upcycled?

From confusing, inconsistent product claims to getting caught out on new regulations and standards, it's hard to understand what brands mean when they talk about the impact products have on people and the planet. With the Competition and Markets Authority set to announce robust laws on misleading environmental claims later this year, getting this right is more important than ever. **Provenance**, a sustainability software business, has created the **Provenance Framework** to help brands communicate with integrity and avoid greenwashing. The framework is an open source rulebook for sustainability communications that gives you clear, robust parameters for what you can and can't legitimately say about your brand and products.

The importance of transparency and responsible leadership throughout your business has been proven again recently with the fallout from a number of different controversies from previous sustainability flag bearers Brewdog. What does transparency and responsible leadership within an organisation look like? These are some key elements that we've identified as important:

- + Inclusive decision making. Decision making that is distributed amongst your team creates purpose at every level of scale, responsiveness to what people are seeing and creates transparent norms.
- + Non-financial reporting. This doesn't have to be perfect but some form of consistent measurement of impact across your business that is tracked over time and accessible to anyone and everyone.
- + Policies and procedures. Written policies that are reviewed & updated, user friendly and accessible to people both inside and outside of your organisation.

Case studies

NAPOLINA

Napolina is an Italian food brand. Illegal labour and its impact on migrants has been an issue in Italian agriculture, so Napolina has been tackling illegal labour in its tomato supply chain for many years. With recent increased media attention, the company is now able to communicate its progress and be known as a leader in its industry.



4. CIRCULARITY

The circular economy, circularity and similar terms are very much in vogue currently and for good reason. "A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems", according to the [Ellen MacArthur Foundation](#). As we've seen, waste is a significant issue in the food and drink industry, not just food waste but excess packaging as well.

Cutting down food waste is an important goal of any food and drink business. The majority of food waste comes from households, so there is a big opportunity to make a difference just through the thoughtful design of package size and clear storage instructions. Focussing on food waste in production and retail, [Wrap](#), a circular economy non-profit, has designed a [5-5-5 approach](#) that covers 5 key actions to take, 5 key areas to target and 5 stages to remove waste from food production.

From the ban on single use plastic to the zero waste movement, customers are looking towards and buying from companies who are being intentional about their packaging, even if it comes at a premium. Understanding how you can swap out materials that will end up in a landfill for those that are recyclable, renewable or compostable will help you stand out from the crowd and will show your commitment towards helping the environment.

Case studies

OLIO

Olio is a mobile app for food sharing helping to eliminate unnecessary waste. Its innovative mobile app connects those with surplus food to those in need. From both an environmental and social standpoint this app ticks all the boxes as it reduces food waste which is a burden upon the environment, but as well, it provides food to those who need it.

RUBIES IN THE RUBBLE

This food company takes fruits and vegetables that would normally be thrown away, and creates delicious condiments out of them. On its website, it has made available its annual impact report. This non-financial form of reporting helps build trust and transparency with external stakeholders, taking people along with them on its impact journey, highlighting big changes made over the last year and plans for the future.



OTHER FOOD & DRINK CASE STUDIES

It's important to find ways to contribute to solutions in a manner that feels authentic and sustainable to your business, whether that be through donating a percentage of profits or in your hiring practices.

BELU

Belu is a UK based bottled water company that operates to the highest environmental and ethical standards and donates 100% of its profits to WaterAid. It's mission is to show that a business can deliver an environmentally improved and sustainable offer in the market.

NEMI TEAS

NEMI Teas is a London-based tea company offering a variety of whole leaf tea blends as loose tea and in biodegradable tea pyramids. The business provides employment to refugees, helping them better integrate in the UK. These employees run tea stalls across London food markets, festivals, events and conferences which allows them to boost their English skills, regain confidence and work on skills required to enter the UK job market.

ACTIONS YOU CAN TAKE

IN YOUR SUPPLY CHAIN

- + If you use raw materials and resources – do you have complete clarity of how, where and by whom they are sourced?
- + Are they sourced in ethical and environmentally sustainable ways?
- + How are these resources treated and tracked along the value chain and can environmental sustainability and labour rights be guaranteed between transactions?
- + The employment practices of those who you purchase from should reflect your own. How do you ensure this is the case?
- + Creating a checklist of practices you want suppliers to be adhering to, and reviewing suppliers against it is a good way to start giving your ethical considerations a chance to be considered in decisions.

WITHIN YOUR BUSINESS

- + Consider what you do with any leftover waste products.
- + Find ways to reduce waste products from your processes.
- + Look for ways to use or sell any waste you can't remove from your processes.
- + Create a beyond net-zero energy strategy.
- + Measure your Greenhouse Gas emissions, we recommend following the [GHG protocol standards](#).
- + Create a time based plan to reduce emissions to or even better beyond net-zero.
- + The key to doing this well for both the planet and your bank balance is to find ways to reduce emissions, through efficiencies, switching to renewable energy providers or changing the way your systems and processes work before looking at paying to offset.

OUTSIDE OF YOUR BUSINESS

- + A great way to increase your social impact is through good governance and building strong relationships with your stakeholders, from your customers to your supply chain, which can be achieved through trust and transparency.
- + Create a simple "stakeholder map" by listing out all of the groups who are influenced or impacted directly by the work you do.
- + Share your social and environmental impact ambitions and journey with your stakeholders – they may be able to provide you valuable insights and help you along your journey; but as well, your sharing may encourage them to take positive steps to reduce their impact in their own lives.
- + Use your voice for good. Actively engaging in campaigns or local community actions that align with your industry is a great way to have positive social impact. From [The Trussell Trust](#) to [End Hunger UK](#) to your local food banks or [Fareshare](#) – there are many ways for you to contribute to the conversation through your business in an authentic and meaningful way.
- + Of course, it's important to make sure you are actively engaging in any of the causes you are promoting. Using your influence is important but influencing without acting is counterproductive and can end with you being called out for "purpose washing".

SUPPLEMENTARY RESOURCES

- Sustainability Accounting Standards Board (SASB)'s "Materiality Map" for understanding the key sustainability priorities by industry.
- The Ellen MacArthur foundation's [butterfly diagram](#) for understanding the circular economy.
- Wrap's [5-5-5 approach](#) for maximising waste reduction.
- The [Provenance Framework](#) for correct wording to use in marketing.

ACKNOWLEDGMENTS

About Enterprise Nation

[Enterprise Nation](#) is the UK's leading small business network and business support provider delivering support to more than 50,000 small businesses every month. Its aim is to help people turn their good ideas into great businesses – through expert advice (including a comprehensive resources library), events, acceleration support and networking. In 2020 it launched two high profile business support initiatives: the Amazon Small Business Accelerator and the Recovery Advice for Business scheme which collectively aimed to support thousands of small firms impacted by the pandemic. Enterprise Nation's small business active membership grew by 34 per cent in 2020. It now has more than 120,000 members and subscribers, ten per cent of which are professional advisers from a range of sectors offering strategic support to small firms. The adviser platform sees hundreds of connections every week with small firms reaching out for advice.

About Aviva

Aviva is a savings, retirement and insurance business with 18 million customers across the UK, Canada and Ireland. Aviva's purpose is to be with you today for a better tomorrow, and is invested in its people, customers, communities and our planet. In 2021, Aviva announced its plan to become a Net Zero carbon emissions company by 2040, the first major insurance company in the world to do so. This plan means Net Zero carbon emissions from Aviva's investments by 2040; setting out a clear pathway to get there with a cut of 25% in the carbon intensity of our investments by 2025 and of 60% by 2030; and Net Zero carbon emissions from its own operations and supply chain by 2030. Aviva has been leading this agenda for decades: as the first international insurer to go operationally carbon neutral in 2006 and champions of renewable energy and energy storage at its offices, allowing the business to achieve our 2030 carbon reduction target (70% reduction on 2010 levels) 10 years early. Find out more about Aviva's climate goals at www.aviva.com/climate-goals and the company's sustainability ambition at www.aviva.com/sustainability.

About Smart Energy GB

Smart Energy GB is the not-for-profit, government-backed campaign helping everyone in Britain to understand the importance of smart meters and their benefits to people and the environment. Our national campaign is reaching homes and microbusinesses across England, Scotland and Wales. For more information visit smartenergyGB.org

About Impactful

[Impactful](#) is an impact strategy agency that works with forward thinking businesses to design commercial solutions to social and environmental challenges. It does this by making the world of social impact more accessible and actionable for every business through workshops and thought leadership. For their clients, they help them maximise their impact, through every part of their business, and instil a culture of innovation, enabling them to actively develop solutions to society's biggest challenges. Impactful brings expertise from the social impact sector into the commercial world, to help businesses develop ambitious and sustainable impact strategies. Every business has the power, ability and responsibility to change people's lives for the better and co-exist regeneratively with our planet.

