LIFE FOODPRINT

«Environmental sustainability as a business opportunity for the agrofood industry: the case of carbon footprint and other environmental labelling methods»

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FEDERALIMENTARE
Federazione Italiana dell'Industria Alimentare

Sector Overview

Italian Food Industry: statistics (2016)

Turnover
€132 bln

VALUE ADDED
25 bln

Employment
385 mln workers
(850 mln including agriculture)

BUSINESSES
58 mln
(12% with more than 9 employees)

Consumption*
230 bln

EXPORT
30 bln

Source: Nomisma-Crif Agrifood Monitor on Federalimentare and Istat data

*Italian total agri-food consumption (at home and outside)

Sustainable food chain development: our commitment on 4 strategic areas

SCENARIO

In 2050, 9 bln people will ask for +70% food, + 11% water for agricultural consumptions, +120 bln/ha cropped ground (FAO)

OUR ENGAGEMENT

The Food Industry has already reduced the use of resources, implementing Circular Economy principles on 4 main area s of intervention, with positive results

Sustainable food chain development: our commitment on 4 strategic areas

1) Sustainable supplying and complete use of raw materials (350 million/tons of EU food industry by-products);

2) Energy efficiency and reduction of water consumption: **-30% final energy consumptions** (1992-2013) and an overall reduction of water consumption with **savings case history of 40% - 60%**;

3) Responsible management of packaging: In the last 20 years, packaging weight has been reduced of **20%,30%,40%, and even 60%,** in relation to different materials;

4)Food waste prevention. In industrial processing, **food surpluses** (still fit for human consumptions) **account for 0,4% of total production value**, **while food waste represents only 3% of the total waste referable to food chain production.**

How to make sustainable the agrofood system?

Changing the way we produce, distribute, and utilize food. Innovation along the supply chain (upstream and downstream) is a driver transversal in this sense.

EAT

Promote new food styles around the world, a global cultural transition that encourages the use of local products and a rich source of protein in our dishes

TARGET

To disseminate and promote, especially among small farmers, the use of advanced agricultural techniques and technology tools to make production systems more efficient

EXTEND

Efforts to reduce food waste: from agriculture to the Retail to the consumers

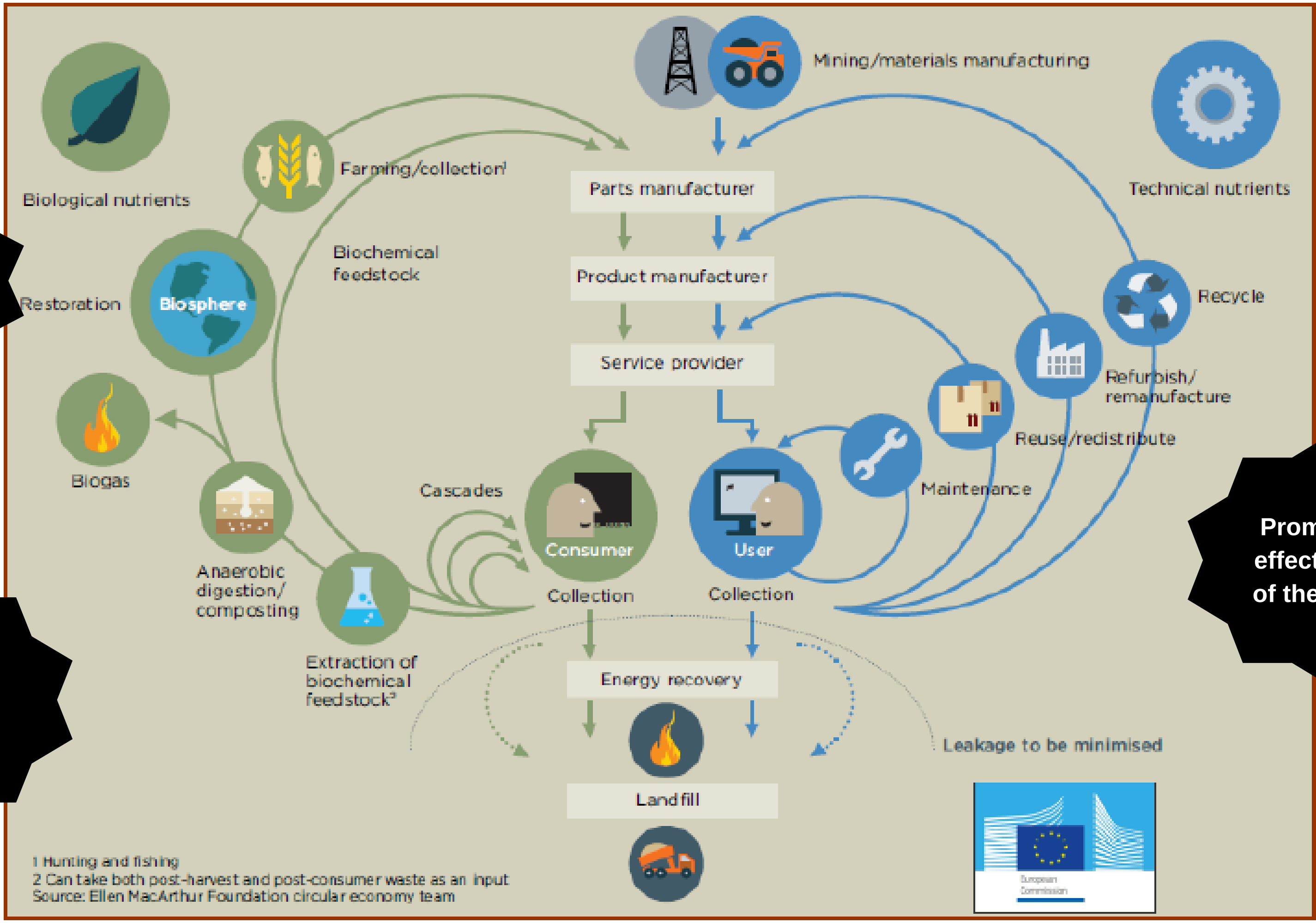
Source: Global Opportunity Report, 2016

Circular economy: a possible solution?

Preserve and enhance the natural capital

Optimize resource yields

Promote the effectiveness of the system



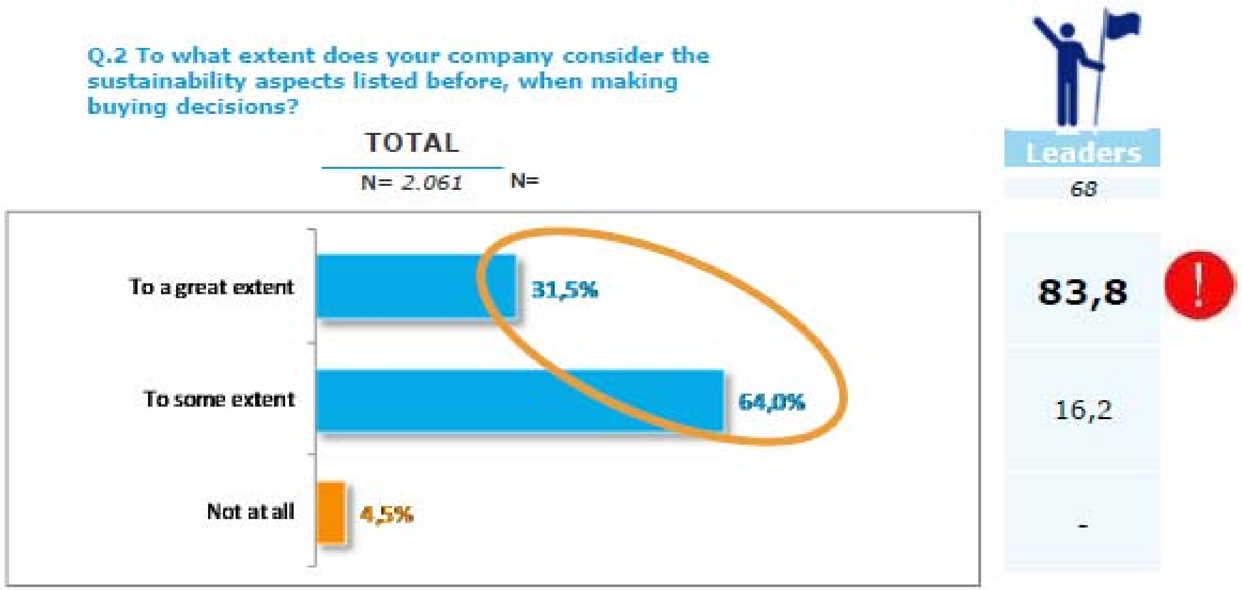
Fonte: Ellen MacArthur Foundation & McKinsey Center for Business and Environmental, June 2015

The consumers get lost in the «forest» of labellings

A research of GfK Eurisko & DNV GL

Perché e come la sostenibilità della filiera sta catturando sempre più l'attenzione delle aziende worldwide

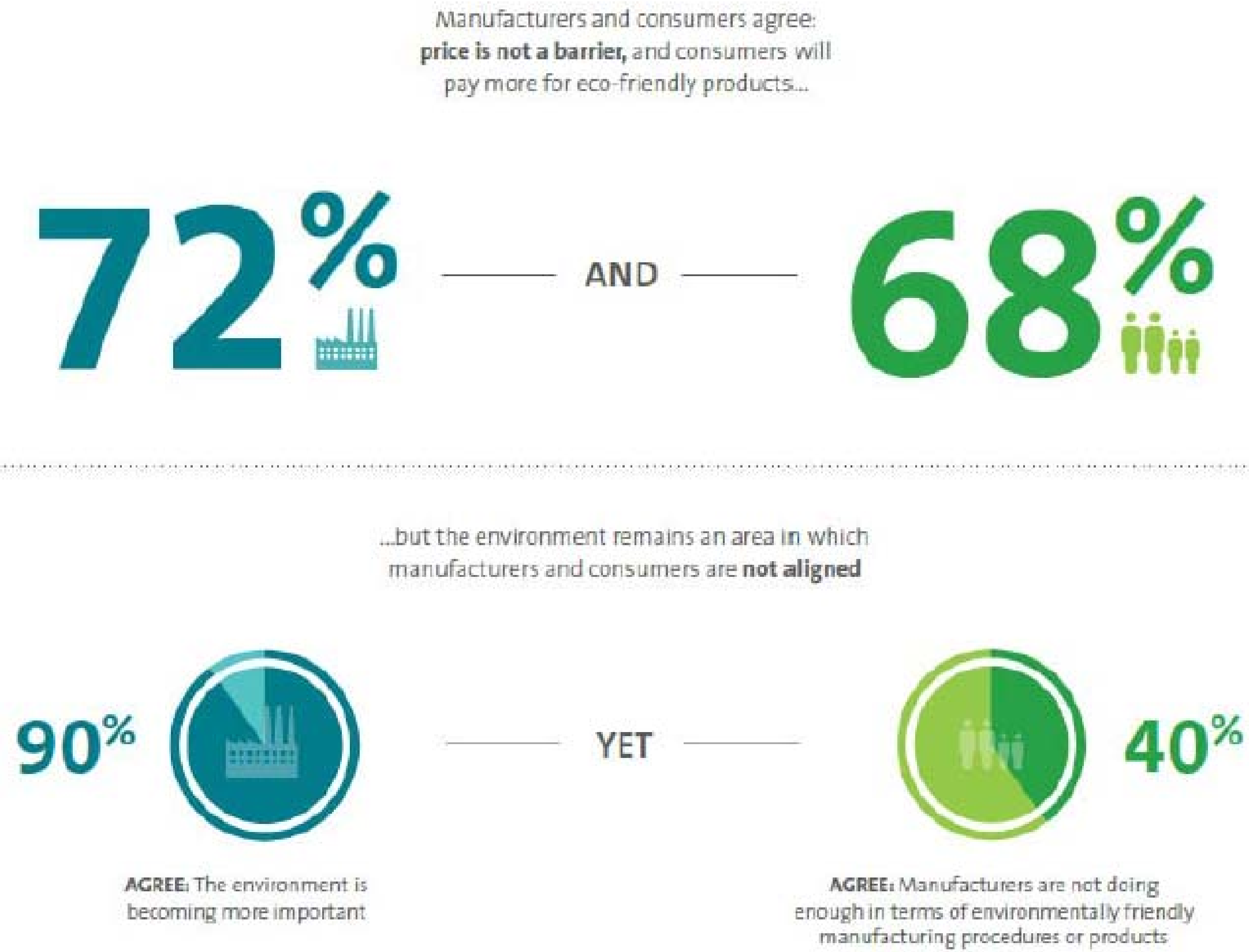
- Nello scegliere un fornitore o nelle decisioni d'acquisto, il **96%** delle imprese tiene in considerazione **aspetti di sostenibilità**



La ricerca è stata condotta a luglio 2014 su un campione di 2.061 professionisti provenienti da aziende industriali del settore primario, secondario e terziario in Europa, Nord e Sud America ed Asia.

La comunicazione esterna è essenziale per i LEADER. Soltanto il 2% non vi ha fatto ricorso. ***La sostenibilità della filiera si traduce in un rafforzamento della performance commerciale se associata a iniziative di comunicazione.*** *Per trarre il massimo dei benefici, le aziende devono essere riconosciute come operatori sostenibili da terze parti.*

WHICH IS THE POINT OF VIEW OF THE CONSUMERS…?



A panorama of the main conclusions

- **89% of the respondent to the survey retain as necessary the manufacturing of sustainable products**
- **Great attention to this topic is paid in the Far East (95%)**
- **Sustainability is becoming fundamental factor not only for the medium-large companies but also for the SMEs**
- **Primary sector, food and machineries industries are the ones which perceive the need to provide customer with sustainable products**

Main criticalities

- More than 400 environmental labels in the world
- Only for greenhouse gas there are 80 possible reporting methods

Key Issues:

- What's "green"?
- How can I prove that my product or company is "green"?
- If I choose an "x" approach, will it be accepted by everyone?
- Do I have to prove that they are "green" in different ways with respect to my different customers?
- Will consumers and my business partners understand my claim?
- Does Green mean more expensive?

More Sustainability for everybody

- Uniform calculation rules for everyone
- Agree on what really "green" means and when a product can be considered “better” than another under the environmental performance
- A coherent policy framework that supports the competitiveness of European and local companies on the environmental performance of products
- Ability to distinguish the peculiarities of each product (harmonization does not necessarily mean that all products are the same)

Life cycle and Carbon Footprint

Lifecycle approaches features

Ability to quantify the potential environmental impact;
Based on international standards;
Ability to communicate the results obtained in a transparent and robust manner;
Ability to identify where to improve, for efficient use of resources (even economical!);

The Carbon Footprint (CF) is one of the life-cycle tools, with a focus on climate issues

CF is an excellent access tool for businesses to evaluate potential environmental impacts, and robust tools and data are needed to enable companies to internalize analysis in business management

Markets ask organizations to measure with these tools

The global market for low carbon goods and services is estimated at € 4.2 trillion. The market share of European companies is 21% (UK Department for Business, Innovations and Skills, 2012)
Environmental impacts are the third major factor in purchasing choice for consumers after quality and price (Eurobarometer)

The ability to demonstrate knowing and measuring the environmental aspects of products is infact an element of competitiveness on the market

From CF to the environmental footprint: why and what is concerned?

Extension of the analysis to a wide spectrum of environmental impacts

What advantages in addition to those for CF?

- Avoid the shift of impacts amongst the life cycle phases and amongst the various environmental aspects;
- Identify opportunities for eco-innovation in a broader range
- Support the attribution of responsibility, value, and information to the various value chain actors

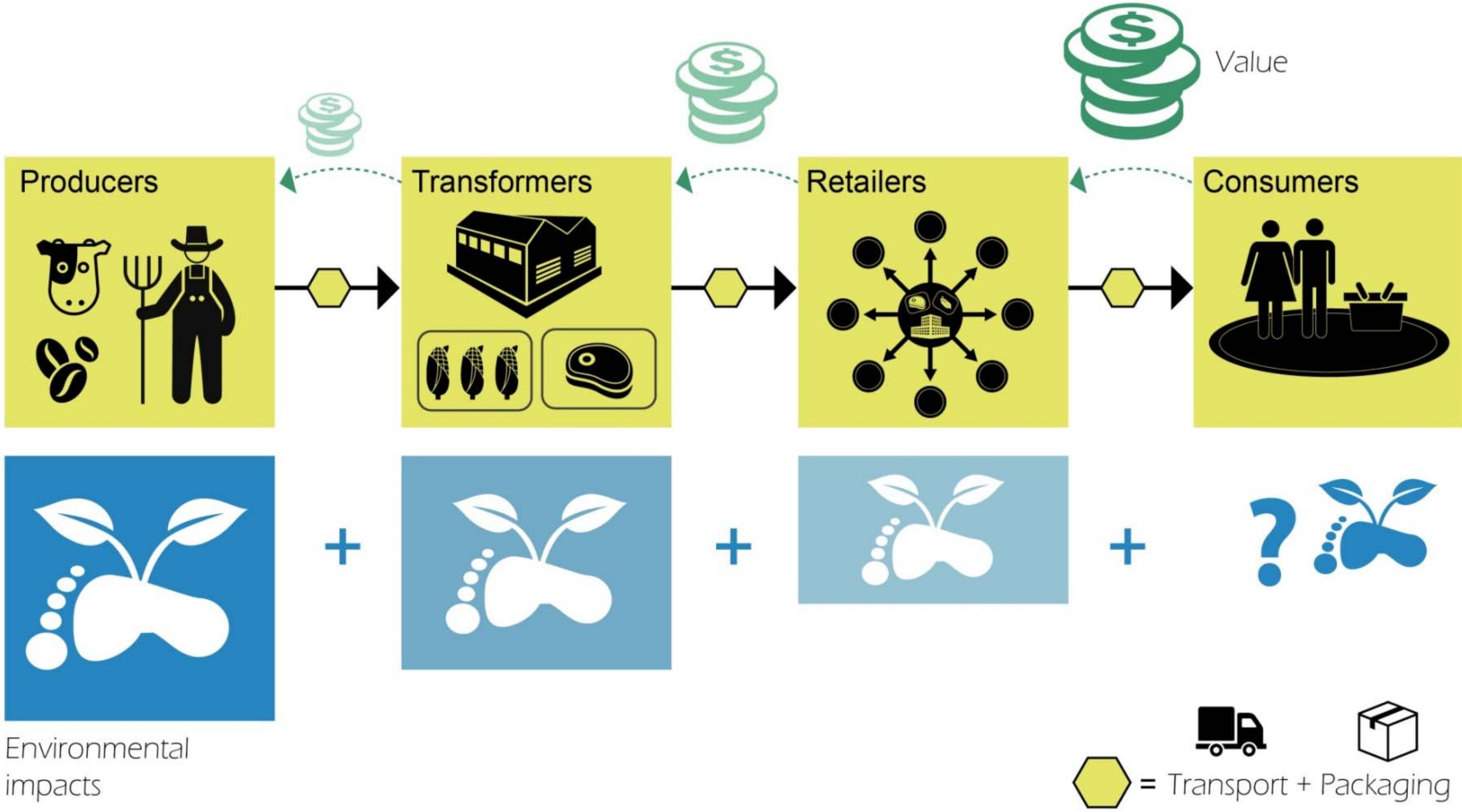
Which drivers?

- EC Recommendation on the use of common methodologies for measuring and communicating the environmental performance of products and organizations (PEF and OEF)
- Made Green in Italy - Voluntary national scheme for the assessment and communication of the environmental footprint of products (L. 221/2015 Green Economy)
- To compete on the basis of equal rules for everyone

In which way?

Product Environmental Footprint - PEF

Responsibilities and value chain



WHAT IS PEF: Product Environmental Footrprint

LCA harmonized with more detail technical specifications and the adoption of specific rules by product category or industrial sector

The rules have been developed by the market (51% present at EU working tables) and will apply to anyone who wants to evaluate and communicate the results of a PEF study

Pilot phase on 24 products / sectors ends in December 2017

Second phase of experimentation to new product groups and sectors and start of discussion on use in European environmental policies: 2018-2020

European associations are already applying

2021: Implementation of PEF and OEF in European Policies (eg GPP, Ecodesign, Ecolabel, EMAS, Environmental Statements, etc.)

Among the different member states, Italy and France are promoting PEF in their national context

Organizations are already applying it, and not just in Europe

Product groups involved in the pilots

1st wave of pilots

- Batteries and accumulators
- Decorative paints
- Hot & cold water pipe systems
- Liquid household detergents
- IT equipment
- Metal sheets
- Non-leather shoes
- Photovoltaic electricity generation
- Stationary
- Intermediate paper products
- T-shirts
- Uninterrupted power supplies
- Retailer sector
- Copper sector

2nd wave of pilots

- Leather
- Thermal insulation
- Beer
- Coffee
- Fish
- Dairy products
- Feed
- Meat
- Pet food
- Olive oil
- Pasta
- Wine
- Packed water

Interreg Mediterranean

Projet cofinancé par le Fonds européen de développement régional

PEFMED

PEFMED

Uptake of the Product Environmental Footprint across the MED agrofood regional productive systems to enhance innovation and market value

A territorial-based approach to agrofood sustainability

PEFMED represents the 1st verification in Europe of the PEF standards within given territorial domains and respond to the need to ensure supporting actions to raise green innovation in the Mediterranean agrofood context

Following the results of the 2nd wave of pilots conducted by EC in 2014-2015, the overall objective of PEFMED project is to test the applicability of the new EU Product Environmental Footprint method (PEF) for some specific product groups in 9 MED agrofood regional systems (clusters & supply chains), with the final aim of:

-foster targeted systemic ecoinnovation interventions to green the agrofood sector;

-raise the market value of PEF-compliant productions;

-galvanize the Smart Specialization Strategies (RIS3) goals related to innovation in agrofood & industrial production

Do not confuse Analysis with Communication!

- The PEF analysis is complete and detailed on a broad set of indicators that support the identification of improvement processes
- Communication can be made on a small number of environmental categories, based on their relevance (identified by weighting)
- The development of rules for different product categories has been a long process, but it is not necessary to confuse the “scope” with the “means”
  1. The process helped identify the opportunities for simplification for organizations that want to apply PEF
  2. Significant cost reduction for companies
  3. From a PEF study, it is possible to extrapolate different contents, in response to the different needs and to the demands of the market concerned

Final remarks

CF is an excellent entry-level tool for businesses in the field of environmental impact assessment with lifecycle optics

- The next step in CF is represented by PEF, and both the European and national contexts are fertile ground

  Opportunities to enhance your products

  Opportunities to improve

  Opportunities to compete → **Retail requires its suppliers to manage the environmental impacts of products**

It will be easier for companies to conduct a PEF study (available templates and data)

2018-2020 second phase of European testing on PEF, with the possibility to evaluate new products, including in the food & beverage sector

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