

Sustainable Business Practices in the Food Sector: Developing a corporate action framework for SDG alignment



The food sector confronts significant challenges regarding sustainable development. It both contributes to, and suffers from, environmental degradation, especially human-induced climate change and deforestation. It also works closely with farming communities, often providing livelihoods and incomes, but sometimes becoming enmeshed in land grabs that undermine community rights and wellbeing. It feeds a growing population but also contributes to the epidemics of obesity and metabolic diseases, while chronic malnutrition has been worsening in recent years.¹ In short, the food sector is central to economic, social, and environmental objectives, and requires the highest standards of performance to fulfill the objectives of sustainable development.

A number of frameworks, guidance documents, and standards have aimed to create guidelines for more sustainable practices in the food industry. Yet, these standards, reporting frameworks and analytical tools fall short of an industry consensus, or a holistic, comprehensive framework for responsible practices in the food sector. Some investors continue to push for profits over responsibility, trying to force company management into behavior that ignores socio-environmental impacts in the supposed interest of shareholders. Moreover, there remains a disconnect between conversations around responsible land use practices, health and nutrition, climate change, and the role of the private sector, despite the interdisciplinarity of food systems and the necessary transformations. Finally, the existing guidance documents on responsible investment in agriculture and food systems do not yet provide explicit guidance on alignment with the Sustainable Development Goals (SDGs).

When it comes to corporate contributions to achieving the SDGs, current practices that allow for company self-reporting of sustainability performance, coupled with the diverse scope of the SDGs and associated targets, have allowed companies to cherry pick their preferred reporting criteria while ignoring less convenient SDGs.² In terms of financial products, “SDG-aligned investing”—and the corresponding tools and funds—still take vastly different approaches to definitions, function, and even purpose.

For these reasons, the UN Sustainable Development Solutions Network (SDSN) and the Columbia Center on Sustainable Investment (CCSI) are developing a **conceptual framework to define SDG-aligned business practices in the food sector**. One goal is to bring coherence and rigor to SDG measurement, reporting, and tools. Another goal is to ensure that such frameworks enable highly responsible SDG-oriented companies to differentiate themselves clearly from peer companies that aim to pursue business as usual behind a thin veneer of SDG engagement.

¹ FAO. “The State of Food Security and Nutrition in the World 2019.” (July 2019).

² UN Global Compact. “Integrating the SDGs into Corporate Reporting: A Practical Guide.” (Aug. 2018). 8. https://www.unglobalcompact.org/docs/publications/Practical_Guide_SDG_Reporting.pdf; Antonio Vives. “Businesses’ SDG Contributions: Legitimate or Greenwashing?” Triple Pundit. (Dec. 19, 2017). <https://www.triplepundit.com/2017/12/businesses-sdg-contributions-legitimate-greenwashing/>; Sebastien Smith. “Business’ Approach to the Sustainable Development Goals: Self-Interest and Cherry Picking.” Medium. (Nov. 22, 2016). <https://sustainabilityx.co/businesss-approach-towards-sustainable-development-goals-self-interest-and-cherry-picking-752ace93351e?gi=13d07a251119>.

The SDSN-CCSI conceptual framework for responsible corporate practices in the food sector will consider business sector alignment with sustainable development based on four pillars:

1. Product lines.	Addresses the impact of products and services on human wellbeing and the planet's sustainability. Are product lines healthful and product use conducive to wellbeing and supportive of the living standards and life goals of consumers?
2. Sustainable operations.	Considers the environmental and social impacts of the business and its operations, including resource use (land, water, energy) and emissions, respect for human rights, and decent work conditions.
3. Sustainable value chains.	Reflects the company's role in and responsibility for the broader ecosystem of which it is part, its interaction with its supply chain, producers, parallel industries, and consumers. How does the company collaborate to promote, incentivize and ensure more sustainable practices and better livelihoods in its value chain?
4. Good corporate citizenship.	Refers to how companies are governed internally, and how they engage externally. In both of these areas, it assesses whether companies encourage and reward conduct that strives to internalize externalities, and whether companies value and do not undermine the crafting and effective deployment of law and policy that advances inclusive sustainable development.

These four pillars will be applied to the food sector, using up-to-date evidence and data and policy guidelines regarding each of the four pillars. Relevant best practices and standards specific to food and agriculture, as well as expertise in ecological sciences, nutrition, health, agriculture, corporate governance, and law, will be incorporated. For all pillars, the consistency of business practices with the Sustainable Development Goals (SDGs) will be specifically examined.

SDSN-CCSI are:

- analyzing existing initiatives, efforts, frameworks, and tools that focus on responsible corporate practice in the food sector and on SDG-aligned practices more generally, and consulting with investors, companies and other key actors to identify gaps and needs regarding corporate alignment to the SDGs;
- bringing together approaches and evidence from diverse communities of practice, such as food systems, ecological sciences, health and nutrition, the food sector, and the private sector more generally, to bring coherence and comprehensiveness to SDG alignment of the sector.
- creating a conceptual framework to guide our understanding of what it means for food companies to be SDG-aligned;³ the proposed output will be a 'living document,' so that as issues emerge, they can be considered within the framework.
- analyzing the implications and applications of that framework both for corporations and their range of stakeholders, and for financial institutions and asset managers;
- developing implementation principles and guidance for the range of corporate stakeholders, including policy-makers, consumers, employees, and host communities. The purpose of this framework will be to ensure that the resulting tool/standards are actionable and can be used by the target stakeholders to adapt their operations or activities.

While the analysis and preparation of standards will extend into 2021, preliminary evidentiary support and analysis was presented for discussion at the High-Level Political Forum on the SDGs at the United Nations in September 2019.

³ Alignment with the SDGs inherently requires alignment with other best practices that have been set out in guidance and standards before the SDGs were developed.