



Food and Agriculture Organization  
of the United Nations



European Bank  
for Reconstruction and Development



## Toolkit for strengthening sustainable retail value chains through quality labels

Supporting the development of sustainable food retail value chains  
through customer engagement, quality programmes and local  
partnerships delivered through standards and labelling initiatives



With the support of

**3keel**

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# FOREWORD

## Creating shared value in retail value chains through product labels and brands

Addressing the sustainability of the food system will make a significant contribution to meeting global sustainability ambitions as outlined in the 2030 Agenda for Sustainable Development. In particular, the Sustainable Development Goals 12 (SDG12) focuses on production and consumption and includes a specific target on “adopting sustainable business practices and reporting”. There is broad consensus by Governments that the SDGs can only be achieved with the involvement of the private sector working alongside public institutions, the UN system and other international institutions, local authorities, civil society, as well as the scientific and academic community. Thus, Governments in the Post-2015 declaration “... call on all businesses to apply their creativity and innovation to solving sustainable development challenges”.

Achieving sustainable business practices includes adopting supply chain management practices that create and protect long-term environmental, social and economic value for all stakeholders involved, while ensuring profitability and responding to market needs. Many food business operators are keenly interested in finding efficient ways to pursue sustainable food supply practices and inform consumers about the qualities of the products that they sell. On the other hand, consumers actively seek detailed information about products that have features serving their health needs and are consistent with their values. As a result of these varied interests, a number of public and private initiatives have started communicating sustainability-related information about food to consumers, introducing labels and logos both in-store and on-pack. Standards and certifications have been increasingly adopted by companies to demonstrate the sustainability performance of their value chains or final products in specific areas.

In particular, food retailers play a key role along the value chain in that they can leverage local partnerships and customer engagement. Food retailers are held responsible for the products that they offer and for the sustainable behavior of their suppliers, acting as gatekeepers between producers and consumers. Adopting this position, retailers can influence the behavior of their supply chain partners and their customers. They can help incorporate sustainability along their supply chains, for instance by enhancing changes in production processes (e.g. transport, storage and packaging) and consumption patterns with regard to economic, social and environmental issues. Some retailers have also started creating their own sustainability labels and logos, assuming the communication to consumers. Addressing SG12 provides also an opportunity for business.

In recent years, the Food and Agriculture Organization of the United Nations (FAO) and the European Bank for Reconstruction and Development (EBRD) have been collaborating to strengthen sustainable value chains in the countries where they operate. As highlighted in EBRD’s Agribusiness Sector Strategy 2019-2023, in order to achieve higher productivity and added value, investments supporting innovation, product quality and safety and standards are required.

This FAO-EBRD publication is intended to serve as guidance for retailers and help the decision-making process leading to pursuing, adopting or creating sustainability standards or labels. It addresses sustainability as a competitiveness factor along the value chain, assessing how the efficient implementation of sustainability labels and schemes can help business models achieve inclusive and efficient value chains. It explores what are key business challenges and benefits of investing in more sustainable food retail value chains. It also explores the role of food business operators, and in particular retailers, in accelerating the sustainable transition of food systems. Furthermore, it provides examples of best practices, identifying critical points for success and issues that should be addressed through the label/brand development and consumer communication process. Moreover, it highlights specific lessons learned and experiences from a total of four retailer case studies exploring practical examples of retail label development and implementation.

Natalya Zhukova, Director  
Agribusiness Team of the European Bank for Reconstruction and Development (EBRD)



# About this toolkit

## Retail labels and brands: sustainability through local partnerships and quality programmes

Guidance for retailers on designing and developing customer-facing programmes

Environmental and social responsibility has become a strategic imperative for businesses. The UN Sustainable Development Goals highlight the myriad issues that are driving more responsible supply chains whilst exposing the significant contribution our food system plays in the delivery of a better future for our world.

Retail companies operate in a unique position within the food system, being neither the producer nor consumer of products but nevertheless being a critical influencer for how both of these activities take place. The role of the retailer within a sustainable retail value chain is to support the development of responsibly produced products whilst encouraging and communicating with households as to how their purchases can align with their values.

The most sustainable food retail value chains are delivered through three interdependent strategies that are underpinned by strong value chain governance:

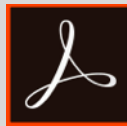
- **Local partnerships** – engaging, supporting and working with suppliers, stakeholders and customers to support the delivery of more sustainable value chains.
- **Quality differentiation** – providing responsibly produced products increases the value proposition to customers by enabling them to support the delivery of economic, social, and environmental outcomes.
- **Customer engagement** – communicating product, brand and business initiatives and performance to demonstrate action, impact, and opportunities.



# About this toolkit

This document has been produced to provide practical guidance for retailers on how they can develop more sustainable value chains from concept to launch. The document presents key considerations and suggests approaches to everything from creating the business case for labels – through to scoping, implementation and communicating claims to customers (see section headers, right). Businesses can use the toolkit to engage their teams and suppliers in the process and identify useful resources that can support the step-by-step plan to implement a variety of potential initiatives.

## Toolkit navigation



Download at  
[Adobe.com](https://www.adobe.com)

- This toolkit doesn't need to be read cover-to-cover – it is designed so that users can dip in and out of sections
- Each section contains a summary and a key resources page that contains useful links to other information and data that can support your activities
- The PDF has interactive navigation and external hyperlinks. To use this functionality open file in Adobe PDF reader (which can be downloaded by visiting [www.adobe.com](https://www.adobe.com) )



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## Further information

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or EBRD Agribusiness team at [agribusiness@ebrd.com](mailto:agribusiness@ebrd.com)

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# Introduction

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Driving sustainability through labels, brands and local partnerships

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# Section 1 contents

## Introduction to sustainable retail value chains

This section introduces the concept of sustainable retail value chains and explores why businesses are adopting labels and brands to support continuous improvement.

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### **Sustainable retail value chains**

What are they and why does it matter to retail businesses?

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# 1.1 Sustainable retail value chains

## Sustainability: a strategic issue for 21<sup>st</sup> Century retail businesses

**Addressing environmental and social issues has become a strategic issue for retail businesses wishing to remain competitive, retain customers and demonstrate prudent risk management to investors and policymakers.**

Aside from providing a basic human need, the food system's role as a major employer and user of natural resources means that addressing its sustainability will make a significant contribution to meeting global sustainability ambitions. More than half of the [United Nation's 'Global Goals'](#) would be supported through improvements to the sustainability of the food system (see figure, right).

This document provides you with an introduction on how to leverage local partnerships and customer engagement to deliver more sustainable retail value chains.

**Figure:** Food system linkages to UN Sustainable Development Goals



# 1.1 Sustainable retail value chains

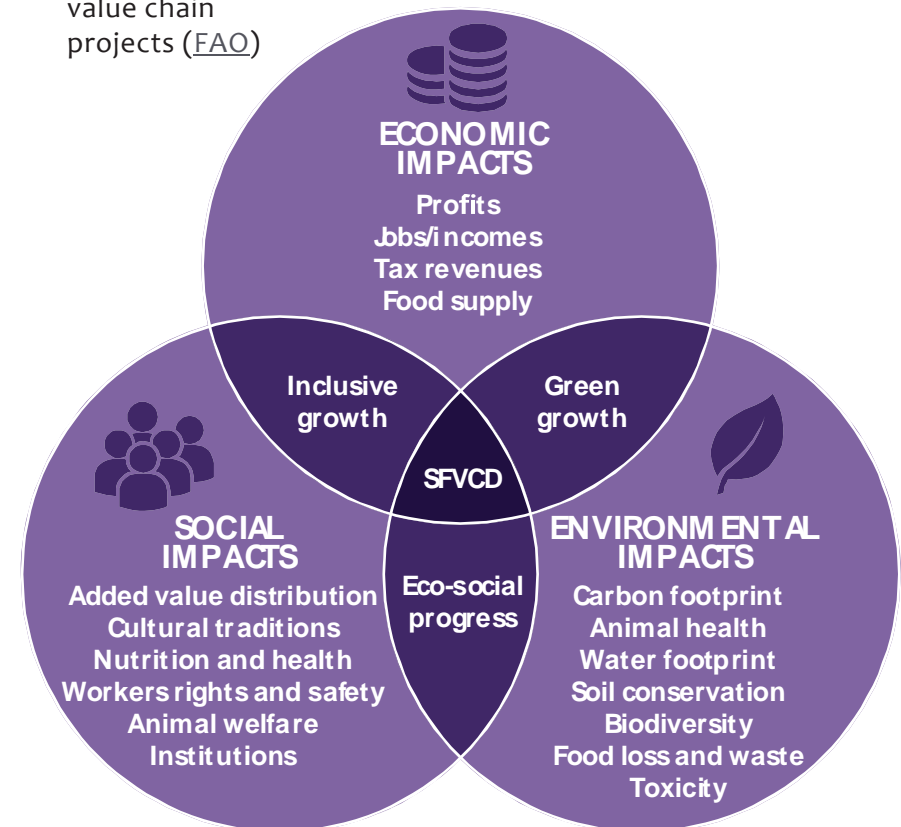
## Definition

A sustainable food value chain is “the full range of farms and firms and their successive coordinated value-adding activities that produce particular raw agricultural materials and transform them into particular food products that are sold to final consumers and disposed of after use, in a manner that is profitable throughout, has broad-based benefits for society and does not permanently deplete natural resources” (FAO, 2014). The concept of sustainable food value chain provides the framework for sustainable development and poverty reduction, by defining it, ideally as a food value chain that:

- is profitable throughout all of its stages (economic sustainability);
- has broad-based benefits for society (social sustainability); and
- has a positive or neutral impact on the natural environment (environmental sustainability).

Within this guidance it is important to note that sustainability is considered as a pathway (not a state) and supports companies in taking further steps on that journey – regardless of their starting points. For example, a company early on that journey may focus on activities that have a clear short-term business case with indirect sustainability benefits in a small number of areas. For example, a retailer could commit to longer term contracts with local suppliers to support investment in better quality systems and resource efficiency.

**Figure:** Example issues addressed in sustainable retail value chain projects (FAO)





# 1.1 Sustainable retail value chains

## Retail opportunities to leverage partnerships, quality & customer engagement

Sustainable food retail value chains can be supported through three related strategies: building strong local value chain partnerships, investing in product quality and finally engaging with customers. These all benefit from strong value chain governance models.

### Local partnerships



The environmental and ethical issues that retail businesses face are complex and interconnected: Partnerships – within supply chains and with external stakeholders – are critical for delivering credible and effective improvements in value chain quality and sustainability.

### Quality differentiation



Investments in the sustainability of value chains can complement efforts to differentiate products and support broader product quality messaging. The added value that customers receive from quality products can support the delivery of economic, social and environmental outcomes.

### Customer engagement



Retailers are in a unique position to engage with customers. Labels, brands and the standards that underpin them have been identified as a tool for supporting the delivery of the UN Global Goals. Information technology also offers new opportunities to engage with customers.

Strong value chain governance

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# 1.1 Examples of labels

Labels cover a variety of topics that address different social expectations

Some labels address a combination of these issues. We go into more detail on the types of label and different implementation mechanisms in Section 4.

Consumers messaging topics

<b>Nutritional/ health benefits</b>		The Nordic Keyhole has been shown to help drive product development and healthier alternatives in the Scandinavian retail sector. It is used to highlight healthier products.
<b>Environment</b>	 	Labels can tell customers about the environmental performance of a product such as the France's <i>Indice Carbone</i> , or they relate to production requirements for growers, such as LEAF Marques that require the use of Integrated Farm Management principles.
<b>Food quality - organoleptic</b>		The French <i>Label Rouge</i> scheme specifies the best production and encourages the use of Integrated Farm Management principles. It also sets spec methods to ensure higher quality on final product as perceived by consumers through taste. It covers a large variety of products, mainly food but not only.
<b>Social welfare and equity</b>		The <i>Símbolo de los Pequeños Productores</i> (SPP) – small-producers' symbol, tells and guarantees consumers about democratic, self-managing organizations of small producers, and commercialization under fair conditions, in view of improving prospects for life.
<b>Origin &amp; traditional methods</b>		Labels can be used to promote and guarantee specific quality linked to origin, such as in the case of Colombian coffee, through a geographical indication (GI), protected as an intellectual property right. Specific standards define the production and processing practices as well as final product characteristics.

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# 1.1 Label characteristics

## General considerations and components of labels and standards

There are multiple types of elements that are considered during the design of product standard and label, including the following key characteristics from a review of over two hundred commonly used ones on the market in 2018:

### OWNERSHIP

The owner of the label may be a private company, non-profit organisation, or public body. Depending on the owners' interests, the requirements could be set privately and the scope for influence by other organisations may be limited.

#### Example

*Vivi Verde* is a label and brand developed by retailer Coop Italia in 2009. It relies upon existing third-party organic standards to underpin its requirements.

### STANDARD

Not all labels will have a written standard underpinning their credibility and application. Those that are developed by private sector bodies may be kept confidential leading to external uncertainty regarding their effectiveness and role in driving significant change in the value chain.

#### Example

Criteria and performance requirements for the *Small Producer's Symbol* are publicly available.

### CERTIFICATION

Some labels can be self-certified by companies whilst others require rigorous third party review and registration with a third party. High credibility labels often require some level of third party certification, which can take many forms (e.g. chain of custody traceability, operational performance).

#### Example

*Origin Green* provides a flexible framework for setting individual business targets, however it still requires external reviews every 18 months.

### AUDIENCE

Some labels or standards serve a business-to-business (B2B) purpose rather than business-to-consumer (B2C). These standards and labels are not limited to purely operational performance or food safety measures as they could also relate to 'hidden' issues that retailers wish to manage in their supply chain despite low public awareness of the challenge.

#### Example

Round Table on Responsible Soy (RTRS) is primarily recognised in B2B environments only.

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# 1.2 The business case for labels & brands

## The need for differentiation in retail to maintain a competitive advantage

Competition in the retail market is as intense as ever, leading branded label products to become a critical battleground for consumer loyalty.

Retailers are having to keep pace with changing shopping demands – in particular, they are responding to increasing demands for healthier products from more transparent, ethical and environmentally-friendly supply chains with the launch of premium products. Differentiation is also being supported through the launch of products with regional provenance that leverage consumer interests in local flavours, ingredients and recipes.

In response, retailers are seeking to address Sustainable Development Goals (SDGs) by investing in improved corporate social responsibility.

This toolkit focuses on how labels and brands can enable new product development that creates business value and at the same time increases value chain sustainability. This covers a range of opportunities ranging from provenance and quality claims through to large-scale value chain partnership programmes that include producer capacity building and enhanced environmental and ethical practices.

The business case for these sorts of initiatives is summarised in detail in [Section 3](#).



*Promoting human rights and advancing sustainability has a key role to play in the M&S transformation. It is helping make our business and our supply chains more resilient and cost effective. It has an impact on how our customers perceive the value and quality of M&S products and it matters to our colleagues.*

*Louise Nicholls, Marks & Spencer.*



See [Section 1.3](#) for the experiences of four retailers who have used standards and customer messaging to improve value chain sustainability

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## 1.3 Retailer case studies

Company experiences of using labels and brands for sustainability value chains

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As part of the development of this guidance document, four leading European retailers provided insights on their experiences of developing customer-facing sourcing initiatives focusing on quality, provenance and/or sustainability.

This section summarises some of the key benefits to retailers of adopting these approaches.

<b>M&amp;S</b> Forever Fish product label launched to shine spotlight on the business's work on seafood sourcing	<b>Bingo</b> Supporting local businesses with favourable trading terms and purpose driven marketing
<b>Carrefour</b> Developing a fair price for producers using customer engagement to develop a new brand	<b>MiGROS</b> Developing lifestyle brands to promote more sustainable production



## 1.3 Retailer case studies



### M&S

**Forever Fish** – Sustainable fish product label on all fish products alongside consumer facing campaign on marine conservation

### Bingo

**Kvalitetan Proizvod** – Supporting local producers with favourable trading terms and product placement



### Carrefour

**C'est qui le patron?! (Who's the boss?!)** – Customer-led product pricing

### MiGROS

**Good Living** – Helping customers select products that have strong environmental, social and commercial producer benefits





## 1.3 Retailer case studies



MARKS&SPENCER

Forever Fish is one of M&S's most successful labelling campaigns. The label was used to draw attention to fish sustainability and was underpinned by a robust seafood sourcing policy and activities, such as use of Marine Stewardship Council certification. The label was put on every own-brand fish product. The campaign, which was in collaboration with two conservation charities, had excellent customer reach and strong support in the business.



[Go to case study](#)



BINGO

Domestic sourcing is embedded in Bingo's way of doing business. 51% of the products on the shelves are produced domestically in order to support local producers and the wider economy. To make these products recognisable on their store shelves, Bingo has adopted the 'Kvalitetan Proizvod' label and actively promotes the use of this label with their suppliers.



[Go to case study](#)



CARREFOUR

In 2016, farmers in France began protesting low milk prices, which were causing farmers to go out of business. Carrefour teamed up with the French food waste activist group "Gueules Cassées" to develop a fair price, consumer-based milk scheme called *C'est qui le patron?* (Who is the boss?). It is run by a collective, *La Marque du Consommateur*, between activists, small dairy producers, and the Carrefour supermarket chain.



[Go to case study](#)



MIGROS

In 2013, Migros expanded its supply chain sourcing requirements to include stronger environmental, human health and animal welfare criteria to its egg and poultry products with its "Good Chicken" label, and then creating broader "Good Meat" and "Good Agriculture" labels. It is now using this brand with a range of other products, including non-food, to create a broader initiative to help its customers choose low-impact lifestyle products in a "Good Living" brand.



[Go to case study](#)

## 1.3 Retailer case studies

### Key lessons

01

#### CUSTOMER FOCUS

Be clear on customer angle from the start. Undertake customer research to understand perceptions & benefits of label. Get your marketing and PR colleagues on board early.

02

#### PRODUCER ENGAGEMENT

Suppliers are critical delivery partners.

03

#### ENSURE LABELS UNDERPINNED BY ROBUST POLICIES & PROCESSES

Claims will be scrutinised so you need to ensure you are comfortable that they are credible and can be defended.

04

#### GET INPUT FROM CREDIBLE EXPERTS AND INFLUENCERS

Researchers and civil society organisations can add a lot of value to programmes. This includes ensuring the activities are credible and deliver meaningful outcomes.

05

#### SET-UP A INTERNAL STAKEHOLDER WORKING GROUP

For the initiative to be a success you'll need early input and buy-in from a range of technical, commercial & communications teams

“

The Forever Fish programme and label was viewed very positively internally and got great traction with our customers. To protect our business brand we had to be totally comfortable that we had confidence in our policies and standards are delivering sustainable fish products.

Hannah Macintyre  
Fisheries & Aquaculture Manager  
at Marks & Spencer.



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# 1.4 Summary

## Key take-away messages for introduction section

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The first section of this document focuses on the definition of sustainable value chains and introduces the types of label that can be deployed. It highlights specific learnings from four retail case studies.

01

### **Sustainability is an increasingly strategic issue for grocery retailers**

Addressing environmental and social issues has become a strategic issue for retail businesses wishing to remain competitive, retain customers and demonstrate prudent risk management to investors and policymakers.

02

### **Opportunities for all to work on value chain sustainability – regardless of starting point**

Regardless of your business's current activities there are opportunities to build business value through customer communications on value chain sustainability.

03

### **Arrange of options are available to retailers to communicate to customers**

Customer communications can address a combination of topics including social welfare and ethics, environmental performance, health and nutrition, organoleptic quality, quality linked to origin etc.

04

### **We can learn a lot from the work of retailers who have implemented labels**

From our discussions with a range of retailers key lessons include: having a strong customer focus; collaborating with suppliers; underpin initiatives with robust policies; and get input from trusted partners.

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# 1.5 Resources & tools

Relevant reports, guidance and data to support your planning

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## Framework: UN Sustainable Development Goals

The UN SDGs are a helpful framework that businesses can use to check their activities and external communications against.

<https://sustainabledevelopment.un.org/>



## Report: SDGs mean business

A report by ISEAL and WWF outlining how standards can help deliver the UN Sustainable Development Goals.

<http://www.standardsimpacts.org/>



## Case studies: Retail label insights

As part of the development of this toolkit, four detailed case studies were developed exploring examples of retail label development and implementation.

<http://www.fao.org/technical-cooperation/investment-centre/en/>



## Guidance: Inclusive Business Models

UN FAO guidelines for improving linkages between producer groups and buyers of agricultural produce.

<http://www.fao.org/3/a-i5068e.pdf>



## Guidance: Guidance for Responsible Agricultural Supply Chains

A guidance report developed by OECD and FAO providing support to companies in ensuring that their operations do not lead to adverse impacts and contribute to sustainable development.

<http://www.fao.org/economic/est/issues/investment/guidance/oecd-fao/>



## Partnership: Retail Horizons

A multi-year project led by the Retail Industry Leaders Association and Forum for the Future to help retailers take action on sustainability by providing for practical tools around current and future scenarios in the retail environment.

<https://www.forumforthefuture.org/project/retail-horizons/overview>



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# Building the business case

02

Assessing the benefits of adopting new supplier practices

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# Section 2 contents

## Building the business case

This section introduces some useful concepts and tools that can be used to develop a business case for action. These can be drawn upon at all stages of the process and are likely to be returned to as the programme evolves. To jump to a sub-section click the titles below.

2.1

### **What is a business case ?**

What are the options open to retailers? How does a business decide what will deliver the most value?

2.2

### **Business value drivers**

Linking your business case to basic business drivers: productivity; growth and risk

2.3

### **Types of business case data**

The sorts of information that can be used to support the development of a business case

2.4

### **Summary**

Key take-aways from section

2.5

### **Resources & tools**

Additional sources of information to support the scoping and planning process

**Intangible business values:** More than half the US\$4 trillion value of retail enterprises is locked up in “intangible” assets such as brand reputation ([Global Intangible Finance Tracker](#))

## 2.1 What is a business case?

### Demonstrating standards, claims and brands deliver business benefits

A ‘business case’ is a frequently used term that has many meanings and definitions. In the context of developing retail standards, claims and brands, it is important to be aware of some of the elements of a good business case – and also some of the challenges you will face when quantifying it.

#### Elements of a good business case

A good business case is one that is carefully designed to fit a specific set of circumstances and objectives:

1. It is closely aligned to the **strategic** goals of your company. If there are relevant corporate commitments or targets, can you support them through your project?
2. Clear and compelling explanation of how the net benefits will support one of three broad business value drivers: improving **productivity**; business **growth** and mitigating **risks** (see chart on next page).
3. A clear understanding of the business case **audience** and their interests. It can be helpful to identify an internal ‘champion’ who can help guide your choices.
4. Ultimately it must contain **compelling evidence and analysis** to convince decision-makers that adopting the proposed changes will deliver net benefits.

#### Key issues to be aware of

When developing a business case for activities that increase retail value chain sustainability through labels and claims it is important to be aware of the following:



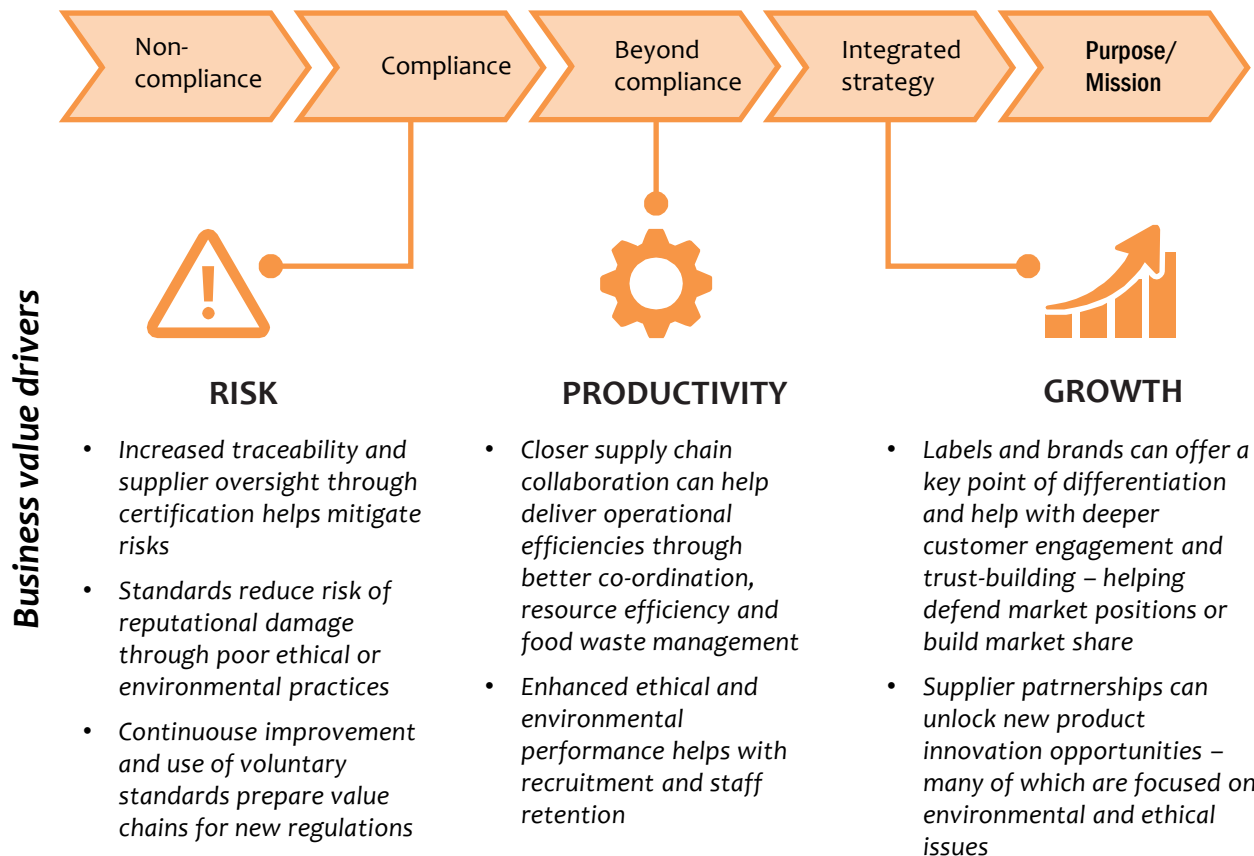
- Some of the most **important benefits are likely to be intangible** and/or hard to predict. For example, working with suppliers to improve standards can increase resource efficiency, but the cost savings to your business will be hard to quantify. Activities that offer good brand protection benefits similarly are hard to put hard numbers on. This makes your choice of evidence much more important (see [Section 3.3](#)).
- Linked to the above point, **the benefits of investing in more sustainable retail value chains will therefore likely be more strategic and longer-term**. For this reason, getting senior sponsorship for a project will make the task much easier.



## 2.2 Business value drivers

The use of partnerships, labels and standards can benefit businesses at all stages of the corporate sustainability journey (see diagram below). When developing your business case you should consider which of these areas are of most relevance to your situation and audience.

**The stages of corporate sustainability journey**



## Examples

### Market GROWTH

Unilever's Sustainable Living brands grew more than 50% faster than the rest of the business ([Unilever, 2017](#))

There's been a 321% increase in the number of food products labelled with ethical and environmental claims between 2011 and 2015 ([Agriculture and Agri-Food Canada, 2016](#))

### Value chain PRODUCTIVITY

53% of studies examining the use of standards in supply chains reported increases in profitability over the long term ([ISEAL, 2017](#))

### RISK management

Almost three quarters of millennials and "generation Z" are willing to spend more money on personal care products that are from companies that are environmentally friendly and socially minded ([AT Kearny, 2017](#))

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## 2.3 Types of business case evidence

### From qualitative arguments to detailed cost-benefit analyses

A ‘business case’ is a frequently used term that has many meanings and definitions. In the context of developing retail standards, claims and brands, it is important to be aware of some of the elements of a good business case – and also some of the challenges you will face when quantifying it.

Increasing complexity ↓	Evidence type	Description	Example	Comments
	Qualitative arguments	Logical but <i>unquantified</i> arguments draws on existing data	<i>“Implemeting new standards will help us address risks of ethical and environmental bad practice damaging our reputation”</i>	This is the simplest type of evidence, but also the least likely to sway decision-makers
	Competitor benchmarking	Showing how your company compares to others	<i>“80% of our competitors have already developed product lines with sustainability claims”</i>	This can be a simple but effective way of demonstrating that a business is at risk of being left behind
	Case studies	Examples of business benefits seen by other retailers	<i>“We have seen 5% year-on-year growth in products with sustainability claim. They are now worth € 100M”</i> . See <a href="#">Section 1</a> for some case studies	To be most effective this need to be companies operating in similar markets
	Key performance indicators	A quantified measure of business benefit	<i>“Companies that have adopted the standard have seen a 5% drop in quality rejections”</i>	To be most powerful these need to resonate with your target audience
	Investment costs	Quantification of implementation and running costs	<i>“The programme will cost €200,000 in staff time to implement and then €50,000 per annum for fees and administration costs”</i>	Being clear on costs helps decision-makers even if the benefits are more intangible/strategic
	Cost / benefit analysis	Quantification of the costs and benefits over time period	<i>“Implementing the standard would have a payback period of 2.5 years and a Net Present Value of €4m”</i>	For a full examination of cost benefit analysis see guidance documents referenced in the <a href="#">Resources page</a> of this section

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## 2.4 Summary

### Key take-away messages for this section

The section of this document provides an overview of the business case for implementing a label programme. It talks in general terms about how to frame the business benefits with key internal stakeholders.



PRODUCTIVITY



RISK



GROWTH

01

**Business cases must be aligned to strategy & deliver value**

A good business case is one that is carefully designed to fit a specific set of circumstances and objectives. Key 'value drivers' to focus on are: business growth (e.g. new customers); productivity (e.g. better engaged employees); and risk mitigation (e.g. protection of brand & raw material supply).

02

**A business case needs a strong narrative and careful tailoring**

A business case is unique to the organisation and the target audience. A supply chain director in a discount retailer will have very different interests to a marketing director at a high-end grocer.

03

**Six different types of evidence can support business cases**

Regardless of the audience, six different approaches are commonly used – often in combination. These range in complexity from the simple (such as qualitative arguments, competitor benchmarking and case studies) through to the more complex (for example detailed cost / benefit analysis)

04

**Senior buy-in and support is critical to ensure success**

In many instances it will be very challenging to calculate a robust cost/benefit analysis that passes detailed scrutiny. The benefits of more sustainably supply chains can often be intangible and long-term. Because of this it is important to get senior buy-in from strategic decision-makers.

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## 2.5 Resources & tools

Relevant reports, guidance and data to support your business case development

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**Guidance:** The business case for sustainable commodities

Guidance developed for global environmental charity WWF on how to develop and communicate the business case for sustainable commodities.  
<http://www.panda.org>



**Review:** The business benefits of using sustainability standards

Review funded by ISEAL into the benefits of standards seen by different types of business – including retailers.

<http://www.standardsimpacts.org/>



**Book:** HBR Guide to Building Your Business Case

Harvard Business Review short booklet outlining the guidance and tools you need to make a strong business case. Includes details on cost benefit analysis methodologies.  
<http://hbr.org>



**Guidance & tool:** The Value Driver Model

A model & toolkit from the UN Global Compact offers companies a simple and direct approach to assess and communicate the financial impact of their sustainability strategies.  
<https://www.unglobalcompact.org/>







# The label & brand development process

03

From scoping to communicating

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# Section 3 contents

## The label & brand development process

This section introduces the key strategic options open to retail businesses and summarises the key steps to developing a label or brand. These are expanded on in later sections. To jump to a sub-section click the titles below.

3.1

### Overview of label/ brand development process

What are the key steps in developing and implementing a label or brand?

3.2

### Scoping & prioritisation

Decide which value chains and issues to focus on. What will be communicated to customers?

3.3

### Strategic options

What are the options open to retailers? How does a business decide what will deliver the most value

3.4

### Adopting or adapting existing mechanisms

Should you adopt, adapt or develop your own standards and mechanisms?

3.5

### Summary

Key take-aways from section

3.6

### Resources & tools

Additional sources of information to support the scoping and planning process



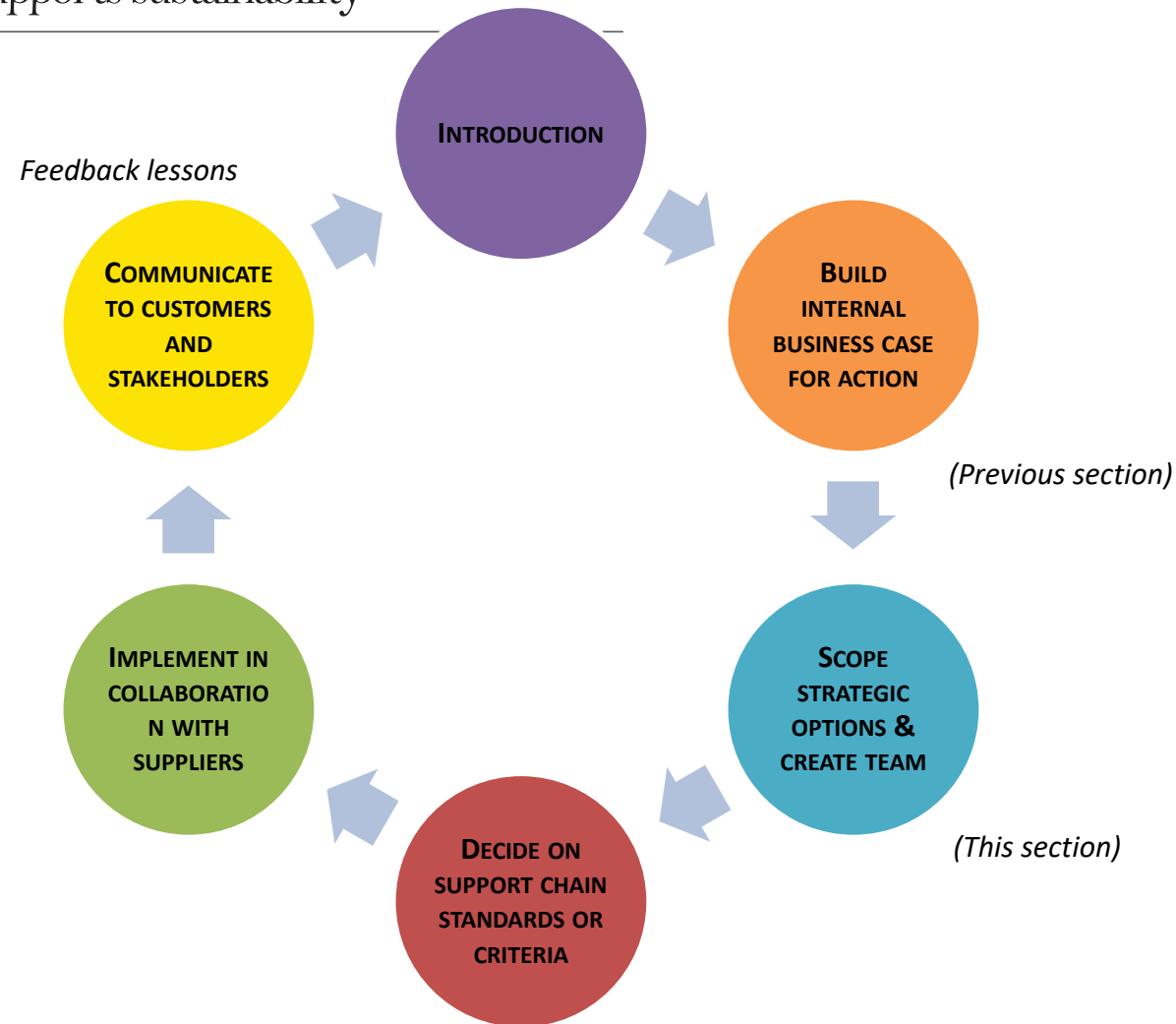
## 3.1 Overview of development process

### Key stages in developing a label or brand that supports sustainability

There are five steps that businesses need to go through to successfully develop and roll-out a label or brand that helps deliver improved value chain sustainability (see figure, right).

These steps are expanded upon in subsequent sections of this toolkit. On the pages that follow we explore best practices in scoping opportunities and building the right team. Although these are shown sequentially, the process can be iterative.

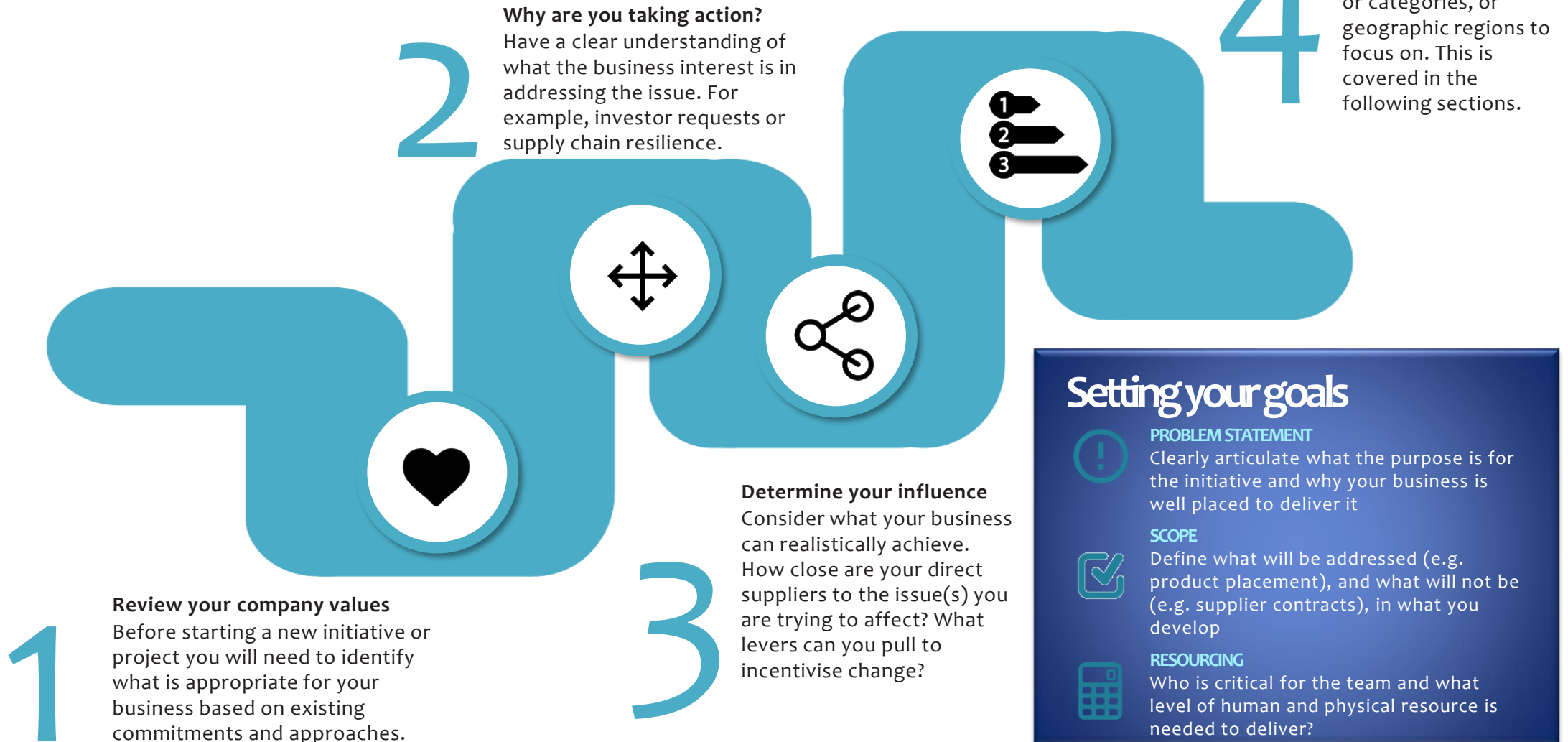
It is important to note that this toolkit focuses on the elements of the process that are unique to supporting improved value chain sustainability. It does not provide generic advice on brand development and marketing. For this reason, it is critical to get marketing teams engaged early in the process so they can ensure that new products and claims align with wider business marketing strategy.



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## 3.2 Developing an approach

Identifying what is right for your business



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## 3.2 Prioritising value chains

Create short list of products and raw materials to investigate

One of the first tasks following an alignment of your vision and principles with the desired for an initiative is identifying where you should focus. The case for attention is influenced by three things: the nature of the value chain; your company's situation; and the state of the operating market. The more of the criteria below that are relevant to a value chain, the greater the case for working with value chains to increase sustainability through the use of standards & labels.

### NATURE OF VALUE CHAIN

- You have a high degree of influence over value chain e.g. own-label products, fresh produce
- You have existing strong local relationship with suppliers and growers
- Raw material quality make significant contribution to overall product quality
- The product or raw material is commercially important to your business
- Production of products or raw materials is concentrated in a few countries or companies

### YOUR COMPANY SITUATION

- You have limited flexibility for sourcing raw materials
- There is considerable opportunity to gain market share
- You have the potential to take a leadership role and influence value chains (without any market power it is harder to influence practices through value chains)
- You have already made public commitments on sourcing or sustainability in related value chains

### OPERATING MARKET CONDITIONS

- Products and related sustainability issues are of significant customer and stakeholder concern
- Many supply risks exist in value chains due to sourcing location or nature of raw materials e.g. climate risk, ethical risk, etc.
- Existing risk management tools within the business or market are immature

## Prioritising value chains

01

### BACKGROUND RESEARCH

Use sales data, research and criteria, left, to identify categories with good potential for launching initiative.

02

### CONSULT CATEGORIES AND SUPPLIERS

Gauge capacity & appetite for action. Identify potential supplier partners and key challenges/opportunities

03

### DEVELOP PROPOSED SHORT LIST

Create set of options with pros/cons. Include case study examples and potential partners to engage

04

### WORKSHOP TO DISCUSS OPTIONS

Develop and deliver workshop with technical and commercial colleagues to identify favoured options

05

### GET SIGN-OFF FOR NEXT STAGE

Summarise group recommendations and get sign-off from relevant staff. Include proposed next steps

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## 3.2 Identify priority issues

Using materiality assessment to prioritise what issues to focus on

---

Having identified the value chains of most interest, you need to understand which issues should be addressed through the standard and consumer communications. There is no ‘right’ answer for this. You will need to balance what is known about the importance of issues within the value chain and the expectations of important external stakeholders, e.g. customers, investors, policymakers and civil society organisations.

A commonly used framework for prioritising which issues to look at is a *Materiality Assessment*.

### **Materiality assessment – from the Global Reporting Initiative**

A materiality assessment – or determining what is most relevant and important to your business - has become a key part of integrated corporate reporting.

The Global Reporting Initiative provides guidance on [how to apply this principle](#). Generally, businesses will go through the following five steps to develop a materiality matrix (see Danone example):

1. Issue identification
2. Issue prioritisation
3. Stakeholder engagement
4. Internal validation
5. Strategic alignment

This approach is popular with companies as it ensures the issues that are prioritised balance the competing needs of different stakeholders, are of financial relevance, and pursue activities that deliver meaningful environmental and social outcomes.

The [Global Reporting Initiative](#) (GRI) is an international, independent, non-profit standard-setting organization based in the Netherlands. It supports businesses, governments and other organizations to understand and communicate their impacts on critical sustainability issues such as climate change, human rights, governance and social well-being.

See for example the *Danone Materiality matrix* at <http://iar2017.danone.com/performance-in-2017/materiality-matrix/>



## 3.2 Decide what to communicate

### From quality and origin to environmental performance

---

Standards and labels have become one of the primary methods for communicating specific quality and production characteristics to consumers. In addition to regulated labels, retailers use make claims about one or more of five key characteristics of products. These sorts of claims can be used as part of retail programme to increase the sustainability of the organisation's value chains.

#### Nutritional/ health benefits

Health concerns continue to be a mega trend that is driving product launches. A [recent review](#) of health claims found 26% of foods carried at least one nutrition, health-related ingredient or health claim. The vast majority are text-based claims, no logos.

**Example:** [Nordic Keyhole](#)

#### Food quality - organoleptic

These standards and labels specify minimum standards of certain food characteristics e.g. taste, flavour, appearance.

**Example:** The French [Label Rouge](#) guarantees eating quality through best production practices. The [Serbian Quality Label](#) differentiates high-quality food products made from local raw material with specific qualities, such as meat.

#### Environmental standards

These systems encompass labels that tell customers about the specific environmental *performance* of a product or they are underpinned by a set of production criteria that producers adhere to (social and environmental, including animal welfare). These are developed by governments, independent bodies or retailers themselves.

**Example.:** [LEAF Marque](#), [Ukraine Green Crane](#) ecolabel for foods

#### Social welfare and equity

These concern ethical behaviors among value chain stakeholders including: taking into account the rights of employees and more generally international human rights and respects, providing them with a safe and healthy workspace, ensuring trading partnerships based on dialogue, transparency and respect.

**Example:** [Fairtrade](#), [SPP small-Producers' symbol](#)

#### Origin & traditional methods

This type of labels encompass claims about the provenance of the product ingredients and/or manufacture, and labels about specific quality linked to the production origin (geographical indication), in this case combining with a specific standard on production practices and organoleptic quality of final product.

**Example:** [Piedmont Grown](#); [Idaho potatoes](#); [Café de Colombia](#);

## 3.2 Create internal working group

Getting input and buy-in from key business functions

Getting the right project team in place is crucial for these projects. Once you have identified your priority supply chains, and depending on the scope and ambition, you will need input and buy-in from many different business and supplier functions over the course of the process. The figure, right, shows some of the key stakeholders and their likely interests. Based on an initial review it is sensible to set-up a core working group that is responsible for delivering the work. This group can draw on additional input, as needed.

In addition to these *internal* functions you will have external stakeholder group e.g. suppliers, producers, technical experts, consultants, etc.

**Figure:** Business functions with interests in value chain projects





## 3.3 SRVCs– The basic approaches

There are four basic options open to retail businesses who wish to improve the sustainability of their value chains – each have different pros/cons and degrees of complexity and consumer communications opportunities. At any one time, all four approaches may be used by a business. The four options are outlined below, with examples provided for Marks & Spencer. The pros and cons are outlined in more detail on the next page. **The focus of this toolkit is the use of labels, claims and brands.**

### Increasing customer engagement and complexity

#### Direct supplier codes & policies

These tend to be a set of minimum standards of business practice that *direct* suppliers agree to adhere to as part of a supply contract. These range from quality, to requirements on traceability and ethical practices. Suppliers are responsible for the actions of their suppliers. In some instances they can be used to underpin customer messaging on sourcing.

**Example:** Suppliers need to adhere to M&S Food Technical Terms of Trade and Global Sourcing Principles if they supply the company products.



#### Primary production standards

Retailers can specify in more detail production practices – including those in primary production (e.g. agriculture, aquaculture). These standards can cover environmental and/or ethical practices – or focus on quality-related aspects such as traditional methods of production. These need not be communicated actively to customers, but can be used as basis for label.

**Example:** M&S uses the LEAF Marque standard (but not label) in its fresh produce value chains to deliver against some of its 'Plan A' commitments.



#### Consumer-facing label or claim

The adoption of production standards can be communicated to consumers in product descriptions (e.g. 'organic', Geographical Indications) or by use of a label e.g. FairTrade, Marine Stewardship Council). It is important for labels and claims to be credible – a topic we explore in [Section 6](#).

**Example:** As part of its Forever Fish campaign, M&S developed a logo for its products. See more detail of this in our [case study](#) section.



#### Brand and master brands

Sustainability can be a key aspect of a retailer brand and/or the brand of a specific product category. In some cases labels or specific claims aren't used on pack – but rather sustainability, traceability, quality and supplier partnership activities are communicated as part of wider marketing efforts.

**Example:** Many of the sustainable value chain activities support the wider M&S 'master brand' e.g. standing for values such as 'responsibility'.

**M&S**  
EST. 1884

## 3.3 Pros & cons of different approaches

This table sets out some of the advantages and disadvantages of the different approaches set out on the preceeding page. It can be used by the project team to consider which options will work best for your business. This toolkit focuses on labels, claims & brands. Approaches to setting standards in value chains are covered in detail in [Section 4](#).

Mechanism	Direct supplier policies	Supply chain standards	Labels and claims	Brand
<b>Partnership opportunities</b>	<ul style="list-style-type: none"> <li><b>Low</b> – policies are cross-business and tend to focus on minimum requirements</li> </ul>	<ul style="list-style-type: none"> <li><b>Low-to-high</b> – depends on standard. Some require close supplier and producer collaboration</li> </ul>	<ul style="list-style-type: none"> <li><b>Low-to-high</b> – some labels and claims require no supplier or external partnerships e.g. organic</li> </ul>	<ul style="list-style-type: none"> <li><b>Low-to-high</b> – supplier partnerships can support a more authentic brand – although it's not essential</li> </ul>
<b>Customer engagement opportunities – including on product quality</b>	<ul style="list-style-type: none"> <li><b>Low-to-medium</b> – while these policies are intended to protect business reputations, they do not offer good opportunities for customer engagement. However, basic supplier data could be used to underpin transparency communications e.g. maps (see <a href="#">Section 6</a>)</li> </ul>	<ul style="list-style-type: none"> <li><b>Low-to-medium</b> – these can be referred to in customer communications e.g. through websites and in-store. Sometimes they are 'hidden' supply chain management activities that are used to deliver against corporate commitments</li> </ul>	<ul style="list-style-type: none"> <li><b>High</b> – implicit in the development of a claim of label is the desire to engage/inform customers</li> </ul>	<ul style="list-style-type: none"> <li><b>High</b> – the goal of brand development is increased customer engagement</li> </ul>
<b>Implementation effort (for retailer)</b>	<ul style="list-style-type: none"> <li><b>Low</b> – Suppliers agree to generic terms, who need to implement within own organizations and supply chains. The main effort involved is getting sign-off on the contents of the codes and policies</li> </ul>	<ul style="list-style-type: none"> <li><b>Low-to-high</b> – private standards require significant commitment to develop and manage – whereas public standards may be specified and implemented by suppliers e.g. organic</li> </ul>	<ul style="list-style-type: none"> <li><b>Medium-to-high</b> – at a minimum, the use of a claim on a product will require the input of technical teams. If the claim is underpinned with a private standard then this adds to the complexity</li> </ul>	<ul style="list-style-type: none"> <li><b>High</b> – full integration of value chain sustainability within the brand of an organization needs cross-business planning and will likely require significant supplier engagement to ensure credibility</li> </ul>



## 3.4 Adopt, adapt or develop solutions?

Use existing tools – or develop your own?

---

There are hundreds of standards and labels that already exist covering a range of sourcing concerns (see [Resources page](#) for links to sources). Determining which are relevant, or if you need to create a new one, is a critical stage in the process. We will look into these options and provide examples in [Section 4](#), however it is important to understand this fundamental option from the very start.

	Adopt	Adapt	Develop
What?	You adopt existing mechanism(s) managed by a 3 <sup>rd</sup> party. For example, specifying production methods sourcing from a defined region or system (e.g. organic)	You build on an existing mechanism by adding a few more requirements that are specific to your company. For example, Tesco's Nuture brand is underpinned by Global GAP	You develop your own 'private' standards or criteria and consumer communications. For example Sainsbury's Fairly Traded Tea
Pros	<ul style="list-style-type: none"><li>• It requires minimal administrative input</li><li>• It can be deployed quickly</li><li>• it builds on 3rd party system reputation and credibility</li></ul>	<ul style="list-style-type: none"><li>• You can align it more with your specific needs &amp; strategy</li><li>• At the core, you are still benefiting from a credible 3<sup>rd</sup> party standard</li></ul>	<ul style="list-style-type: none"><li>• You can tailor the requirements, branding and outcomes exactly to your needs</li></ul>
Cons	<ul style="list-style-type: none"><li>• It may not fully meet your needs</li><li>• It might have limited availability</li></ul>	<ul style="list-style-type: none"><li>• This will require some additional technical input and management from you</li><li>• Investment in communication to raise awareness and knowledge about a new logo</li></ul>	<ul style="list-style-type: none"><li>• This option requires significant investment to develop, manage, and to raise awareness and develop reputation</li><li>• Your company will be more accountable if the system does not deliver good outcomes</li></ul>



## 3.5 Summary

### Key take-away messages for this section

---

The section of this document provides an overview of the process of identifying which value chains and issues to address within a sustainable value chain programme.

01

#### **Five key stages of label implementation process**

To deliver a standards and label programme there are five basic steps: Build internal business case for action; Scope strategic options & create team; Decide on supply chain standards or criteria; Implement in collaboration with suppliers; and Communicate to customers and stakeholders.

02

#### **Prioritise value chains and issues to address**

You will need to decide which value chain and issues to address. This can be decided by undertaking desk-top research, consulting with colleagues and using criteria to identify the most appropriate value chain(s) to work in.

03

#### **There are four basic approaches to implementing**

Retailers can increase the sustainability of value chains through different mechanisms. At the most basic, supplier codes are used to underpin external claims. More advanced approaches use production standards to underpin the development of a new sustainable brand.

04

#### **Adopt, adapt or develop?**

Having identified the need for a standard of initiative it is important to undertake a review to see if a mechanism already exists in the market that you could adopt. If not, you might have to adapt an existing approach or develop one. Each approach has different advantages and disadvantages.

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## 3.6 Resources & tools



Relevant reports, guidance and data to support your planning

**Guidance:** Sustainable sourcing of agricultural raw materials. A practitioner's guide

An open source innovation tool that captures best practices and experiences of developing a sustainable sourcing strategy.

<http://sustainablesourcingguide.saipatform.org/>



**Tool: The Sustainability Consortium product hotspots**

A selection of product hotspot profiles with suggested key performance indicators. Access is provided to members of the public-private consortium.

<https://www.sustainabilityconsortium.org/>



**Tool: Global Map of Environmental and Social Risk**

Developed by the World Bank, this tool allows businesses to identify commodity risks in their supply chains and helps develop management strategies.

<http://gmaptool.org>



**Report: SDG Compass**

A report developed by GRI, UN Global Compact and WBSCD providing support to companies in aligning their strategies with the SDGs and in measuring and managing their contribution. Chapter 2 specifically focuses on ways to determine your impact and define your priority actions based on that.

<https://sdgcompass.org/>



**Example: Unilever Materiality Matrix**

Approach, method, and results demonstrating how Unilever is approaching and prioritising the risks and issues present in its supply chain.

<https://www.unilever.com/sustainable-living/our-approach-to-reporting/defining-our-material-issues/>



**Tool: Supply Risk**

A tool developed by WWF to support companies identify material risks and helping identify action plan opportunities.

<https://www.supplyrisk.org/>



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A person wearing a blue and white plaid shirt is holding a tablet computer. The background is a blurred field of tall grass or wheat under a warm, golden light, suggesting a sunset or sunrise. The overall mood is professional and serene.

# Developing requirements & standards

04

Defining quality and sustainability in retail supply chains

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# Section 4 contents

## Setting requirements, criteria, codes and standards

By reading this section you will understand the benefit of standards, what the key elements of a standard system are, how to review existing standards and if you should develop your own. The benefits of partnership working in standards development are also introduced.

**4.1**

### **Why set a standard or set of criteria?**

Ensuring your sustainable retail value chain programme is credible

**4.2**

### **Elements of a standard system**

Standards, chain of custody, assurance and consumer claims

**4.3**

### **Assessing existing standards and initiatives**

Identifying if a mechanism already exists that will meet your needs

**4.4**

### **Adopting, adapting or developing standards**

The options open to you

**4.5**

### **The benefits of partnership working**

The five main benefits of working in collaboration with external partners

**4.6**

### **Summary**

Key take-aways from section

**4.7**

### **Resources & tools**

Additional sources of information to support the standard setting process

## 4.1 Why specify standards & criteria?

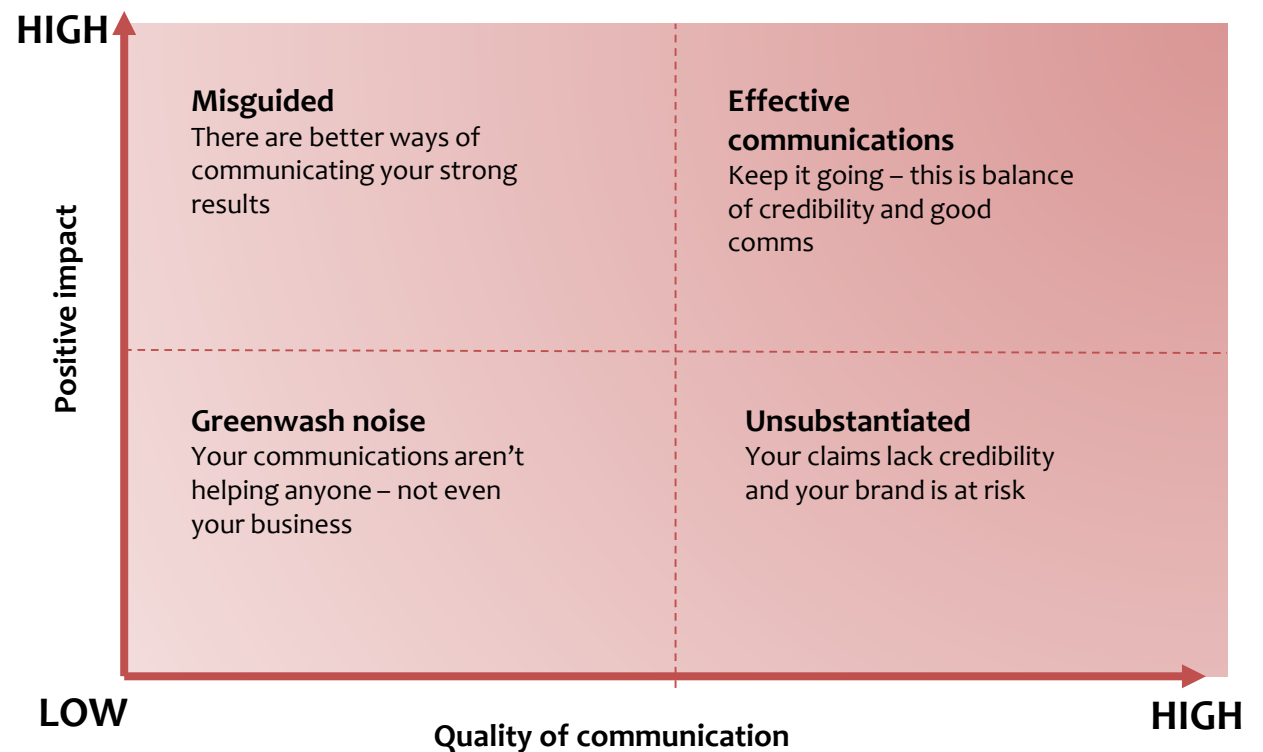
### The need for credibility when making product claims

If your goal is to encourage improvements to value chain sustainability and communicate this to customers, it is important to have a clear set of criteria or standards by which you can judge success and communicate expectations to suppliers. These ensure *credibility* – a characteristic of sustainability standards promoted by the [ISEAL Credibility Principles](#).

Without these defined and assessed, you run the risk of not influencing practices in the value chain, being accused of ‘greenwash’ or making unsubstantiated claims (see matrix, right). If this is used in some forms of advertising this could be legally challenged. Examples of greenwash are easily identified and exposed in an era of social media and increasing transparency.

In this section we example how you go about identifying and setting standards to underpin customer claims. In [Section 6](#) we introduce more on the topic of customer communications.

**Figure:** Types of greenwash (from [Business for Social Responsibility](#))

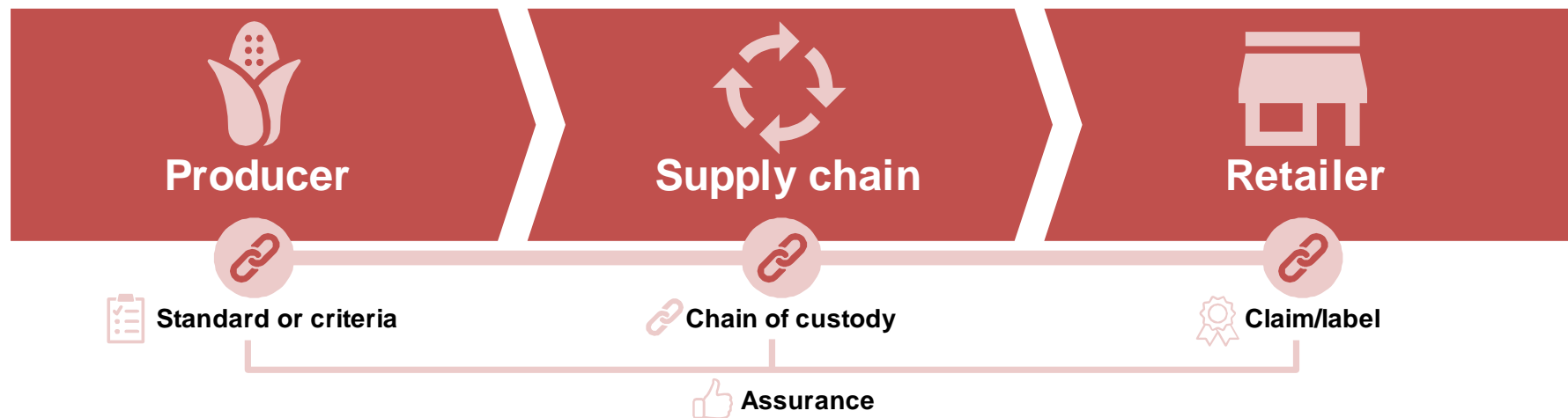




## 4.2 Key elements of a standards system

### Standards, assurance and chain of custody

Standards systems include a number of elements. For a system to be credible it should have a version of all four elements described below. Chain of custody and assurance options are explained in more detail in [Section 5](#) on implementation.



- 1 Standard or criteria**  
A document that defines expected *business practices* or minimum *levels of performance* on environmental, social and/or economic matters
- 2 Chain of custody**  
This is the mechanism for tracking the production of certified ingredients and raw materials on certified farms to the final consumer product
- 3 Claim/label**  
Can be a logo, ecolabel, message or brand name to communicate the product or company is addressing issues in value chain
- 4 Assurance**  
This is the means by which it can be established that a value chain is following appropriate processes and standards

## 4.3 Assessing existing options

### Benchmarking and evaluating if 3<sup>rd</sup> party solutions are fit-for-purpose

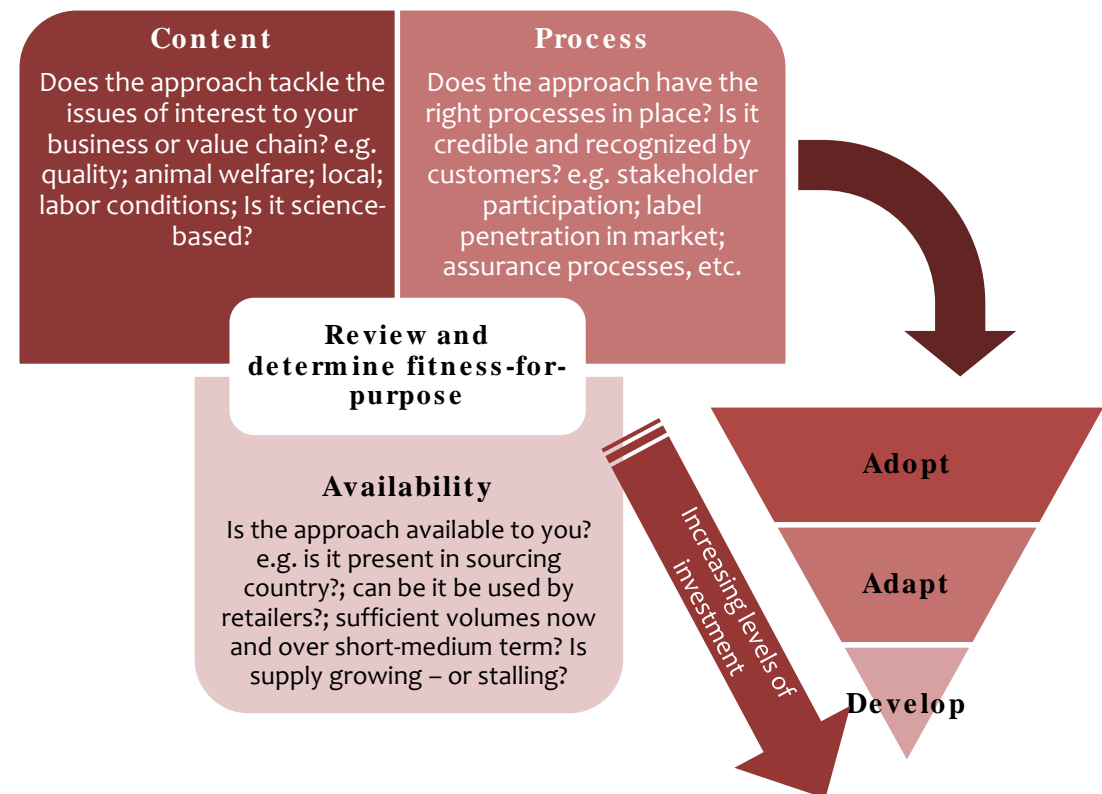
As we introduced in [Section 2](#), when it comes to setting standards retailers have three basic options: adopt an existing approach developed by a 3<sup>rd</sup> party; adapt a 3<sup>rd</sup> party standard; or develop a solution from scratch. We explore these options in more detail in this section. Which ever your route, a good first step is to review what approaches already exist to ensure they are fit-for-purpose.

To determine whether an existing approach might be fit-for-purpose, you should assess what areas the standard or initiative focuses on, how it is set-up and operated and whether it can be applied to your specific case. You should consider three main areas: content, process and availability. Examples of criteria within these areas are given in the graphic, right. These criteria will be retailer and purpose-specific and form the basis of the review process.

This review process allows you to determine whether an existing standard or initiative is fit-for-purpose and could be adopted as it is. If there are elements within an existing approach that do not fully meet your needs, you could decide to adapt the existing approach to your specific needs. If your review indicates that there are no existing standards or initiatives to suit your case, you might decide to develop your own approach from scratch. This requires significantly more investment than the adopt or adapt approach, but could sometimes be the only way forward.

The options of adopting, adapting or developing an approach are explored on the next three pages.

**Figure:** Criteria for assessing standard and initiatives fitness-for-purpose



## 4.4 Adopt

### Use an existing 3<sup>rd</sup> party standard or initiative

The most straightforward option is to use established mechanisms to underpin your programme as they fully meet your needs.

#### Identifying standards

The general steps one could take are:

1. Create a long list of potential standards – using internet searches and through discussion with contacts within the relevant sector
2. Develop a set of criteria to assess the standards relevant to your organisation and situation – for example, is it important that it is 3<sup>rd</sup> party certified? See the diagram on the previous slide and [WWF's principles for endorsing standards](#)
3. Undertake research and assess all of the long-listed standards against your criteria. This can be using resources such as the [ITC Standard Map](#)
4. Present a shortlist to key stakeholders with recommendations
5. Meet with representatives of shortlisted standards to do additional due diligence and better ensure your plans are complimentary

#### Accepting two or more standards as equivalent

It is worth noting it is becoming increasingly popular for retailers to make use of external recognition initiatives and accept a number of standards at the same time. This is intended to cut down on audit duplication and supplier administrative costs. These standard review processes are operated by a Standards-owners or independent organisations and provide a set of equivalent or accepted standards. Examples of such recognition initiatives are:

- [Sustainable Supply Chain Initiative](#) for sustainability standards
- [GLOBALG.A.P. benchmarks](#) standards
- Sustainable Agriculture Initiative [Farm Sustainability Assessment](#) tool

## Examples

Standards such as 'Organic' and 'Fairtrade' are often used to underpin the development of environmental or ethically-focused products and brands. Product quality and sourcing designations are also used in these ways. For example the Co-operative Group's Irresistible chocolate range use of the Fairtrade certification scheme.



# 4.4 Adopt

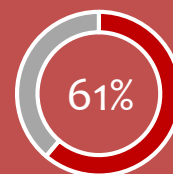
## Labels and standards landscape

In the development of this guidance, FAO reviewed the characteristics and adoption rates of 239 different labels and standards that support sustainable retail value chains.

Retail-led labels, standards and initiatives

7%

Single issue addressed by standard / label



Requirements for all actors in the value chain

22%

What it means

The vast majority of labels and standards are publicly available and have been driven by non-profit organisations.

Labels or standards often address just a single issue (e.g. carbon footprint) rather than the full spectrum of sustainability.

Most labels and standards address only part of a retail value chain, with the majority affecting agricultural or livestock production only.

Benefits

Publicly available information and standards can be used, critiqued, and developed further by any business.

- Significant time and attention has been placed in developing requirements.
- Easier to communicate benefits to customers.

Agriculture and livestock production are where the greatest environmental and social impacts and benefits are likely to occur in a value chain.

Challenges

Points of differentiation between retail product offerings and supply chains may be limited.

Use of language and logos must be consistent with the benefits. This is challenging when the issues they aim to address may not be well understood.

Inconsistent application of ethical labour or environmental practices may be still be used in products that carry certifications.

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## 4.4 Adapt

### Add additional elements to an existing approach

If an existing standard or initiative **doesn't** meet your needs – but has some useful elements or because you want to make your own brand segment over it then it is possible to adapt existing approaches. Adaptations are typically made in one of three areas:

- standard requirements;
- verification/assurance process;
- labelling

If, for example, an agricultural production standard would largely meet the needs of your company but has too limited criteria on pesticide use, you could decide to create an add-on to the existing approach (see Tesco example, right).

Similarly, it could be that the content of a standard suits your case but your review shows there are limitations in its governance or assurance. The standard could, for example, allow for both second- and third-party audits while your company has set strict requirement on only accepting third-party audits. Putting in place an additional requirement on this, would allow you to use the existing approach and still comply with your own criteria.

If a standard would be available in all countries, but your company does not consider its content or process rigorous enough for usage in all countries, you can decide to limit the use of the standard to specific countries or regions only or exclude some of them.

## Examples

### Tesco Nurture

Tesco allows fresh produce farmers to use [GLOBALG.A.P.](#) or [Red Tractor Produce Standards](#). In addition, Tesco sets a small number of [additional requirements on plant protection](#) products. This basket of standards underpin the retailer's own Nurture brand, which is communicated to customers via on-pack labels and its [website](#).



### Co-op Italia Vivi Verde

Co-op Italia launched the [Vivi Verde](#) brand to help customers achieve more environmentally responsible lifestyles. The brand includes both food and non-food products that are brought together under a single marketing brand.

The retailer has adopted [organic](#) standards to underpin the system – although the Vivi Verde brand is the focus of on-pack labels and web pages. Since its launch Co-op Italia has become the number one purchaser and retailer of organic food in Italy.



### M&S Forever Fish

To improve customer communication about their Forever Fish campaign on sustaining marine life, M&S created the on-pack Forever Fish label. Within the scheme, products had to use Marine Stewardship Council (MSC) certification or be sourced from a fish stock under an credible [Fisheries Improvement Project](#).



## 4.4 Develop your own

### Creating a private standard system

In some instances it might be necessary to create your own standard – the most common reason being that no standard exists in the value chain or location you are interested in setting-up a programme. If you are developing your own standard it is good practice to following the ‘credibility principles’ developed by ISEAL – a global collaboration of sustainability standards (see figure below). These standards may underpin a brand or claim on a product.

**Figure:** Credibility Principles (ISEAL)



ISEAL also publishes more detailed [codes on how to set standards](#). These includes recommendations on:

- Standards setting procedures
- Standards development and revision process
- Standards' structure and content

Good practice on setting up assurance processes as well as monitoring the impact of standards are summarised in [Section 5](#) of this document, which covers ‘implementation’ of a standard system.

## Example

### Sainsbury's Fairly Traded Tea



UK retailer Sainsbury's has been developing its [own sustainability standards to use in 30 priority ingredients](#), including tea.

In 2017 it started a pilot to use its own ‘Fairly traded’ standard and brand of tea instead of the Fairtrade system. This was because Sainsbury's was working more closely with tea growers and suppliers and wanted to build its own programme of investment and support. The move away from Fairtrade has been criticised by some. This highlights one of the risks associated with developing an in-house standard.

To counter this risk the supermarket has had the standards peer-reviewed and the scheme will be subject to [independent audit and verification](#).



## 4.5 The benefits of partnership working

Collaboration is key for successful delivery of sustainable value chain projects

---

The environmental and ethical issues retail businesses face are complex and interconnected: Partnerships – within supply chains and with external stakeholders – are critical for delivering credible and effective improvements in value chain sustainability. In Section 2 we examined potential internal collaborators, and on this page we summarise some of the key external partners who can support the development and implementation of programmes. **Choosing the right partner is critical.**

Benefit	Partners can...	Partners are most likely...	Examples
<b>Credibility</b>	Review standards and the scheme to ensure its is credible.	Researchers; technical specialists; consultants; supplier technical staff	An NGO with expertise in value chain water risk – such as WWF – could review the requirements within the aquaculture standard you have developed.
<b>Technical expertise</b>	Provide technical advice on scheme contents.	Researchers; technical specialists; consultants; supplier & producer technical staff	Retailers can enlist the help of research institutions to provide technical advice on best agricultural practices; ISEAL can advise on standards best practice
<b>Supplier support</b>	Work with suppliers and producers to help them meet standards and improve practices	Technical specialists; Consultants	Food businesses often enlist the help of agricultural advisors to provide input into farmer discussion groups, demonstration farms, etc. These are recruited to provide advice on nutrients, soils, etc.
<b>Marketing reach</b>	Publicise projects in media and membership lists; Add additional interest to projects	Non-governmental organisation	M&S Forever Fish programme partnered with Marine Conservation Society and WWF (see <a href="#">Case Study</a> ). All organisations benefited from promotion of the initiative within their different networks.
<b>Create pre-competitive space</b>	Help ensure collaborations between businesses are not anti-competitive	Non-governmental organisation	The Sustainable Agriculture Initiative is a collaboration of food businesses and retailers wishing to improve the reach of sustainable agriculture standards.

## 4.6 Summary

### Key take-away messages for this section

The section of this document provides an overview of the need for having clear standards or criteria underpinning an external claim. It explains common elements of a standards-system – and how you can use existing standards, adapt ones, or even create your own.



01

#### Clear standards or criteria ensure credible claims

If your goal is to encourage improvements to value chain sustainability and communicate this to customers, it is important to have a clear set of criteria or standards by which you can judge success and communicate expectations to suppliers.

02

#### Standard and labelling systems have four key components

A standards system typically has four components: a **standard**; a **chain-of-custody** process; **assurance/validation** mechanisms and a **claim/label** communicated to customers.

03

#### Deciding on which standard: Adopt, adapt or develop?

A retailer can adopt an existing system (e.g. 'organic'), adapt an existing system (e.g. by adding 'bolt-on' requirements to a public standard), or sometimes it is appropriate to create a standard. Each approach has different advantages, disadvantages and investment requirements.

04

#### Benefits of partnering during standards development

Partnering with external organisations – including suppliers, producers, CSOs, and technical experts can help ensure success. They can improve credibility, provide technical expertise; support suppliers; increase marketing reach; and create a pre-competitive space that enables industry collaboration.

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## 4.7 Resources & tools

Relevant reports, guidance and data to support your planning

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### **Guidance:** Standards setting code

Guidance from ISEAL on how organisations should develop standards for use in supply chains.

<https://www.isealalliance.org>



### **Tool:** ITC Standards Map

The International Trade Centre (ITC) provide an on-line resources that enables users to quickly identify, compare, and analyse publicly available or voluntarily disclosed standards.

<http://www.standardmap.org>



### **Guidance:** Benchmarking standards

Guidance from ISEAL on how to compare or benchmark different standards.

<https://www.isealalliance.org/sustainability-news/benchmarking-sustainability-standards-systems>



### **Initiative:** Sustainable Supply Chain Initiative

The Sustainable Supply Chain Initiative will provide buyers and suppliers with clear guidance on which third-party auditing and certification schemes cover key sustainability requirements and apply robust verification practices.

<https://www.theconsumergoodsforum.com/initiatives/sustainable-supply-chain-initiative/about/mission/>





# Implementation

05

Promoting customer trust in claims

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# Section 5 contents

## Implementation

This section provides a step by step process for rolling out a standard or label scheme in your business and supply chain. It introduces the engagement approaches and materials that will be needed to support and ensure credibility to your initiative. The performance measures that you should consider applying to assess the effectiveness of the programme are also included.

5.1

### Process overview

End to end process description of how a standard or process can be rolled out to your supply chain

5.2

### Team alignment

Who do you have to engage and what do you need to do internally before engaging suppliers?

5.3

### Supplier roll out

Engagement plan and processes for informing, incentivising and communicating with suppliers

5.4

### Verification

Options and approaches for ensuring that your products or supply chains are delivering on the standard

5.5

### Management systems

Identifying the approach and key performance indicators to effectively monitor outcomes

5.6

### Summary

Key take-aways from section

5.7

### Resources & tools

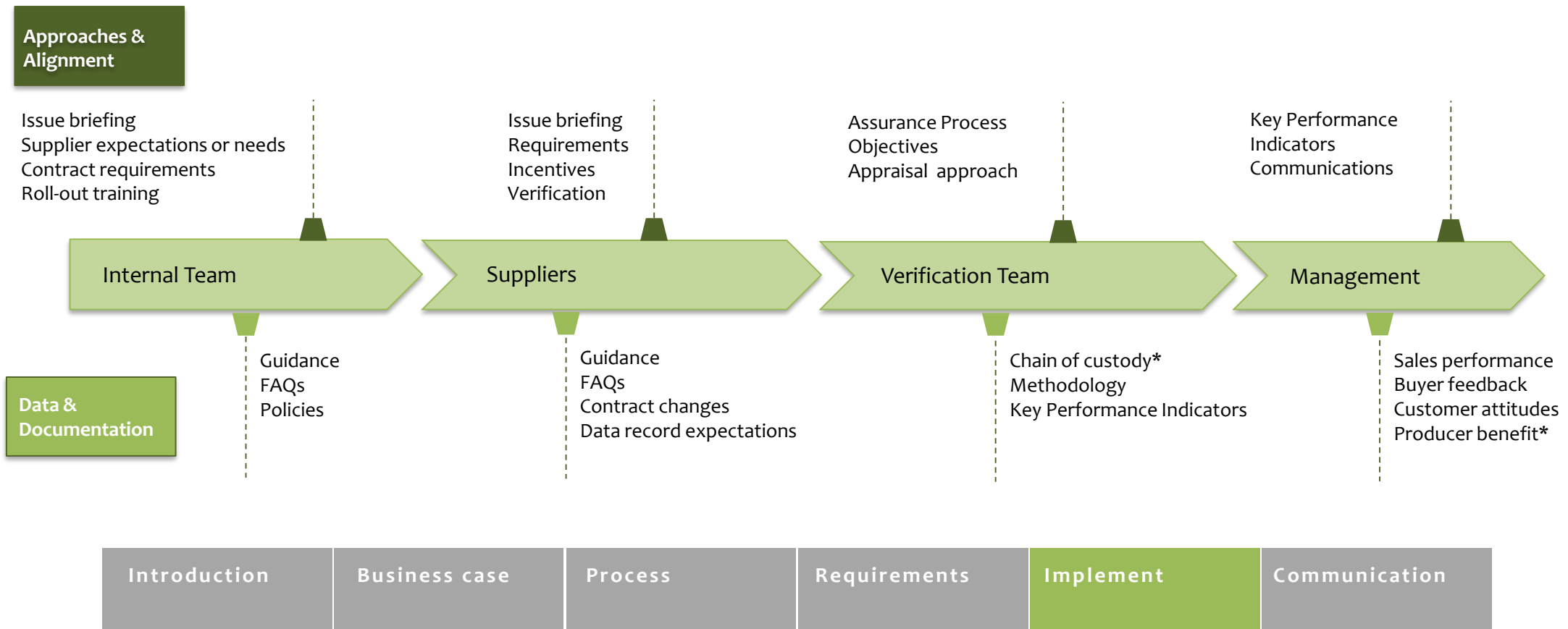
Additional sources and guidance materials to help you implement your programme

# 5.1 Implementing your standard

## An overview of the roll out process

Your implementation process should begin and end by working within the business teams that will be responsible for rolling out and managing the new supplier requirements, or new product range. It is important that your team is fully aligned on the vision and approach that will be taken to monitor supplier performance to ensure that communications outside the business are consistent and supportive.

The process below provides an overview of the key steps to implementing your new standard, label, or product. Each step is explained in further detail on the subsequent pages.



## 5.2 Aligning your team

### Promoting shared understanding of requirements

Consider the following areas and develop an approach with your management, commercial, and technical teams that enables the coordinated dissemination of requirements to suppliers. The focus on this step is sharing the work beyond the core working group.

ISSUE BRIEF	EXPECTATIONS	CONTRACTS	ROLL OUT
<p>Always start initial presentations and meetings introducing the topic with some key statistics and messages that underpin the ambition of your business.</p> <p><u>Example</u> <i>It is estimated that almost a third of the food produced in the world is wasted.</i></p>	<ul style="list-style-type: none"><li>• What will your team be responsible for saying to suppliers?</li><li>• What should suppliers anticipate occurring when they adopt new practices?</li></ul> <p><u>Example</u> <i>Suppliers need to provide geolocation data for all of their production sites.</i></p>	<p>Common areas that may be need to be addressed depending on your approach include: payment terms, quality standards, and acceptance criteria.</p> <p><u>Example</u> <i>Adhering to our new standard will be required for all milk products.</i></p>	<p>This process may prioritise certain suppliers, categories, or products.</p> <p>All teams should have clear roles and responsibilities in the roll out process so that there is a clear and consistent line of communication.</p>

### Supporting Materials



#### FAQs

Anticipate, and update, the common questions that arise within your team. These may include everything from “why are we doing this?” to “what am I expected to do when I engage my suppliers”?



#### Guidance

Jargon is somewhat unavoidable in standards. Ensure that you provide definitions, clarity, and examples for the different aspects of your standard for your team so they have a common reference point.



#### Policies

Consider what internal policies you need to have in place. Will there be any compliance thresholds? What happens if a supplier falls short of achieving the new requirements?

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## 5.3 Supplier roll-out

### Working with your supply chain

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You should develop a plan early on to create a realistic pathway for either adjusting supplier activities or finding new suppliers that are able to deliver against your standard. Which path you choose to go down will largely depend on the relationships and capabilities of your existing supply chain to build on the trust and dependability you have already built. However, in some cases new suppliers will be needed if what you are looking to achieve is not attainable within your existing supply base. Always try to find win-win solutions that include and benefit suppliers.

#### Work with existing suppliers



Process or documentation improvement (e.g. traceability).



Manufacturing improvement practices or processes.



Packaging or technology adoption.

#### Consider new supply chains



New products or materials being launched that are being developed by specific businesses.



Regional or local supply requirements cannot be delivered in existing supply base.



Specific companies are not supportive of adopting new approaches.

### Supporting Materials



#### FAQs

- When do we need to do this?
- What happens if we don't?
- How will we work with you?
- What are the benefits?
- Will there be an additional cost we will face, and who will pay for that addition?



#### Guidance

Starting points, templates, and examples. Begin with existing practices and provide simple explanations for what, why, and how changes are expected.



#### Support Plan

- What will your prioritisation be?
- Will all of them receive the same instructions, or will you focus on key ones with one-to-one engagements?

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## 5.3 Supplier roll-out

### Developing support programmes

---

There are many ways to support your suppliers achieve the aims, standards, or practices that are desired in your programme. Successful implementations have included one or more of the following approaches to develop mutually beneficial programmes:

	Capacity Building	Resources	Equipment
What?	Running training sessions, workshops and providing direct training opportunities. These can be ad-hoc or delivered at regular intervals	Developing tool kits and materials that help your suppliers understand requirements and/or onboard new team members	Supporting the procurement, sharing, or use technology or materials that help deliver on requirements
How?	<ul style="list-style-type: none"><li>• Web-based platforms or central networking events</li><li>• Supplier-led peer-to-peer training encouragement</li></ul>	<ul style="list-style-type: none"><li>• Training courses</li><li>• 'How to' guides</li><li>• Frequently Asked Questions (FAQ) documents</li></ul>	<ul style="list-style-type: none"><li>• Facilitating buying clubs to lower the cost of procurement</li><li>• Return on Investment agreements on cost savings</li></ul>
Example	<ul style="list-style-type: none"><li>• <a href="#">ASDA</a> offer suppliers access to a web-based supplier knowledge exchange and run training events</li></ul>	<ul style="list-style-type: none"><li>• <a href="#">The Sustainability Consortium</a> and <a href="#">Wal-Mart</a> have produced platforms for helping manufacturers and producers deliver on their commitments</li></ul>	<ul style="list-style-type: none"><li>• Tesco developed '<a href="#">buying clubs</a>' to support suppliers access low energy lighting and energy sources by pooling their expertise and bargaining power</li></ul>

## 5.4 Verifying compliance

### Balancing risk of non conformance and trust

It is essential that your initiative is designed in a way that considers how your company will be confident that your products conform to the claims being made. The degree to which verification can play a role in achieving this will vary based on a number of conditions including your proximity to where the impact occurs and the types of relationships you have with your suppliers.



## Complex Supply Chains

Some of your approaches may require addressing impacts related to commodities or materials that are produced several tiers behind your direct supplier. In these situations the standards you consider may need to consider a **chain of custody** system to ensure that the materials used in your products have conformed to your requirements from production to use. Not every standard or certification scheme includes a chain of custody mechanism and their absence may require you to take other steps to ensure the materials you receive from your supply chain are the same ones that you expect.

These systems are often embedded in third-party standards, such as the Marine Stewardship Council that enable traceability from sea to store despite many processing actors being involved. Technological innovations, such as the GS1 Databar, can also create alternative mechanisms to provide traceability to source.

### Example standards with chain of custody systems:



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## 5.5 Monitoring outcomes

### Demonstrating outcomes and providing feedback to suppliers

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Assessing the effectiveness of your standard in delivering outcomes should be the core of your management strategy. You will need to ensure that your approach remains fit for purpose and that the criteria remains credible in the eyes of your customers and stakeholders.

Ambition	Description	Data Approach	Risk Management	Performance Indicators	Communications	Scorecard Potential
<b>Low</b>	Company has an ambition to achieve an aim, but there are no specific supplier requirements	No data collected	Stakeholder expectation setting	<ul style="list-style-type: none"><li>• Sales performance</li><li>• Qualitative feedback from suppliers, customers, and buyers</li></ul>	General description of ambitions	No
<b>Medium</b>	Company requires suppliers to adhere to a standard within contracts, but monitoring is not actively carried out by the business	Supplier self certification	Sampling (e.g. top 20% of suppliers)	<ul style="list-style-type: none"><li>• Supplier audits carried out</li><li>• Corrective measures implemented</li></ul>	Audit statistics	Benchmark to standard
<b>High</b>	Company requires suppliers to adhere to a standard within contracts <b>and</b> actively monitors their performance against it	Process and/or data assurance by a third party	Active engagement with suppliers and/or periodic reporting requirements	<ul style="list-style-type: none"><li>• Outcomes achieved</li></ul>	Supplier, product, and/or impact statistics	Benchmark to peers

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## 5.6 Summary

### Key take-away messages for this section

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Your implementation plan needs thoughtful consideration of how you will develop and bring your team and suppliers with you. Adopting standards on their own without having clarity around the nuances of how supply chains will respond leave your team unable to respond to questions and can potentially lead to unintended consequences.

01

#### **Be clear and specific**

Consider the technical complexities of what may be borne by your buyers, technical managers, and suppliers. Provide information that is focused on the key requirements and do not leave any ambiguity around what these may be.

02

#### **Provide support**

Do not assume that the individuals tasked with implementing your approach understand the issues, methods, or requirements. Always include context and examples of good practice.

03

#### **Pilot before scale**

It may be appropriate to roll out your initiative in phases to identify areas of clarity and improvement that are needed to the base standard before sharing with your entire supply base. Consider working with just your biggest suppliers to start with, or a key product line / brand, before extending more broadly.

04

#### **Monitor performance**

Always consider the methods and mechanisms you will use to measure the impact of the initiative. These can be as simple as sales figures to as complicated as requiring supplier key performance measures that are third party assured.

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## 5.7 Resources & tools



Relevant reports, guidance and data to support your planning

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### Guidance: Key Performance Indicators

The Sustainability Consortium (TSC) is a conglomeration of academic and private sector businesses to lead the way on transforming business supply chains in a responsible way. They have produced recommended KPIs and supplier training materials.

<http://www.sustainabilityconsortium.org/>



### Report: SDG Compass

A report developed by GRI, UN Global Compact and WBSCD providing support to companies in aligning their strategies with the SDGs and in measuring and managing their contribution. Chapter 3 specifically focuses on implementing your sustainability goals across the business.

<https://sdgcompass.org/>



### Guidance: ISEAL Assurance Code

Guidance from ISEAL on how organisations should assess compliance with a developed standard to ensure accuracy, rigour, transparency and accessibility.

<https://www.isealalliance.org/>



### Guidance: Farm Sustainability Assessment

The Sustainable Agricultural Initiative (SAI) platform aims to support agricultural supply chains transition to more sustainable production. They provide implementation framework guidance for companies to consider when rolling out to their supply chains.

<http://www.fsatool.com>



A person's hand holding a white smartphone, with a blurred background of a crowded street. The person is wearing a white t-shirt with dark horizontal stripes.

# Customer engagement

06

Communicating values and achievements

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# Section 6 contents

## Customer engagement and communication

This section provides a review of the different ways you can communicate the key features and comparative benefits of your initiative to your customers. It focuses on direct communication tactics of your retail business, however the specific options available to your company will be dependent upon your ability to make a credible, verifiable, and claim of genuine benefit inherent in the standard and management system you are using.

**6.1**

### **Types of customer engagement**

The importance of credibility and the existing standards landscape

**6.2**

### **Labels, logos, and claims**

What are the key steps in developing and implementing a label or brand?

**6.3**

### **Stakeholder considerations**

Taking account of investor, non-profit organisation, and employee expectations

**6.4**

### **Summary**

Key take-aways from section

**6.5**

### **Resources & tools**

Additional sources of information to support the scoping and planning process

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# 6.1 Types of customer engagement

## Making changes relevant

If you don't talk about what you or suppliers have done, then customers will not know what you're offering.

Communicating product or business activities to customers can take place through multiple channels whilst appealing to different customer interests. You have multiple options to choose from in gaining your customer's attention and it is possible that a combination of approaches may be appropriate in some markets. First and foremost, you must understand what your customer's are interested in and what they may be looking for in you as their retailer.



*66% of people say they're willing to pay more for products and services that come from companies that are committed to positive social and environmental impact.*

*Nielsen Global Survey of Corporate Social Responsibility and Sustainability, 2015.*

Regardless of what routes you utilize, you should take care with claims are made directly to the customer through a logo or written claim whilst using your [marketing potential](#) to help guide customers to products.

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# 6.1 Engagement approaches

## Responding to customer interests

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Labels, logos and claims help provide point-of-sale information to your customer that communicates why the product they are looking at is preferable to an alternative one. The specific claims made through these mediums should resonate with your target customers. The table below provides examples on the different engagement methods and approaches that are most appropriate to use depending on the why in which your customer's engage with your business and your wider brand strategy.

Customer Benefit	Engagement	Approach	Example
Shopping at a responsible retailer	Retail brand and market reputation	Advertisements and slogans promote social and environmental wellbeing at affordable prices	McDonald's <a href="#">Scale for Good</a> highlights suppliers and actions that work towards greater environmental sustainability
Supporting Low Impact Lifestyle	Campaigns and promotions	Linking environmental and social performance to quality and personal ambition	Participating in " <a href="#">Fairtrade Fortnight</a> ". M&S
Buying Unique Products	Product placement and selection	Indicating what makes products unique through signage, labels, or other promotional activity	Walmart uses a ' <a href="#">sustainability leaders</a> ' label to tell customer's when a product is performing the best in its class
Getting good value products that support producers and/or the environment	Value-based promotion	Cost remains key focus with emphasis placed on added value components	Carrefour demonstrates how the premium price of a product goes back to producers by promoting the ' <a href="#">Who's the Boss!</a> ' brand

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## 6.2 Labels, logos, and claims

Effective, appropriate, and accurate statements

All on pack claims depend on trust with your customers. It is essential that the way you communicate the benefits are appropriate and reflective of what you have been able to achieve.

### Credible claim check list



#### Supply Chain Evidence

Records and information substantiated claims are held by the business should a customer or stakeholder challenge them.



#### Relevant to Supply Chain Impacts

Benefits presented are appropriate for the product's most significant impacts and represent a genuine benefit compared to alternative products of the same type.



#### Clear Relationship Between Product and Benefit

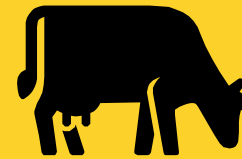
All information provided to the customer relates to specific activities and is stated clearly with limitations easily understood.



#### Further Information Available

Transparent indication of the standards, approaches, and sources of information being relied upon by your company in making the claim (e.g. third party auditor, external standard certification).

GOOD



**100% Grass fed beef**

Find out more about what we are doing to promote lower impact beef production at [companyname.com/beef](http://companyname.com/beef)

← *Product specific imagery*

← *Clear and verifiable claim relevant to product and different to conventional options*

← *Signposting to where customers can get more information on what this label means*

BAD



**100% NATURAL beef**

← *Generic imagery*

← *Applies to all products and uses vague terminology*

*How is it relevant to product?*

*What is the basis for the claim?*

*Where can you get further information?*

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## 6.2 marketing approaches

### Responding to different customer needs

Point-of-sale engagement will be an important part of differentiating products that carry your supply chain attributes from competitor products, whether within your own store or within other retail supply chains.

There are three central channels available for marketing that should be aligned during the customer engagement process:

	Advertising	In-store	Online
What?	General promotion of brand and products using imagery o support claims. It is common for these media to focus on using visual mediums to create emotional connections with customers	Product placement and on pack information provide customers with the majority of information they need at the point of sale	Advertising and in store / pack information should be supplemented with greater details on the internet where customers may seek to find out more
NOTES	<ul style="list-style-type: none"><li>• Graphical elements must be consistent with the specific benefit being provided.</li><li>• Requires media team to understand what level of confidence the business can project</li></ul>	<ul style="list-style-type: none"><li>• Separate sections from conventional products can highlight the unique attributes</li><li>• End cap or on shelf promotions for groups of similar products during promotional periods</li></ul>	<ul style="list-style-type: none"><li>• High levels of disclosure are expected behind product attributes:<ul style="list-style-type: none"><li>▶ What the issue is</li><li>▶ How product attribute addresses the issue</li><li>▶ Partners or certifications</li></ul></li></ul>

## 6.3 Managing stakeholders

### Reporting on impact

There are a number of stakeholders that will be interested to understand what you are doing to address the various issues that are affected by the initiative. You should be prepared to provide, at the minimum, annual updates with basic information relevant to your stakeholder groups. An open dialogue is encouraged on a regular basis with these stakeholders to promote an understanding that sets expectations accordingly for the initiative. The degree to which your company can report on each of these measures will depend on the management systems you have deployed to monitor their effectiveness (see [Section 5.5](#)).

- Review of the impact of the standard on achieving aims

- Best and worst performers
- Reward or corrective actions taken

- Opportunities and challenges
- Updates and expectations

- Supplier performance
- Impact measures  
(tonnes, economic benefit, workforce)

- Revenue generated
- Physical sales (tonnes, litres)
- Comparative performance  
(alternative products, competitors)





## 6.3 reporting with confidence

### Achieving third party assurance

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Many companies will have their processes, data, and external claims reviewed by an independent third party prior to their publication. For sustainable retail value chain initiatives it is important to consider how the impacts of your programmes will be conveyed and the data and confidence you require before sharing outside of your business.

Assurance is typically provided in one of three levels:

Assurance Type	What it is	Benefits	Limitations	Business Requirements
Readiness Review	Assessment of the processes, data, and governance structures in place to support external reporting.	Provides a detailed gap analysis against what risks are present within your programme.	Public claims are not recommended on completion, regardless of outcome.	Team member availability, analytical materials, and process documentation.
Limited Assurance	Primary data sampling, analytical analysis, and process review.	Limited reduction of risk of material misstatement.	Relies on sampling and therefore some aspects may be missed.	Data evidence provided on demand, clear process documentation, RACI model, and supporting analytical materials.
Reasonable Assurance	Primary data review, analytical analysis, and process review.	Reduction of risk of material misstatement.	Does not eliminate risk.	Full primary data and associated processes reviewed, including invoicing and auditing records, in addition to the completed analysis.

The majority of businesses that achieve third party review receive a ‘limited assurance’.

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## 6.3 Summary

### Key take-away messages for this section

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It is essential that engagement with you customers and stakeholders takes place in a responsible manner. Care in the creation and communication of information related to your initiative is a critical part of having a credible initiative.

01

#### **Understand your customer**

Not every initiative will be understood by your customer. This should not prevent action being taken to address the issues and risks you know are important, but it should influence your communication approach.

02

#### **Promote genuine benefits**

Any claim you make must be linked to a clear and verifiable benefit that is different from competing products. If another product could likewise claim the same thing, or if it is unrelated to the product itself, trust in your corporate brand could also suffer.

03

#### **Align your messages**

There are multiple ways that customers and stakeholders will get information. Ensure that key claims are consistent and are appropriate for the medium being used. It is increasingly expected that high levels of information will be available on the internet to provide transparency to claims.

04

#### **Report regularly to stakeholders**

Your investors, shareholders, team, and external stakeholders should be informed of your progress and performance. Key indicators should be provided periodically and active communication should set expectations of what the company can achieve. The information you put in the public domain may be used for benchmarking.

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## 6.4 Resources & tools



Relevant reports, guidance and data to support your planning

### Guidance: Providing Product Sustainability Information

The UN Environment's 10 Year Framework Programme on Sustainable Production and Consumption has produced detailed guidance on making effective sustainability claims.

<http://wedocs.unep.org/handle/20.500.11822/22395>



### Guidance: Good Practice Guide

ISEAL Alliance is a global non-profit standards association. This guidance document provides information on practices in both business-to-business (B2B) and business-to-customer (B2C) environments.

<http://www.isealalliance.org>



### Study: Impacts of Geographical Indicators

The UN FAO and EBRD analysis of the economic impacts of geographic indicators on strengthening sustainable food systems.

<http://www.fao.org/3/I8737EN/i8737en.pdf>



### Standards: ISO 14021 and ISO 14025

There are two ISO standards governing the development and communication of self-declared environmental claims (ISO 14021) and more formal third party verified product environmental declarations for business-to-business communications (ISO 14025).

<http://www.iso.org>



### Guidance: FTC Green Guides

The United States Federal Trade Commission have produced specific guidance regarding the communication of environmental benefits of products in sales and marketing materials.

<http://business.ftc.gov>



### Report: Food product label assessment

UN FAO report on the use of standards, certification and labelling of cash crops. Includes a market and impact assessment.

<http://www.fao.org/3/a-y5136e.pdf>



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## Appendix







# Appendix contents

## Case Studies

The four case studies below were produced whilst developing the contents of this guidance. They highlight the supply chain programmes and labelling systems being developed to deliver sustainable retail value chains.

**A1**

### **Bingo**

*Kvalitetan Proizvod*

Supporting local producers with favourable trading terms and product placement

**A2**

### **Carrefour**

*C'est qui le patron?! (Who's the boss?!)*

Customer-led product pricing

**A3**

### **Marks & Spencer**

*Forever Fish*

Sustainable fish product label on all fish products alongside consumer facing campaign on marine conservation

**A4**

### **Migros Ticaret**

*Good Living*

Helping customers select products that have strong environmental, social and commercial producer benefits

# Appendix 1: Bingo

“Kvalitetan Proizvod”

Committing to Domestic Sourcing



## Background

Established in 1993, Bingo d.o.o. Tuzla has become Bosnia and Hercegovina's leading grocery retailer in 2017 by increasing their market share to 17%, with 188 outlets around the country. Bingo aims to be the country's most desirable place to shop by selling domestic products, providing a pleasant ambiance, maintaining their title of 'King of Good Price', and by acting responsibly for the environment.

## What It Is

Domestic sourcing is embedded in Bingo's way of doing business. 51% of the products on the shelves are produced domestically in order to support local producers and the wider economy. To make these products recognisable on their store shelves, Bingo has adopted the 'Kvalitetan Proizvod' label and actively promotes the use of this label with their suppliers.

In securing a large domestic supplier base, Bingo is making efforts to improve the practices of domestic companies and help them further establish and grow their business. It does so by supporting suppliers financially beyond the basic supply contract, creating networks of producers and engaging with suppliers to ensure that products meet required quality standards. Bingo have built a brand image being a protector of Bosnia and Hercegovina's food industry.

## Key Statistics

**Company name:** Bingo d.o.o. Tuzla

**Year launched:** 1993

**Region:** Bosnia and Hercegovina

**Supply chain initiative:** Domestic Sourcing

**Total products covered:** 51% of total products on shelf



A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros



# Appendix 1: Bingo

## Working with Suppliers & Customer Engagement

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### Working with Suppliers

The support that Bingo provides to their domestic suppliers goes far beyond traditional supplier-retailer interactions. As an example, the company may provide prepayments to suppliers to give them financial security during periods of difficult trading conditions. Bingo also assists producers in growing their network by creating links with other local producers and enables them to negotiate more favourable trading conditions and contracts.

Bingo's supportive role for domestic suppliers goes beyond their direct suppliers and there are now occasions where primary producers will contact Bingo if they are seeking financial or managerial assistance.

### Engaging Customers

To promote domestic products, Bingo have launched marketing campaigns and in-store advertisements regarding their presence and initiative. The main message that Bingo wants to convey is that domestic products are of high quality, and that buying from domestic producers brings social and environmental benefits. In their promotional efforts, Bingo also aims to increase the awareness of the broader national 'star' label amongst their customers.





# Appendix 2: Carrefour

“Who’s the boss?” label: La Marque du Consommateur

Consumers creating sustainable products at Carrefour (October 2018)



## Background

Carrefour S.A. is a French multinational retailer founded in 1959. Operating in more than 30 countries, it is one of the largest retail chains in the world.

In 2016, farmers in France began protesting low milk prices, which were causing farmers to go out of business. Responding to an idea brought to them by an activist, Carrefour supported a group of consumers in creating a new brand that would provide the direct opportunity for households to know how their purchasing decisions affect the price producers are paid. The C’est qui le patron? (Who is the boss?) brand was then launched. It is run by a collective called La Marque des Consommateurs“(the Consumers brand), under the society cooperative La Société des Consommateurs” which includes activists, small dairy producers, and the Carrefour supermarket chain.

## What It Is

The intent behind the C’est qui le patron line was to develop products that met consumer expectations and guaranteed fair compensation for producers. The inclusive product design and pricing process aimed to better meet the quality demands of consumers whilst transparently showing how the retail price affects producer income. The project creates products that are sustainable, responsibly produced and promote healthy and local food. It also ensures that consumers are supporting small producers in an economically and environmentally sustainable way. The C’est qui le patron brand started with milk, then dairy products and also expanded its initiative to other products, including apple juice and pizza, with plans to include up to 8 new products. As of 2018, over 50 million litres of small-production, good-quality milk has been sold.

The label signifies an agreement between consumers and producers. For example for the milk, farmers agree to feed their cows local, GMO-free fodder and keep animals in pasture for 3-6 months of the year, while consumers agree to pay a fair price. The price that consumers then pay for this milk is decided on via an innovative online questionnaire that engaged directly with consumers. The posed questions helped determine the price and quality standards of the product.

## Key Statistics

**Brand name:** C’est qui le patron? Owned by La Marque du Consommateur

**Year launched:** 2016

**Region:** France

**Total products covered:** 13 products (milk, eggs, juice, pizza) with another 8 in development

**Volume:** 50+ million litres sold

**Proportion of retailer sales:** 50 million+ cartons sold

**Premium customers willing to pay:** Consumers pay just 10 centimes more per litre than average market price.



A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros

# Appendix 2: Carrefour

## Creating the Label



### Development

In response to farmer protests about too-low milk prices, Carrefour teams up with activist group *Les Gueules Cassées* and small dairy farmers to create the “*La Marque des Consommateurs*”. The collective collaboration designs a process to bring fair price products to market.



### 2016

*La Marque des Consommateurs* launches a fair price milk product, with pricing based off results from online consumer input surveys. These surveys remain open for several months and generate anywhere from 2,000 to 20,000 responses.



### 2018

*La Marque des Consommateurs* launches apple juice, pizza, and butter products under the *C'est qui le patron* label. Products also begin to be sold at a range of other supermarkets, including E.Leclerc, Cora, Casino, Auchan, and more.



### Future

*La Marque des Consommateurs* plans to expand the *C'est qui le patron* line of products. New products include chocolate and yoghurt.

“Created in just a few weeks, our brand allows consumers to define the production criteria for a product. The producers involved use these to draw up a qualitative and transparent list of specifications in order to determine a fair and reasonable price. The fair milk carton was brought to the shelves with support from Carrefour. In under 6 months, more than 9 million cartons were sold, an unprecedented success which calls for new initiatives!”

Nicolas Chabanne  
Founder of *C'est qui le patron*?!  
From: Carrefour Annual Report 2016

A1 Bingo

A2 Carrefour

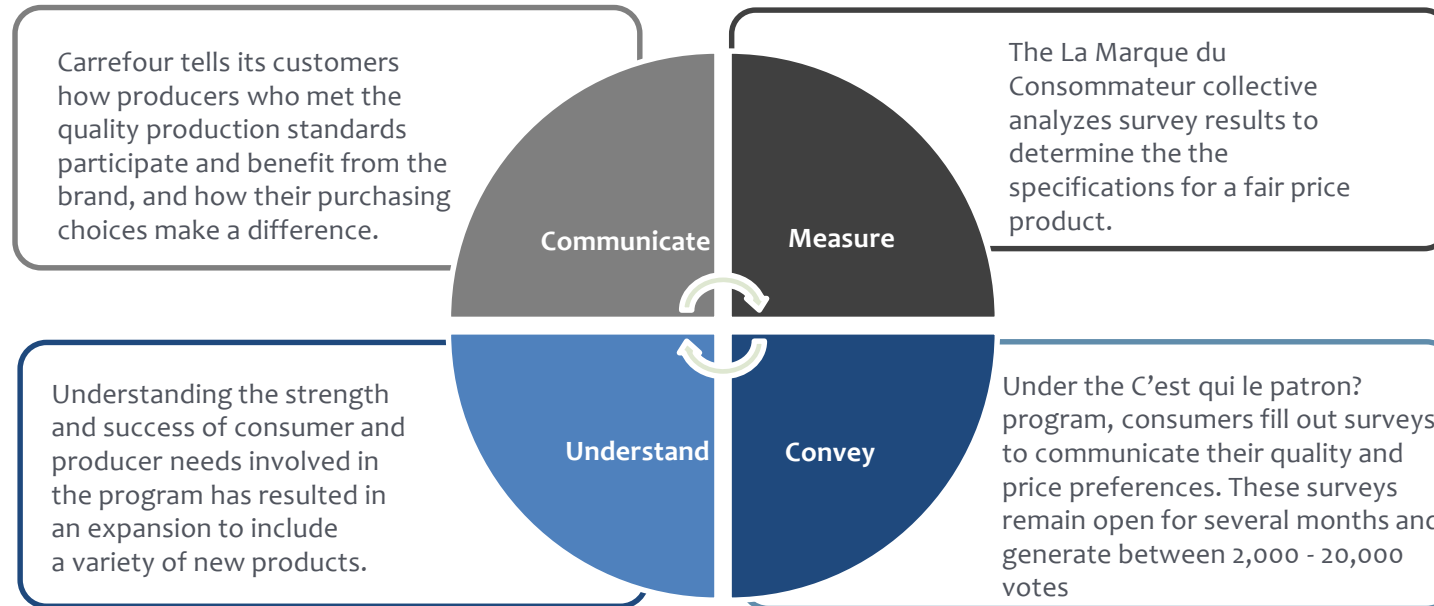
A3 M&S

A4 Migros

# Appendix 2: Carrefour

## Working with Suppliers

- Carrefour works with the collective of activists and small producers, *La Marque du Consommateur*, to help identify new suppliers to expand into a greater number of retail locations and a wider product range.
- The retailer is in talks with Tetra Pak and suppliers to work on developing the concept on a global scale.
- The collective utilizes network communication to cut down on advertising and keep the selling price fair.
- By supporting and buying its own products, the collective controls its nature, meaning and marketing-- preserving the integrity of the producers.
- The supplier, producer and distributor ensure that others are acting reasonably by signing multi-party contracts. *La Marque du Consommateur* is responsible for sourcing projects, coordinating the determination of specifications and controlling the conformity of its products.





# Appendix 2: Carrefour

## Engaging with Consumers & Partnerships

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### Engaging with Consumers

- To ensure the success of their marketing and validity of their project, Carrefour engages with *La Marque du Consommateur* and consumers via online surveys and questionnaires that are submitted to all before the launch of each product. These surveys are advertised through positive press coverage and word of mouth, as well as emails to Carrefour loyalty card holders. For example:
  - Milk: Carrefour surveyed 6,000 customers for its milk product and set the following product criteria: milk from cows fed on local, GMO-free fodder and are put out to pasture between 3 and 6 months per year
  - Apple juice: Surveyed more than 20,000 consumers via an online questionnaire and set the following product criteria: fair remuneration for producers, French apples produced as part of an integrated approach to farming, and unfiltered juice for a tastier, more natural flavour.
- Communicated with consumers via social media, such as Facebook, on a range of criteria
- Since consumers themselves vote on the characteristics and prices of products which the producers then agree to make, the balance between consumer expectations and farmer lifestyles is very natural. It is interesting that, when asked, consumers generally prefer to pay producers more in exchange for simpler packaging and no advertising.

### Partnerships

Carrefour supported the *C'est qui le patron?* standard project by promoting closer ties with the dairy farmers cooperative in the French region of Bresse-Val de Saône and the bottler located in the region of Saint-Denis-de-l'Hôtel in Loiret. The label itself would not exist without this collaboration between Carrefour, the founder from *Gueules Cassées* (a campaign against food waste), small dairy producers, and consumers. The project's first product launch, milk, involved coordination between dairy farmers, the bottling facility, and distributor (Carrefour)—as facilitated through by the *La Marque du Consommateur* collective.

Additionally, the 51 struggling dairy farmers formed a cooperative to work in partnership with Carrefour. The number of producers involved in this consumer-producer partnership is expected to expand to up to 80. The amount paid to producers for each product is determined by public voting in online surveys created by Carrefour. These prices are made publicly available on the website, alongside the results of the vote for each product's price and various characteristics.

# Appendix 3: Marks & Spencer

# M&S

EST. 1884

## “Forever Fish” Consumer Label and Campaign

### Background

M&S has a 4% market share of the UK grocery market and is positioned as a high quality, own-brand food, clothing & home product retailer. The business has 1,433 stores worldwide has a group-wide turnover of £10.6 billion. The food business, accounts for 60% of the UK’s turnover, selling food through 1,025 UK stores, including 253 owned and 383 franchise Simply Food stores. M&S exports products to stores across Europe, Asia and the Middle East – including major franchises and owned operations in countries such as Turkey, Ukraine and Poland.

In January 2007, M&S launched their ‘Plan A’ sustainability programme to address the key environmental, social and ethical challenges facing the business. The programme has been a key means of embedding sustainability within the wider business brand. In 2017 they launched a new set of commitments which have been developed to transition Plan A into a new way of engaging with customers. Fish sustainability has been a priority for the business since the launch of its first sustainable sourcing policy more than two decades ago. It has continued to engage suppliers and customers on the topic ever since.

### What It Is

In 2011, M&S partnered with two conservation NGOs to develop a product labelling campaign focusing on seafood sustainability. At the time the business used 60,000 tonnes of seafood (whole weight) annually with approximately two thirds wild caught and the remainder farmed. The initiative had three pillars and three key partners:

- Education – in partnership with the National Schools Partnership
- Marine Conservation – in partnership with WWF
- Beach Cleans – in partnership with Marine Conservation Society

The campaign raised £4m for conservation efforts through charging for food plastic carrier bags. The Forever Fish product label was underpinned by M&S’s robust seafood sourcing policy. It was used on fresh fish, ready meals, Food To Go and frozen products. The introduction of the label was backed by a major print and online marketing push, including new web pages, in-store advertising and recipes. As part of it’s ‘Plan A’ sustainability programme the company now sources 100% of its fish from sustainable sources, such as MSC-certified fisheries. Although the consumer campaign has finished, the label is still used on products containing fish and the brand has become an umbrella for all the business’s work on sustainable seafood.

### Key Statistics

**Supply chain initiative:** “Forever Fish”

**Year launched:** 2011. It was time-bound, three year campaign.

**Region:** United Kingdom

**Volume/value/number of products labelled:** Label was eligible for use on all products containing fish

**Premium customers willing to pay:** Consumer awareness campaign and conservation projects funded through plastic carrier bag charges. No additional price for labelled goods.



A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros



# Appendix 3: Marks & Spencer

M&S

EST. 1884

## Creating the Label & Partnerships



### Partnerships

Partnerships were absolutely core to the success of the Forever Fish programme. Four external partners played different roles (see figure, right).

The foundation of the programme was a long term partnership M&S has with key suppliers of fish products. M&S has worked with all fish product suppliers to implement and improve the business's sustainable seafood sourcing requirements.

WWF-UK provided external oversight of M&S's sourcing approach to ensure it met the expectations of key stakeholders and was likely to deliver its stated aims. The M&S seafood policy uses standards and other mechanisms to ensure improved practices. In some supply chains this includes the use of Marine Stewardship Council certified products.

The Forever Fish programme has a strong strand of customer engagement that is supported by partnerships with the Marine Conservation Society and School of Fish.

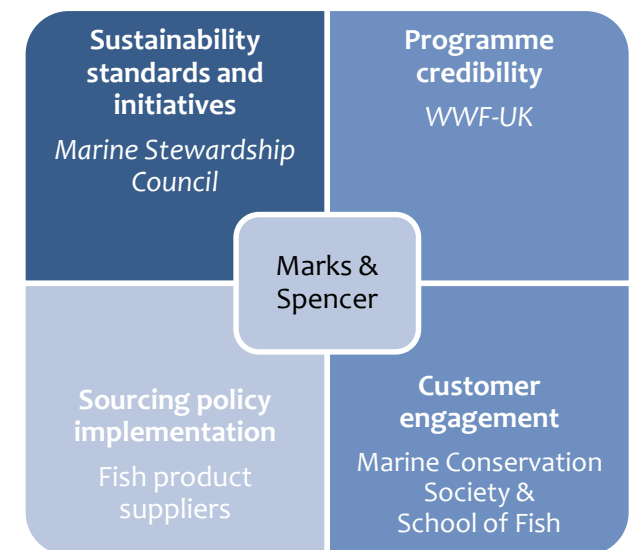


Figure: Key Forever Fish programme partners and roles

A1 Bingo	A2 Carrefour	A3 M&S	A4 Migros
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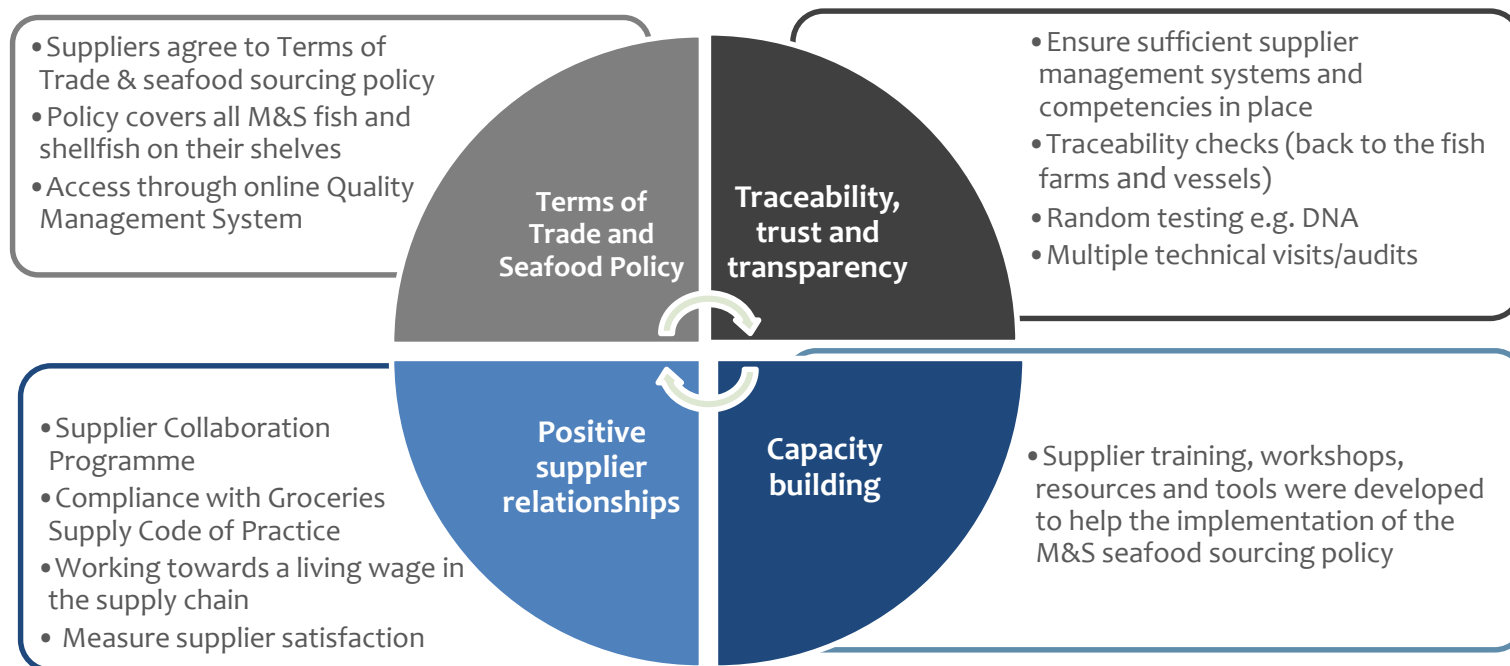
# Appendix 3: Marks & Spencer

M&S

EST. 1884

## Working with Suppliers

- Across the whole business, M&S directly contract around 400 suppliers who produce products at over 800 sites located in 44 countries – 90% of which are in Europe.
- The business's view is that retailers are increasingly scrutinized on the strength of their relationships with suppliers and their local communities as well as efforts to continually improve working conditions and promote fair trading practices.
- Their supplier engagement work focuses on four key areas (see figure below)



A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros



# Appendix 3: Marks & Spencer

# M&S

EST. 1884

## Engaging Customers & Recommendations for Other Retailers

### Engaging Customers

Customer engagement and communications is an important element of the Forever Fish label. The aim is to Promote sustainable seafood, membership of the Marine Conservation Society and its beach clean and Sea Champion activities to M&S' 21 million customers and 78,000 employees. The programme was designed to have multiple touch-points with existing – and potential – customers. In store, there were promotional materials, recipe cards, Forever Fish branded shopping bags – and the label itself. The Forever Fish brand supported M&S's strategy of encouraging healthier diets (such as eating more Omega 3 fish oils).

Outside of the store, media coverage was sought in national and local newspapers and magazines – for example covering Spring beach cleans, funded by the Forever Fish programme.

“Working with M&S offers a fantastic opportunity to engage their customers and staff in positive action to protect our seas, shores and wildlife. MCS aims to inspire over 50,000 customers to become champions of the sea, and take action to reduce litter on our beaches, choose sustainable seafood and learn more about the amazing wildlife around our coast.”

Samantha Fanshawe, Director of Marine Conservation Society



### Recommendations for Other Retailers

- Focus on multiple customer angles and engagement touch points to ensure the programme delivers as much positive communications opportunities
- Leverage existing standards and initiatives to underpin a label or new brand – this is by far the most cost effective and fastest way. This may not be possible if a credible standard does not exist
- Invest in high quality partnership working – be clear on roles, expectations from the start. Ensure lines of communication are open and there are regular updates
- Consider having an NGO partner to increase credibility and ensure the programme delivers against its aims. This helps avoid the charge of ‘greenwashing’.
- Embed measurement of key outcomes within the programme to support later communications and the development of future campaigns.

A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros

## Appendix 3: Marks & Spencer

### Using the Label: Benefits and Obstacles

#### Strong customer engagement

Post-initiative surveying of customers has revealed that the Forever Fish logo has many positive associations, including 'health' and 'sustainability' – all of which implied greater trust. This has encouraged the business to retain the logo on pack.

#### Good colleague buy-in achieved

The Forever Fish initiative was very well received by colleagues as it demonstrated the business's commitment to an important area of sustainability – and created plenty of business value.

#### Increased scrutiny on policies

The launch of the label inevitably increased the public scrutiny of M&S's seafood sourcing policies and activities. For the campaign to be launched the technical team had to be sure that all correct policies and processes were in place in supply chains. The campaign created extra internal profile for seafood sourcing.

#### Effective partner collaboration

The programme had many partners so this posed a challenge to the team in terms of keeping everyone engaged and ensuring everyone's expectations were aligned and being delivered against. Inevitably this means negotiating and compromising.



*"The Forever Fish programme and label was viewed very positively internally and got great traction with our customers. To protect our business brand we had to have total confidence that our seafood policies, standards and programmes were delivering sustainable fish products."*

*Hannah Macintyre  
Fisheries & Aquaculture Manager at Marks & Spencer.*

# Appendix 4: Migros Ticaret A.S.

“Good Living”

Promoting Good Agricultural Practices

**MİGROS**  
**TİCARET A.Ş.**

## Background

Founded in 1954 in Istanbul, Migros Ticaret A.S. is the leading supermarket chain in Turkey with 2,059 stores in 81 provinces and reaching 19 million households. Through its ‘Migros is Good for You’ motto, the company aims to provide a unique shopping experience, through its ultimate services, broad product portfolio, pioneer applications and family budget friendly pricing approach.

The company takes an integrated approach to sustainability and has been recognised for its efforts by being the only food retailer in Turkey to be included in the BIST Sustainability Index since 2014. Migros has also been listed in the FTSE4Good’s Emerging Markets Sustainability Index since 2016. It has achieved these by prioritising a range of environmental and social issues including climate change, natural resource use, health and safety, human rights, ethics and corporate governance. By addressing all of these areas concurrently, Migros is able to adopt an approach that enables practical steps for addressing the short, medium, and long term risks facing their supply chains.

## What It Is

In 2010, Migros became the first retailer in Turkey to introduce “Good Agricultural Practices (GAP)” control system that specified 224 criteria for its fruits and vegetables, in accordance with the Ministry of Agriculture and Forestry’s requirements. Migros considers the model an important social responsibility project because it promotes agricultural production that protects the environment, human health and animal welfare. For this reason, Migros expanded the GAP production model in 2013 to include egg and poultry products with its “Good Chicken” label. All chicken and turkey meat products selling in Migros stores are all products being certified with Good Agricultural Practices.

As of 2017, 126 products from 1,033 producers were supplied and produced in line with GAP procedures and principles resulting in 280 GAP certificates. The number of supplied products certified by GAP has reached 530,941 tons since 2010. Migros achieved yet another first by offering GAP-certified raw milk in 2017. Migros has launched the “Good Honey Project” with the Ministry of Agriculture and Forestry to prevent imitation and deception in honey products; and establish good honey criteria, reliable honey production and supply.

Besides owning and operating the biggest meat-processing plant in Turkey, Migros is also the only brand that following up all steps of the redmeat production chain from farm to table. Accordingly, Migros provides its meat products under “Good Meat” label.

## Key Statistics

**Brand name:** GAP Adoption

**Year launched:** 2010

**Region:** Turkey



A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros



# Appendix 4: Migros Ticaret A.S.

## Creating the Label & Partnerships



Working with the Ministry of Agriculture and Forestry, Migros forms the GAP procedures and standards

The GAP system is formally launches in 2010 and Migros becomes the first retailer in Turkey to be awarded GAP group certification.

The GAP program expands to include egg and poultry products under a “Good Chicken” label. It subsequently diversifies its meat offerings and creates the broader “Good Meat” label.

After the supply of raw milk became legal under certain conditions, Migros offered first GAP-certified raw milk. Migros launched the “Good Honey Project” with the Ministry of Agriculture and Forestry.

### Partnerships

Migros has collaborated with the Ministry to expand its GAP projects and commit to new standards involving the production of animal husbandry (in 2013), raw milk (in 2017), and honey (in 2018).

The company have provided GAP training for producers, and Migros has created a “Fruit and Vegetable Supplier Handbook” based on Good Agricultural Practices to help popularize the practice. On the consumer side, Migros raises awareness about the benefits of GAP-certified products through advertisements, press releases, social media, in-store branding, and by holding educational exhibitions and festivals for children. These efforts help to build consumer trust in GAP-certified products, which subsequently has a positive impact on purchasing decisions.

Migros also started the “Biological Control in Grapefruit Cultivation Project” in 2016 to examine

A1 Bingo

A2 Carrefour

A3 M&S

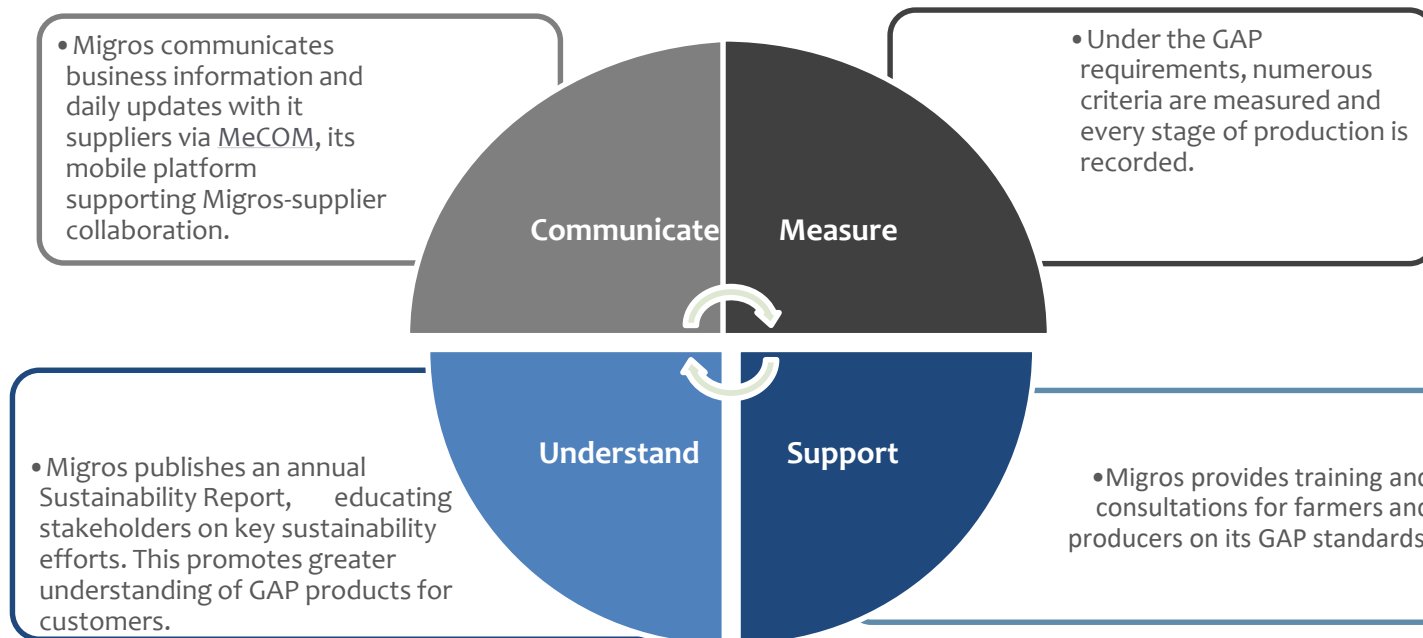
A4 Migros

# Appendix 4: Migros Ticaret A.S.



## Working with Suppliers

- In 2017, Migros conducted 1,027 audits of 92% of its main suppliers, comprising 80% of its revenue, by an accredited independent external auditing firm. Suppliers' product safety practices were performed under the 'BRC Global Market' audit control list recognized by GFSI (Global Food Safety Initiative).
- Migros places special importance on the producers and suppliers of fruits and vegetables. In this context, as a separate approach compared to other supplier controls, the company follows an inspection program with 4 different check lists related to produce suppliers, production areas and labor principles that also cover storage and packaging facilities.
- Migros hosts seminars and attends trade fairs to engage with producers and suppliers about GAP certification and the "Good Agriculture" label. Thousands of producers have been reached and encouraged to achieve certification.



A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros

# Appendix 4: Migros Ticaret A.S.



## Partnerships, Incentivising Action, Engaging Customers, and Private Labels

### Partnerships

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Migros also started the “Biological Control in Grapefruit Cultivation Project” in 2016 to examine ways to farm citrus sustainably while protecting biodiversity in the orchards.

### Incentivising Action

Annual Field Basis Payments are made to producers whose agricultural production methods meet the standards of Good Agricultural Practices, as set by the Ministry of Agriculture and Forestry. For those who are not directly producers but who market GAP certified products, taxes are waived. In governmental aid programs, the institutions and producers producing GAP-certified products are given priority. Lastly, suppliers that continuously provide GAP-certified products are awarded in various additional ways, such as plaque and thank-you note in the name of Migros Ticaret A.S..

### Engaging customers

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### Exclusive Private Labels

Migros launched ‘Tastes of Anatolia’ range in 2012 that showcases special local products and tastes inspired by the ancient Anatolian peninsula. This campaign is an effort to preserve heirloom seeds and traditional delicacies, and it also enables small producers to maintain traditional methods of food production and sell their products beyond their immediate town or region. Many customers who value authentic products and local ingredients prefer products from this range.

Migros pays attention to offering products that support healthy lifestyles to customers. Certified organic, low calorie and healthy lifestyle focused products with the “M Life” label are intended for customers who are mindful of their wellbeing.



A1 Bingo

A2 Carrefour

A3 M&S

A4 Migros