



Voluntary Agreements as a collaborative solution for food waste reduction

Key Messages

- A Voluntary Agreement (VA) is a policy measure that can drive food waste reduction by bringing supply chain stakeholders together under a common cause.
- The objectives of a VA are collectively designed in consultation with all supply chain actors to ensure that each actor's needs and specificities are represented, which facilitates the development of relevant and attainable targets.
- The voluntary and non-legal characteristics of a VA make its structure flexible, which is advantageous as its targets and objectives can be quickly and easily adjusted in response to changing policy contexts.
- The potential for millions € of savings and/or enhanced brand image creates a strong business case for participating members to join a VA, especially if key organisations and businesses are involved.
- To help actors take concrete actions towards establishing a VA within any country, REFRESH developed a Blueprint tool, which details questions that can guide policy makers and the founding members of the VA, in collaboration with the third-party, through each step of the VA.



1 Enacting policy to drive food waste reduction

Voluntary Agreements as a key REFRESH policy area for food waste reduction

Through REFRESH research, Voluntary Agreements were identified as a key policy focus because of their high potential to drive food waste reduction through the collaboration of all supply chain actors. This food waste reduction potential, which was explored within a comparative analysis of Voluntary Agreements and Unfair Trading Practices in three European countries, showed that VAs are adaptable to any national context by involving the right actors to set attainable and ambitious targets (Piras et al., 2018)(Piras et al., 2018).

This policy brief outlines how to create a favourable context for the implementation of Voluntary Agreements within any Member State to drive food waste reduction.

Reducing food waste in Europe through REFRESH research

The EU project REFRESH (Resource Efficient dRink for the Entire Supply cHain) is a four-year (2015-2019) Horizon 2020 EU research project taking action towards food waste reduction. This project's goal is to support the Sustainable Development Goal 12.3¹ of halving per capita food waste at the retail and consumer level, reducing food losses along production and supply chains, reducing waste management costs, and maximizing the value from unavoidable food waste. Furthermore, the project promotes the consideration of the food use hierarchy which prioritises prevention, followed by redistribution for human, then animal consumption, before other forms of valorisation (composting, bio-energy, etc.)

Through the policy research carried out within the first half of the project, three policy areas stood out as main focuses to further research within policy briefs: Consumer behaviour, integrated supply chain policies (Voluntary Agreements & Unfair Trading Practices), and food surplus valorisation.

¹"cutting in half per capita global food waste at the retail and consumer level, and reducing food losses along production and supply chains (including post-harvest losses) by 2030"

REFRESH definition of Voluntary Agreements

Within the scope of the REFRESH project, Voluntary Agreements have been defined as follows, inspired from the OECD and FUSIONS definitions:

Voluntary Agreements (VAs) are self-determined commitments or pacts with qualitative and quantitative objectives, developed by private entities and/or other stakeholders in consultation with their signatories. They are used as alternative courses of action to traditional legislation, can be piloted by government officials, businesses or other actors, and can be used in addition to, or independently from existing legislation.

Within the context of food waste, this brief illustrates how VAs have the potential to **drive food waste reduction** and are **adaptable to any national context** to either replace or implement legislation. This policy brief outlines how to **create a favourable environment** for the implementation of Voluntary Agreements within any Member State to drive food waste reduction. The voluntary and non-legal characteristics of a VA makes its structure flexible, which is advantageous as its targets and objectives can be quickly and easily adjusted in response to changing policy contexts.

With the growing awareness in Europe that power imbalances along the food supply chain are significant waste drivers, setting up sustainable food systems should be **collectively considered by all actors**. Therefore, the fullest possible involvement of the supply chain is paramount to the success of a VA.

2 Creating a favourable context for a Voluntary Agreement

Understand a country's context and the existence of specific food waste policies

As a VA is adaptable to any (political) situation thanks to its flexible and collaborative nature, it can be set up with in any European country's context. Therefore, depending on whether a country already has food waste legislation in place, a VA can be implemented from the following two different angles as a means to:

- **Support the achievement of pre-existing legislative targets through its transposition into a VA.** Aligning a legislative target or establishing a more ambitious one within a VA gives members the tools to meet a legislative target as the VA creates awareness and defines

an action plan for compliance. One advantage of this approach is that government would more likely communicate on and financially support the VA as it is in line with their objectives. Furthermore, the existence of a target/requirement at the launch of a VA provides an initial objective that the members can aim towards and take into consideration within the VA's design.

- **Establish requirements/targets within a VA as an alternative option to conventional regulatory processes.** In the absence of a legislative target/requirements on food waste reduction, a VA's members take full ownership of defining the requirements and targets to catalyse change within their country. The advantage of this approach is that, as there is no governmental precedent on a scope and targets for food waste reduction, the VA will be a key launching point for further work on food waste. Furthermore, the momentum created through the collective definition of a VA may spark government attention on the importance of the VA's objective, leading in turn to support for the initiative. It should be noted that within this scenario, the **UN Sustainable Development Goal 12.3** is recommended to act as a guiding principle within the VA's definition.

Regardless of which angle the VA is set up under, a VA must have **ambitious yet realistic targets**, achievable and relevant to all signatories across the supply chain.

Ensure long-term financing and governance

Ensuring sustainable funding within a VA's structure is critical to ensure its longevity. The different funding compositions, which can come in the form of a donation or as grants are 100% private, 100% public, or a mix of the two (Osoro and Bygrave, 2016). For example, the government may financially contribute at different stages of the VA, in order to ensure long-term financing of the agreement. However, the diversification of sources of income is key to achieve long-term financing since the funding of a VA should not fully depend on the will of the government or a few actors.

The ideal funding composition is a mix of private and public in order to avoid overrepresentation from one sector and to achieve neutrality. Requiring participation fees from members throughout the duration of the VA also gives them a sense of ownership or investment within the agreement, preventing "free riders" from joining the agreement. However, those that financially contribute to the VA should not have biased representation within the VA.

It should also be kept in mind that while a country's context in terms of food waste policy may vary, it is nevertheless important to involve the government in the initial stages of the VA's definition to ensure that its advancement is not blocked, regardless of whether they financially contribute to the VA or not, and to make sure the VA is aligned with current national policy.

The funding of the VA should be aligned with the governance model selected. It is common to have a steering committee with focussed working groups. Within that structure, the mechanisms for decision making should allocate

enough time to reach consensus. If participation fees differ from one signatory to another (based on its turnover, its country representation, etc.) the agreement should clearly state what are the implications regarding the decision-making process. In some cases where quick decision-making is critical, a model with one leading organisation may be more appropriate (Osoro and Bygrave, 2016).

Establish an independent third-party

The main pillar of success in a VA is the driving force brought along by the Agreement's leading entity. Based on research (Osoro and Bygrave, 2016), (Piras et al, 2018), (FAO, 2014), it has been concluded that this entity should preferably be a neutral **third-party** that is independent from other public or private entities². This third party can be a company, university, research institution or another independent organisation. The neutral stance of the third-party is important to ensure that the third party unbiasedly considers all supply chain members' stances when helping defining realistic objectives and the means to achieve them. Ultimately knowing that the third-party is unbiased may foster trust amongst signatories when sharing sensitive information such as data or company strategy.

Ensuring that the actions carried out within the scope of the VA are relevant within a country's context can furthermore avoid government resistance. The third-party should therefore be in close consultation with, and ultimately receive the backing of, the relevant regional or national government. Receiving the support from the public sector could also lead to key financing.

Lastly, it should be noted that the entity that initially launches the VA does *not necessarily* need to be the one that leads the efforts in the long run. For example in the NL, the Taskforce for Circular Economy in Food (TCEF) was initiated within REFRESH as a Voluntary Agreement pilot (Piras et al, 2018) and is now being taken over by a newly-formed committee and backed by government funding.

Country case study

*In the case of one of the first Voluntary Agreements which managed to engage actors in reducing food waste, the **Courtauld Commitment (CC) in the UK**, the third-party is the Waste & Resources Action Programme (WRAP). Created by the government in 2000 to promote sustainable waste management, WRAP is now a charity, and one of its major tasks on food waste is to lead the alliance. **WRAP** is mostly government-funded but also has other sources of funding (e.g. member companies pay to participate in the current stage of the CC).*

² Desk research has been complemented with interviews of relevant stakeholders within the REFRESH projects

The wider supply chain context to voluntary action on food waste

Through REFRESH policy research, in particular via a system mapping exercise in which food waste drivers for different products along the value chain were identified and analysed (Burgos et al. 2017), it was concluded that **key food waste drivers are systemic**. Although certain drivers may be more evident in one step of the value chain, and therefore associated with that supply chain actor, their impact resonates across all stages and may stem from practices carried out elsewhere in the value chain. A systematic driver of food waste identified was the role of buying and trading practices and imbalances in bargaining power between supply chain actors (such as powerful retailer buying groups and farmers) which can sometimes result in Unfair Trading Practices. The European Commission has repeatedly recognised the role of Unfair Trading Practices in the food supply chain negatively impacting in particular on primary producers. In addition, REFRESH systems mapping has shown how UTPs may contribute to food waste, for example through cancelled orders for perishable foods for which farmers are not able to find an alternative market. The REFRESH policy brief 'Regulating the role of Unfair Trading Practices in food waste generation EU Horizon 2020 REFRESH' covers UTPs and food waste in more detail.

VAs were identified as being an effective tool to foster the collective consideration of supply chain issues by bringing actors together through the VA's setup. As one of the success factors of a VA is to ensure a mix of government, business and NGOs with representation along the whole supply chain, the confidential setting of a VA creates a space for actors to openly share challenges and discuss how to address them in order to achieve food waste reduction. Creating this open discussion between actors within the structure of a VA is impactful as multi-sectoral discussion, increased cooperation and better communication to achieve concrete food waste reduction objectives rarely happens spontaneously.

Finally, as identified within REFRESH research on UTPs and VAs, although existing VAs such as the UK's Courtauld Commitment have generated positive quantitative results which have the nation on track to halving food waste by 2030, periodically readjusting a VA's objective and membership composition can be beneficial to enhance results. However, as membership is voluntary, it is not possible for organisations to be "forced" into joining or staying in a Voluntary Agreement. For example, farmers and farming associations have not been fully represented within past food waste VAs, such as the UK's Courtauld Commitment. As the arguments for the involvement of farmers were difficult to communicate and as other sectors seemed more receptive, these actors were not represented. This can be problematic when addressing systemic food waste drivers as an entire step of the supply chain is not taken into account, which will create holes in a VA's design (Tostivint et. all, 2016), (Taylor, J., Parfitt, J., Jarosz, D. 2019).

Within the REFRESH pilot projects, in which VAs were tested within four EU Member States, a key criterion was to actively include farmers into the VA's design. Although all four REFRESH pilot projects aspired to successfully get

the whole supply chain involved, farming engagement only occurred via the intermediary of industry associations.

Composition of supply chain actor members

Regarding a VA's members, clearly defining a shortlist of the necessary key actors to have a full representation of the supply chain is paramount to the success of a VA. An initially small group of focused and motivated entities have a greater potential to create more impact instead of a widened all-encompassing list of potentially passive members who may be difficult to manage and engage in the VA.

Once the shortlist is defined, it is not necessary to have all of the targeted actors fully committed to the VA before its launch. Regardless, in the absence of initial full representation of the supply chain, consideration should be taken to create an action plan on how to eventually entice and recruit these members.

Over time and if relevant to the VA's strategy, actors that fall outside of the traditional supply chain, such as NGOs, can also be brought on board. Their added value to a VA could be to gather sectoral-specific expertise. However, it may be better not to add them at the initial stage, when focused action from VA members who are active players in the food and drink sector is most vital.

Efforts should therefore be centralised on capitalising on the motivation of confirmed signatories and on defining clear objectives that will reduce food waste. As notably seen through the United Kingdom's Courtauld Commitment, which enabled business savings of £100 million since 2005 through its defined food waste reduction measures, a carefully executed food waste reduction plan has a powerful potential to also increase company profitability and consumer recognition. Showing this clear "business case" is therefore an attractive tool when bringing aboard other targeted entities and motivating the involvement of existing signatories.

Establish measurement methodology to define progress and track results

As indicated earlier, quantitative targets should be collectively defined by all supply chain actors within a VA, either to support, or in the absence of, existing legislation.

To measure the effectiveness of a VA in relation to these objectives, it must have a **clear measurement methodology and defined metrics that can be applied by all members**. While the application of a harmonised methodology is crucial for proper progress tracking, viable data reporting is a complex challenge. Actors within a VA may have variant levels of data: actors may have never tracked food waste data, may not have extensively monitored or reliable data, or may have data that uses 'unfriendly' metrics to other supply chain actors.

Regardless of these data hurdles, it is necessary to have a quantifiable baseline understanding for a country's food waste context to define objectives and track progress. The independent third-party therefore plays a crucial role in instilling trust in the VA's members when initially gathering company-sensitive data, coaching members on how to report according to the defined methodology, and in ensuring its enforcement throughout the duration of the VA.

The third-party can implement existing reporting methodologies such as the World Resource Institute's Food Loss and Waste protocol (FAO, 2014) or the FUSIONS Quantification Manual (Tostivint et al, 2016). Ultimately the **robustness and the transparency of the data reporting** are critical to ensure the credibility of the initiatives and in ensuring that the VA will be able to communicate its achievements to the public or other potential members.

There are three forms of reporting in the context of a VA. In the first case, known as public reporting, a company's food waste figures are made available to the public. This strategy may put off businesses from joining a VA, as they perceive the risk of a 'name and shame' approach on the basis of their results. Another kind of reporting collects data on the activities of the VA's members, and discloses aggregated results for the signatories as a whole. This approach is used within the Courtauld Commitment. Finally, a VA may also implement the private reporting of individual members' activities. In this case, the VA's leading entity collects the reporting figures of its members, does not disclose them but may individually notify members if their numbers do not meet the VA's expectations.

3 Conclusion

As illustrated within this policy brief, establishing VAs on the national level within Europe can be a smart solution to reduce food waste levels under collectively-agreed upon common objectives and targets.

Understanding the state of play of a country's food waste background (data availability, measurement and reporting guidelines, international, national, or regional targets, national market structure, etc.) is necessary but not sufficient to build a long-term successful VA. The environmental policy, the major actors of a country, the law-making habits, etc. also need to be considered. While interlinked, the development of a VA is not dependent on the existence of a national/regional plan for food waste reduction. For example, a country with a pre-existing national plan can be advantageous as it can help drive a VA's uptake. On the other hand, the absence of such a national plan upon the establishment of a VA is not hindering, as it could potentially incentivise the creation of a plan.

Concrete steps for supply chain actors to establish VAs

In order for supply chain actors to take concrete action towards establishing a VA within their specific country, REFRESH has developed a Blueprint tool

(REFRESH Voluntary Agreement Blueprint: 'Building partnerships, driving change: A voluntary approach to cutting food waste' (2019)). This tool outlines the different pillars illustrated in the below figure that a supply chain actor should focus on exploring within their own national context to identify their country's baseline scenario and readiness for the establishment of a VA.



Figure 1: Key pillars of a Voluntary Agreement

In order for a supply chain actor to easily define their country's baseline scenario through the Blueprint, each pillar includes detailed questions that guide the policy makers, in collaboration with the third-party through each of the steps.

Country case study

*Following participation in a REFRESH Policy Workshop to introduce the VA Blueprint, further interest has been received from **Sweden**. The overarching goal of the current Swedish food waste policy-mix is to reduce the amount of food waste which is produced as a whole. Food waste reduction is included in the Swedish Waste Management Plan, according to which at least 50% of food waste from households, canteens, shops and restaurants shall be collected separately and treated biologically by 2018. Priority is given to the management of resources and the biological treatment of waste; with a target for collection to anaerobic digestion and SDG 12.3. The VA Blueprint workshop organised end of 2018 in Sweden brought together a mix of policy, industry and NGOs. The key aim of the workshop was to create a neutral space where different actors of the supply chain and of the government could meet, to discuss establishing a framework for collaboration among all actors.*

Upon completion of the Blueprint, key findings about the country's readiness to implement a VA will arise. In the absence of responses to certain questions, the identified gaps can serve as evidence to widen the response-gathering

scope and get in touch with other governmental or private entities in order to jump-start collaboration around the VA's design. It should be noted that the third-party is key in guiding the supply chain actor through the Blueprint as its impartial stance will help identify where the policy maker should focus more efforts in information gathering to have the most robust set of baseline information.

4 Recommended reads on Voluntary Agreements

More information on Voluntary Agreements can be accessed within the following reports:

- Piras, S., García Herrero, L., Burgos, S., Colin, F., Gheoldus, M., Ledoux, C., Parfitt, J., Jarosz, D., Vittuari, M. (2018). 'Unfair Trading Practice Regulation and Voluntary Agreements targeting food waste: A policy assessment in select EU Member States' EU Horizon 2020 REFRESH. Available at <https://eu-refresh.org/unfair-trading-practice-regulation-and-voluntary-agreements-targeting-food-waste>
- Taylor, J., Parfitt, J., Jarosz, D. (2019). 'UTP Policy brief: Regulating the role of Unfair Trading Practices in food waste generation' EU Horizon 2020 REFRESH.
- REFRESH Voluntary Agreement Blueprint: 'Building partnerships, driving change: A voluntary approach to cutting food waste' (2019). EU Horizon 2020 REFRESH.

5 References

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- (European Commission, 2018) European Commission, Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on unfair trading practices in business-to-business relationships in the food supply chain, COM (2018) 173 final, 2018.
- (FAO, 2014) Food and Agriculture Organization of the United Nations, Think.Eat.Save Guidance, 2014.
- (Osoro and Bygrave, 2016) Osoro, Cristina, and Kate Bygrave. 2016. 'Inventory and Evaluation of Effectiveness of Existing Approaches to Voluntary Alliances | REFRESH'. <http://eu-refresh.org/inventory-and-evaluation-effectiveness-existing-approaches-voluntary-alliances>
- (Piras et al., 2018) Piras, S., García Herrero, L., Burgos, S., Colin, F., Gheoldus, M., Ledoux, C., Parfitt, J., Jarosz, D., Vittuari, M. 2018. 'Unfair Trading Practice Regulation and Voluntary Agreements targeting food waste: A policy assessment in select EU Member States', EU Horizon 2020, D3.2 REFRESH. <https://eu->

refresh.org/unfair-trading-practice-regulation-and-voluntary-agreements-targeting-food-waste

(Tostivint et al.,
2016)

Tostivint C., Östergren K., Quested T., W, Soethoudt H., W; Stenmarck Å., Svanes E., Norway; O'Connor C. 2016. 'Food waste quantification manual to monitor food waste amounts and progression', D1.7, FUSIONS.

(WRI, 2016)

World Resource Institute, Food Loss and Waste Protocol, Official Website, 2016, available at <http://www.flwprotocol.org/>

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