



Department
for Environment
Food & Rural Affairs

Food Data Transparency Partnership Eco working group minutes

Date 12 June 2023
Time 10:00 – 11:30
Venue 2 Marsham Street / Microsoft Teams

Attendance

Co-Chairs:

Judith Batchelar Food sector expert and Environment Agency Deputy Chair
Karen Lepper Deputy Director Food Data, Standards and Sustainability, Defra

Nineteen Eco working group members in attendance

FDTP team

The Eco working group is a stakeholder engagement group that provides input on policy development as part of an open policy design process. These discussions do not reflect agreed government policy.

1. **Welcome, recap on progress and meeting purpose**

Karen Lepper (KL) welcomed WRAP and WBSCD presenters to the group.

KL reminded the group about Chatham House Rules and recapped on the previous meeting. KL then explained that the focus of today's meeting would be:

- To understand the main differences in product level and company level accounting standards
- To consider if there is a need for additional guidance/support for product level GHG accounting compared to company level
- To agree key issues on product level GHG accounting where agreement is required on best practice.

2. Summary of the key issues and solutions from May session

FDTP team briefly explained the summary table shared with eco working group ahead of the meeting. 7 potential topics pulled out where there could be further work to improve consistency of scope 3 emissions reporting. Asked the group to help with prioritisation of these workstreams and to volunteer for Task & Finish (T&F) group volunteers to take the work forward.

- FDTP team: T&F intended to be quite small and flexible – membership doesn't all have to come from within the Eco WG.
- Judith Batchelar (JB) – suggested that we should engage with CFOs/the finance community who have a key role in company reporting.

Action: FDTP team to link up with Accounting for Sustainability CFO network.

- Agreement in the room with this proposal and a mention of 6 weeks of audit process that brought in a lot of the finance team.
- JB raised the issue of ensuring, for assurance and verification purposes, that the upstream processes that form the basis of inventories are accurate and signed off.

Action: FDTP team to add verifying the processes in the supply chain to ensure accurate accounting to the T&F table.

- One member mentioned a similar experience of the 3rd party assurance process – questioning members of the business, including finance and doing site visits, to confirm that the process was being described as accurate.

3. Comparison between company and product level accounting standards

WRAP presented the findings of a paper on the differences between product level and company level accounting standards.

Overview of materials:

- WRAP have been undertaking a piece of work in the last few months reviewing the various standards that govern how to run an environmental assessment – how do rules for product and organisation environmental accounting relate to one another?
- Series of discrepancies between two levels – two drivers of difference:
- Driver 1 – how activity data is collected – top down or bottom up. Organisation inventories normally require top-down data, but product inventories are made more accurate by a bottom-up approach, which is more resource intensive. Aggregated data can result in inaccuracies at the product level. How much does this matter? Likely to be a very site-specific issue. Example of Brewery that has more business activity than just production. Factory solely focused on production. If you want more accurate product footprints, you need to look at sub-metering.
- Driver 2 – organisational functional unit. LCA based approaches to organisation (O-LCA and OEF) have clear alignment with data structure required for product footprints. GHG protocol organises things a bit differently – organisation is a sum of things it does (activities), not things it makes. Product footprints need to be easy to disaggregate if upstream and downstream activities happen in different reporting years.

- These discrepancies do not make the two levels incompatible. There is a need to unpack product carbon footprints into activity and emission factor data to allow improvement and increase understanding.
- The use of generic (secondary) data rather than primary data is likely to add more uncertainty to the product level calculations than the methodological issues described.
- A couple of members raised that bottom-up product level activity data collection will be very burdensome and in some industries the difference in accuracy between top down and bottom-up calculation will be marginal and not material. The burden is not outweighed by accuracy.
- One member suggested that bottom up will always be better if the aim of measurement is reducing emissions.
- WRAP agreed that the decision about top-down or bottom-up needs to be within an organisation, balancing benefits with burden. Problems with inconsistency occurring across different organisations likely to occur if different organisations sourcing the same product use different accounting methodologies. You can only compare within product categories if they have used the same product category rules. If they have not, then it is difficult to compare between categories for e.g., eco-labelling.
- The BRC-Mondra coalition will be testing sensitivity and materiality across different food products as they roll out and will gather more data on this. Will hook WRAP into their research.

4. Summary of PACT Pathfinder Framework and discussion around applicability and usability for F&D

PACT presented their Pathfinder Framework that provides guidance on GHG emissions accounting at the product level. Key points:

- Developing global standard for calculating and exchanging consistent, comparable and credible Scope 3 emissions data across value chains, allowing organisations to take carbon informed decisions.
- Focus on exchange of emissions data regardless which platform the business is using.
- Industry agnostic emissions accounting methodology to address lack of harmonisation due to diverging approaches.
- There are 8 lead international companies including Unilever and Dell leading the way. Carbon Disclosure Project (CDP) and SAP (German multinational software company) are both committed to aligning with PACT. SAP will be compliant within a year and CDP working up timeframe.

PACT also talked about their Food and Agriculture pathway:

- Many member companies have committed to setting science-based targets so having product level data is a key part of that.
- Key challenge for Food and Ag sector pathway is accessing accurate credible data, emissions accounting is all top down but now needs to move to bottom up and for that need primary data.
- In the process of setting up an agri-food industry pilot of PACT – currently scoping out, initial thinking is that it will focus on soil carbon and health. Thinking about interlinkages with new emerging guidance LNSA, SBTi nature. Aim would be to produce new sector guidance.

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- Members engaged in this Food & Agriculture project around data and transparency to date include: Anheuser-Busch (ABInBev); BASF SE; Bayer A.G; Buhler AG; Cargill Incorporated; CF Industries; Charoen Pokphand Group Co., Ltd; Corteva Agriscience; DSM N.V; Givaudan International SA; Indigo Ag; Inter IKEA Group; Neste Oyj; Nestlé SA; Nutrien; OCP Group; Olam Food Ingredients; Philip Morris Int'l SA; Rabobank Group; Shell plc.; Syngenta Group; The Kuwaiti Danish Dairy (KDD); Unilever; UPL Limited; Yara International ASA
- Looking at Scope 3 reporting requirements from various initiatives and working with companies to understand how much of a gap there is to bridge for companies for primary data collection.
- Group will be engaged over next 3 months before COP28 and this will be a big part of WBSCD presence there.
- JB: FDTP keen to be looped into Agri pilots to show industry we are joined up and avoiding duplication. Could the pilots be part of PACT T&F groups?

Action: FDTP team to follow up with PACT about the Agri pilots.

- FDTP team asked the group how many people are familiar with the PACT framework, have been thinking about the framework or have had any issues in implementing it?
- One member was aware and keen to join up.
- JB: COP would be an ideal opportunity to demonstrate that we are joining up at a Global level.
- Julie Pierce (JuP): Would like to have a follow up conversation with LS and KNH on data and infrastructure for the data WG.
- One member raised a few technical issues for the Ag sector with the PACT model of focussing on emissions data rather than activity data and providing assurance through auditor certification rather than sharing activity data. Not sharing activity data will make it difficult to go back to old data and remodel emissions based on changing emissions models. It will also be difficult to show compliance with FLAG, LSRG and PEF. Feels like PACT standard is weighted towards providing assurance rather than calculating. But if looking at ag specifically there may be areas where emissions can be broken down a bit more. If companies can share some essential activity data, it can reduce the reliance on auditors.
- PACT: Need to balance confidentiality with trust – companies comfortable with assurers having access to this activity data, rather than exchanging activity data and allowing customers to manipulate the data – preference for owning the PCF of their products. Hope that methodology helps with this.
- JB: A couple of suggestions:
 - Lots of moving parts – should return to this with a more focused party with the specific interest in this. **Action:** FDTP to test whether a product level T&F is needed.
 - We should join up PACT and FDTP roadmaps. **Action:** FDTP to follow up with PACT.

5. Discussion around the key product level questions coming out of the BRC Mondra coalition (30 mins)

BRC Mondra Coalition presented the work being done to standardise the approach to measuring emissions at the product level. Key points:

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- Modelling complexity - if looking at corporate level, can take a proxy by product (e.g., look at footprints of ingredient profile), or product approach (i.e., individual footprint for every single product)
- Comparability and fairness become more of a focus as the specificity increases. Ladder of low to high level of granularity:
 - Category product proxy
 - Category ingredient proxy
 - Basic product model
 - Full supply chain product model
- Different standards create a lot of challenge in the supply chain – standardisation makes provision of data easier. A lot of potential for standardisation to speed up reductions across the supply chain.
- When using the same standard, everyone is speaking the same language all the way through the supply chain, so ability to engage with farmers is much greater
- JB: Does everyone feel that having a really granular set of guidelines is something that we need and want?
- Mondra-BRC coalition agrees that granular guidance needs to be an end goal but that to achieve broad participation at the outset they can't be that prescriptive and then if not following strict guidelines that products cannot be compared.
- JB: Need to think about the people who aren't in the room, either through the coalition or Eco WG – how do we get to them?
- IGD have a larger consult group and happy to share details.

Action: FDTP to consider engagement plans and how to consult a wider group of people.

- KL: Particularly interested to hear from people who may not be set up to do this – in particular small businesses and farmers.
- Having lots of variability in the solution makes it technically more complicated – technology is a big answer to making the methodology more accessible.
- FDTP team: We want to understand where the group is currently at with product level accounting– we want the Eco WG to be our test group to understand what we need to solve to get to this point and where the pushback may come from within the supply chains.
- One member offered to talk through their experience of working with Mondra on life cycle analysis of products including bringing in a couple of suppliers in, especially private label suppliers.
- JB: IGD trade briefings are a fantastic opportunity to get to huge numbers of people; could be a good way to share some of the thinking and worked case studies to get a sense of how it's landing.

Action: FDTP team to approach IGD about using trade briefings in SH engagement.

- One member highlighted the fact that implications of economic allocation will go beyond the food and drink industry – important to get views of those who buy food and drink industry products for non-food and drink purposes (e.g., biomethane).

6. **Close and next steps**

- JB brought the meeting to a close and confirmed the next meeting will be on 24 July when we will start talking about our plans for consultation.
- The meeting on 4th September will discuss IGD's eco label proposals.