# Food Data Transparency Partnership Eco working group minutes

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| **Date** | 10 September 2024 |
| **Time** | 10:00 – 13:00 |
| **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

**Twenty-two Eco working group members and one Data working group member 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 and introductions:**

   - Judith Batchelar (JB) welcomed members to the meeting, recapped Chatham House rules and SharePoint access, and set out the agenda.
   - Karen Lepper (KL) introduced new members added via an open EOI process and welcomed Karen Fisher (KF) on behalf of Climate Stuff, who is providing consultancy support to Defra.
   - KL noted that Defra is awaiting Ministerial steers on the scope of the programme.

## 2. Update on FDTP priorities:

- Defra officials summarised progress to date, with a particular focus on progress since the last meeting in March. This included:
  - **Eco-labelling:** Development of a mandatory methodology for food & drink eco-labelling has been paused. This is while we focus on policies to improve the quality and availability of data, in addition to the development of a product-level accounting method. Both of these requirements are in part being investigated by LED 4 Food.
  - **Scope 3 reporting protocols:** The Eco WG previously agreed to endorse WRAP's scope 3 reporting protocols V2 and provided feedback on them last year (including the November Eco WG meeting). These protocols were published in June.

- Defra is working closely with officials in DBT who are assessing ISSB standards on sustainability reporting, and shared the following updates:
  - The work of DBT's committees reviewing the ISSB standards is progressing according to the previously announced timeline, with a conclusion expected in December 2024.
  - DBT aims to consult on the draft standards in early 2025 and finalise decisions around endorsement thereafter.

- KF set out areas not fully scoped within the delivery plan and invited feedback on where group members saw a role for FDTP.

## a) Carbon removals:

- This is an important topic to consider given the growing interest in evidencing carbon removals in the food and drink supply chain. Outstanding questions include:
  - Investment in traceability and monitoring, e.g. carbon sampling and LIDAR.
  - Interpretation and practical implementation of existing rules.
  - Potential gaps in existing rules.
- KF asked members for interest in joining an industry-led "Carbon Removals Taskforce" to discuss some of these issues.
- The Defra team noted the important links to the BSI-led nature markets standards programme which is creating a standard for natural carbon, and engagement with the EU to understand more about the EU regulation on carbon farming and carbon removal certification.

- Members flagged:
  - The DESNZ Consultation on GHG Removals and the ETS.
  - The need to look at the issue from a relational rather than transactional viewpoint.
  - Support for moving from gross to net emissions, noting that many targets are unachievable until sophistication in accounting for removals is increased, and looking at countries who have mechanisms for this.
  - The ongoing development of key accounting concepts based on sampling farms within a landscape or supply shed. Making a collective decision on the definition/boundaries/use of these approaches could simplify the process of delivering and accounting for removals.
  - The need to understand land-based removals and atmospheric breakdown, particularly impacts on the half-life of greenhouse gases.

- Defra took an action to organise a session on this topic with external experts who could update on the latest research.

### b) Financial incentives:

- There are a growing number of models offering financial incentives, especially to primary producers, to promote the measurement and evidence of changes in emissions or removals after implementing interventions (e.g., regenerative practices, feed additives).
- Different incentive models are suitable for various supply chain structures, such as integrated, non-integrated, or commodity-based chains.

- A Defra official shared that a review on **within-value-chain mitigation** (WVCM) or "insetting" in the Forest, Land and Agriculture (FLAG) sector has been co-commissioned by Defra and DESNZ:
    - The project kicked off late last month and will culminate in a report in December. The project has been commissioned to clarify the value of WVCM as a way for supply chain funding to reduce emissions in agriculture, and to enable companies to deliver on their own carbon targets.
    - The report will detail guiding principles for WVCM, including working definitions and guardrails for best practices. This report is intended to be an accessible entry point for Chief Sustainability Officers and corporate decision makers, taking them through developing and then implementing WVCM strategies, along with signposts to relevant standards, guidance, and tools.
    - Emphasis will be on GHG emissions, but it will consider other metrics too.
    - 3Keel are searching for stakeholders who have experience implementing WVCM in their supply chains to join their stakeholder group. The group will review draft principles for robust insetting and illustrative scenarios, and provide critical advice on the outputs. If you have experience with insetting or are currently exploring this now, please let us know by emailing fooddatatransparencypartnership@defra.gov.uk or speaking to the team.

### c) Claims and verification:

- Many businesses are increasingly unsure about data quality and verification requirements associated with different types of claims or data uses, such as reporting against Scope 3 targets or making on-pack claims and other marketing efforts.
- Guidance Available: While WRAP's Scope 3 Protocols and the Science Based Targets initiative (SBTi) offer guidance on when to consider assurance, they are not prescriptive.
- Regulatory Framework: The Competition and Markets Authority (CMA) Green Claims Code provides guidance for businesses making environmental claims, helping to ensure transparency and compliance.

### d) Standardised data requests

- This discussion covered the ongoing ambition to standardise data requests in the supply chain to reduce the time and burden of reporting.
- JB explained for those who weren't at the start of the FDTP that there was going to be an end-user group. Consolidating requests from end-users would be impactful.
- Members raised the potential for alignment and learning from related projects including SEEBEYOND and the Seafish carbon tool, which might be useful to see.

- A member raised concerns about end-users and Devolved Administrations. Noting that in England, the conversation focuses on retail and manufacturers, but in Northern Ireland, the government is the end-user for farm carbon data.

- A member observed that large parts of the supply chain would naturally anchor a joined-up approach by default, as they wouldn't want different approaches across the UK
- Defra officials confirmed the aim to seek alignment between the four nations. This is a devolved issue, and we will be seeking further political steers on this.

## 3. LED 4 Food project update:

- WRAP's Matt Anderson-Barker gave a summary on the LED 4 Food project, which is a three-year project being delivered by a research consortium led by WRAP.
- It has four key objectives:
    - Increase **availability** of high-quality data. Investigate variability.
    - Improve **interoperability** of data to facilitate sharing across supply chains at scale.
    - Improve **accessibility** of data. Working with the team that developed HESTIA to improve its accessibility for industry. Includes creating a web-tool – initially manual but thinking about automation for future.
    - **Develop** a recommendation for a product-level multi-metric methodology. This year looking at system boundaries. Next year looking at which metrics and considerations around them. Will include a comparative analysis of existing standards and eco-labels.

## a) Discussion:

Eco-labelling and product-level methodology:

- Members asked and discussed how the project would interact with IGD's own labelling work.
    - It was clarified that LED 4 Food would focus on methodologies behind labels. IGD is continuing their separate work on the presentation of labels (e.g. RAG bandings).
- A member asked whether the research would determine the granularity of data required for eco-labelling.
    - Matt clarified that this was out of the project's scope – focusing on methodology and category rules.
- Members discussed how the methodology could account for year-on-year variability on farms (e.g. disease outbreak, weather event), as this would impact the accuracy of an eco-label. This included:
    - Three-year rolling averages.
    - Following approach for nutrition labelling – standards tolerate slight deviations to account for this variability.
- Members agreed that product-level methodologies would also be valuable for business-to-business communication too.

Accessible databases:

- One member asked if the project's database would account for farm-level interventions or contain more static averages.
    - Matt answered that the database would be static but updated regularly. Matt added that they were discussing with industry groups how to integrate industry-representative data to ensure reductions show through.
- Members agreed that businesses were putting significant investment into interventions, and they will want to be able to capture and reflect that investment.

- Another member stated that there still needs to be motivation for people to get skills to use databases and add data to them.

## 4. <u>Data systems concepts and design:</u>

- Defra officials presented proposed components and principles for designing a system that would enable and improve the accuracy, consistency, and accessibility of data.
  - o An example of this would be freely accessible "open data" – secondary data / aggregated averages that can be freely used, reused, and redistributed by all supply chain actors.

- Longer term we want to think about "**smart data**" included in the recently announced Digital Information and Smart Data Bill (being led by DBT).
  - o Secure sharing of customer's data upon the customer's request, with authorised third-party providers offer ing innovative services with the data.
  - o In the context of agri-food, this could involve food businesses and farmers using third-party services to allow their data (held by themselves or another third-party, such as an energy company) to be permissioned and shared with other businesses.
  - o The bill will go through Parliament this year. It will allow other departments to introduce 'smart data schemes' in secondary legislation.
  - o Defra is working with DBT and considering agri-food as a case study in new research.

- **Interoperability** will also be vital.
  - o Organisations in the agri-food sector are currently using different methods and tools to collect and store their environmental impact data. These differences often make it difficult to quickly and accurately share and interpret information.
  - o Interoperability would ensure methods and tools could be "translated" to "speak" to one another.
  - o This would have the added benefit of allowing businesses to more easily move from one data service provider / calculator tool to another, improving competition in the market.
  - o As discussed in the March Eco WG meeting, one of the key levers to achieving this would be via a harmonised data format, which was presented on by both PACT and WRAP/HESTIA. By using common terminology and structures across different databases it would allow easier data exchange and enable future automation.

- The FDTP also recognise that farmers currently need to do a lot of manual work to collect data from several sources. Improvements to the data system could allow farmers to more easily collect data from several sources (e.g. government-held data) and then automatically and securely share this data down the supply chain.

- The FDTP team have researched and engaged with a wide range of initiatives to learn lessons and identify opportunities for cooperation. This includes initiatives focusing on agri-food data, but also other sectors, such as Open Banking.
- This research has identified several approaches to a **trusted data sharing environment**, including:

- o Initiatives providing underpinning principles around data sharing practices.
- o Trust frameworks that set the rules and standards that organisations agree to follow and receive certification to participate in.
- o Data custodians that act as intermediaries responsible for securely storing and sharing data, in addition to the implementation of any rules, on behalf of data owners / users.

- A Defra official asked attendees what sort of data system should be built, and what components should it include. Useful to identify where we can align with existing approaches so that we can focus on gaps.

## a) Discussion:

- Several members agreed that there would need to be a shared understanding of rules, as many international standards are too ambiguous. The views and needs of actors across the supply chain would need to be considered.
  - o There was agreement that this is why greater granularity is required for the agri-food sector.

- One member asked if guidance would be needed for both an integrated system with a data custodian and a federated system using APIs.
  - o A Defra official said it would need to be determined if the integrated approach would still be necessary if a federated system existed.
  - o Several members signalled favour for a federated system, although there was agreement that the current system is inefficient, so any improvement would be helpful.
  - o A member said some controls may be required to ensure competition and best outcomes.

- A member asked whether a data custodian would be an industry group or a computer – the car industry (another complex supply chain) use a block-chain system with a closed ledger, and it is widely trusted.

- Another member highlighted the need for international alignment, for example on benchmarking farms. Members referenced several initiatives that are working on international alignment, such as WBCSD.

- A Defra official said the FDTP team will continue to develop proposals to bring to the group, including involving experts in data architecture to help design a system.


## 5. LED 4 Food – product-level methodology:

- WRAP gave an overview of LED 4 Food's approach to developing a product-level methodology.
  - o Aims to establish a Life Cycle Assessment (LCA) standard for food and drink products.
  - o Considering multiple use cases, including scope 3 reporting.
  - o Want to address the complex issue of allocation and discuss this with the group today.

### a) **Allocation:**

Hierarchy of options for allocation:

1. **Process subdivision**: Dividing processes into smaller units for more precise allocation (e.g. electricity usage in a factory accurately allocated to each production line). However, not always feasible, especially for food and drink products.
2. **System expansion**: Expanding the product system to include additional functions or products. This method is limited by the lack of equivalent products in other systems for certain food items.
3. **Physical relationship**: Allocating based on physical measures such as mass or volume, at macro or micro levels.
4. **Economic relationship**: Allocating based on economic value or price, which is common in food-based labels but may not always reflect the true environmental impact.

- Food-based labels tend towards economic allocation by default, although some schemes use process- or product-specific variations when alternative rules exist.

Why does allocation matter?

- Undercounting is a major concern.
- Comparability can be limited if two products of the same type have used an LCA method with different allocation methods.
- Overall, opens the door for bad faith actors to exploit the system for favourable outcomes.

- It is essential that each food item's co-products are accounted for using a consistent methodology.
- However, **different** products/processes can use different allocation approaches to one another without leading to undercounting.
- With that said, allowing different approaches does matter for the **perceived** accountability.
- Overall, it may be necessary to allow some food products / processes to diverge from the main allocation approach when there is justification.

### b) **Discussion:**

- Members had differing views on the adoption of economic vs physical allocation.
    - Economic allocation is very common in industry as it allows comparability across a wide range of products and companies often inform decisions on economics.
    - The economic value of some food products is highly variable. This could cause variation in emissions for livestock/fish year on year, causing confusion for consumers.
    - Food and drink product biochemical and biophysical nutrients are highly complex to calculate for physical allocation. and that no allocation method would ever be 100% correct.
    - Need to consider business-to-business as well as business-to-consumer communication of data.

- Members raised several areas that required further exploration, including:

- o Divergence between two food products would be difficult if they shared a co-product. For example, pork and beef could be allocated in different ways, but this might cause problems in the gelatine market.
  - o Non-food second products (e.g. leather, tallow) also need to be considered.
  - o Allocation of animal's off-spring. For example, allocation between dairy and beef for a cow.

- Members also discussed the potential for allocation methods to have perverse incentives, e.g. incentivising different usages of a carcass instead of incentivising environmental improvements – higher quality steak would be given a higher environmental impact based on economic value alone.

- WRAP confirmed they would investigate issues raised by members, acknowledging there is some existing work for them to drawn on.

## 6.  Next steps and close:

- JB and KL thanked presenters and attendees for the useful discussion.
- The next meeting will be in November, but feel free to contact the team ahead of this.