Sustainability Assessment in the Food & Agricultural Sector

Credible. Transparent. Comparable
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BACKGROUND

The term “sustainability” is used inflationary and inconsistently. Hundreds of sustainability frameworks have been developed and more and more companies have “sustainable” products on offer. For consumers and buyers it is very difficult to tell whether a farm or a company are actually operating sustainably or not. In addition, farmers and companies in the agricultural and food sector face the question how to assess their sustainability performance in a comparable way and to communicate it in a credible way, without pursuing green-washing.

Therefore the Research Institute for Organic Agriculture has decided to develop SMART (Sustainability Monitoring and Assessment Routine) a method that allows farms and companies in the food sector to assess their sustainability in a credible, transparent and comparable manner.

SMART is based on the SAFA (Sustainability Assessment of Food and Agriculture Systems) sustainability guidelines, which have been published in December 2013 by the Food and Agriculture Organization of the United Nations (FAO). As FiBL also contributed to the development of these guidelines, SMART is fully consistent with the SAFA procedures and principles and allows an efficient application of the guidelines.

The guidelines define four dimensions of sustainability: Good Governance, Environmental Integrity, Economic Resilience and Social Well-Being which in turn divide up into 21 themes and 58 subthemes (see figure 1) with associated explicit sustainability objectives. With this holistic interpretation of the major sustainability themes, the SAFA guidelines provide an overarching common sustainability language and framework for the food and agriculture sector. For the first time it is possible to assess the sustainability of farms and companies in a standardized, transparent and comparable manner.
## GOOD GOVERNANCE

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## ENVIRONMENTAL INTEGRITY

| ATMOSPHERE | Greenhouse Gases | Air Quality |
| WATER      | Water Withdrawal | Water Quality |
| LAND       | Soil Quality     | Land Degradation |
| BIODIVERSITY | Ecosystem Diversity | Species Diversity | Genetic Diversity |
| MATERIALS & ENERGY | Material Use | Energy Use | Waste Reduction & Disposal |
| ANIMAL WELFARE | Animal Health | Freedom from Stress |

## ECONOMIC RESILIENCE

| INVESTMENT | Internal Investment | Community Investment | Long-Ranging Investment | Profitability |
| PRODUCT QUALITY & INFORMATION | Food Safety | Food Quality | Product Information |
| LOCAL ECONOMY | Value Creation | Local Procurement |

## SOCIAL WELL-BEING

| DECENT LIVELIHOOD | Quality of Life | Capacity Development | Fair Access to Means of Production |
| FAIR TRADING PRACTICES | Responsible Buyers | Rights of Suppliers |
| LABOUR RIGHTS | Employment Relations | Forced labour | Child labour | Freedom of Association & Right to Bargaining |
| EQUITY | Non Discrimination | Gender Equality | Support to Vulnerable People |
| HUMAN SAFETY & HEALTH | Workplace Safety and Health Provisions | Public Health |
| CULTURAL DIVERSITY | Indigenous Knowledge | Food Sovereignty |

**Figure 1: SAFA Dimensions And Themes (FAO 2013)**
SMART: THE METHODOLOGY

With SMART, the Sustainable Food Systems GmbH (SFS) in cooperation with the Research Institute of Organic Agriculture (FiBL) has developed the world’s first tool, which is fully consistent with the SAFA-Guidelines and provides an efficient manner to apply them in practice. SMART is not a new standard, certification system or label but solely an analysis and assessment instrument. It therefore does not compete with existing standards and certificates, but is a useful supplement.

SMART mainly consists of a specifically created database including a sophisticated rating methodology as well as a comprehensive pool of indicators. With these the sustainability performance of farms and companies can be assessed in a credible, transparent and comparable way. Therefore, SMART exceeds existing approaches in the field of Corporate Social Responsibility and Sustainability Reporting by far.

SMART allows the sustainability assessment of primary producers (agricultural and horticultural farms) as well as food processing companies up to complex food corporations. Despite of its scientific background and its approach of very detailed analysis, SMART is very efficient and pragmatic in its application. Thus, often less effort and resources of the respective company are needed for data gathering and provision compared to alternative methodologies.

At the moment, we offer our customers two assessment options:

SMART-Company Tool: Analysis of Companies

A company analysis with SMART is conducted by experts of SFS using a clearly defined approach. Depending on the sphere of influence, also suppliers and primary producers will be included in the analysis and separately assessed. If a separate analysis of all suppliers and primary producers will not be feasible, for example in case of companies that have a very large product portfolio or supplier structures, assessments can be limited to representative samples or separate sectors of the operation or lines of production.

SMART-Farm Tool: Analysis of Agricultural Producers

In case of an analysis of agricultural producers, all supplying farms or a representative sample of a certain group, as for example the agricultural suppliers of a company or the licensees of an association may be assessed. The assessment including a tour of the operation and an interview with the farm manager will usually not take longer than 2-3 hours per farm.
SMART-FARM TOOL: BENEFITS OF A FARM ASSESSMENT

For Companies

- SMART is an efficient and economically feasible tool for supplier monitoring that provides important information about potential risks and hotspots in the supply chain.
- SMART assesses suppliers based on criteria which are not covered by most of the existing certificates and therefore allows for truly holistic sustainability assessments.
- The most important environmental and social impacts of operational activities are often to be found in preliminary stages of the supply chain. The results of a SMART assessment therefore are a valuable basis for a sustainable supply chain management as well as a professional sustainability management.
- A SMART assessment of primary producers allows for targeted measures to improve sustainable on producer level, e.g. through incentive schemes or consulting and training.

For Associations & Other Interested Stakeholders

- Associations gain an overview of the sustainability performance of their member-companies and are able to identify farm specific risks and hotspots as well as areas with the potential for improvements.
- Specific measures to improve sustainability on the producer level can be developed, e.g. incentive schemes or consulting and training measures.
- SMART provides a cost-effective method for sustainability-benchmarking (comparison of the sustainability performance of farmer groups, cultivation methods, regions etc.), e.g. to motivate member farms to improve their sustainability performance.
- Assessment results can be used for the development and improvement of standards and certifications.
- SMART results are a valuable basis for strategic decisions and provide solid facts for public relations and communications.

Get your personal test access to the SMART-Farm Tool:
http://www.smart-farmtool.com/
SMART-COMPANY TOOL: BENEFITS OF A COMPANY ANALYSIS

INDIVIDUAL AND EFFICIENT RISK & HOTSPOT ANALYSIS

- SMART covers all relevant sustainability aspects through a scientifically based and customized set of indicators and a tailor-made analysis.
- With these, risks and hotspots along the entire supply chain are reliably and comprehensively identified.
- Despite its high attention to detail, SMART is very pragmatic in its implementation and only little effort is needed from the respective company.

BASIS FOR CORPORATE DEVELOPMENT & SUSTAINABILITY MANAGEMENT

- The results of a SMART assessment are an ideal basis for the integration of sustainability into the corporate strategy and therefore a valuable tool for professional sustainability management and successful business development.
- Through the identification of risks and hotspots, shortfalls in supplies and sales risks can be minimized and potential improvements made visible. This creates space for innovations and the optimisation of operational processes and supply chains.

BENCHMARKING

- As the SMART assessment is based on the internationally recognized FAO SAFA Guidelines and a standardized evaluation methodology, it guarantees comprehensive comparability with other companies regardless of their size.

COMMUNICATION OF SUSTAINABILITY PERFORMANCE

- The results of a SMART assessment are summarized in a comprehensive report including graphical representation. It provides a detailed overview of the strengths and weaknesses of the company in relation to each SAFA subtheme and the respective objective.
- The report can be used to communicate the company’s sustainability performance to all stakeholders such as customers, suppliers or rating agencies.
- On request we also offer integrated reports that cover the GRI-G4 sustainability reporting guidelines.

Check-out the SMART sustainability self-check – online:
HTTPS://NACHHALTIGKEITSCHECK.SUSTAINABLE-FOOD-SYSTEMS.COM/DE/
**SMART: FEATURES & FUNCTIONS**

**Science-based Set of Indicators & Methodology**

The indicators as well as the methodology have been developed over several years by experts of FiBL and are regularly adapted to the latest scientific knowledge. To achieve the best possible acceptance, legitimacy and compatibility further reference documents have been considered during the development, such as the sustainability reporting guidelines of the Global Reporting Initiative GRI-G4, the UN Global Compact, the ISO 26000 “Guidance for social responsibility”, the SA8000 standard for social responsibility, the ILO work and social standards as well as the indicator matrix of the Economy for the Common Good.

The assessment method involves, among other things, a weighting of the indicators according to the level of impact on the various SAFA subthemes. Furthermore, the sphere of influence and responsibility of the respective farm or company as well as the time, place and responsible party of sustainability impacts within the supply chain are being considered.

**Sphere of Influence – Assessment of the Entire Supply Chain**

For an assessment, not only the procedures on the farm or company premises are being considered, but also the entire sphere of influence and responsibility of the respective farm or company within the supply chain. The sphere of influence usually depends on the respective position of the farm or company within the supply chain, its size and market power and will normally be identified before or at the beginning of a SMART assessment.

It may include upstream processes, through to primary producers, as well as downstream processes through to the consumer. With regards to products, the complete life-cycle from the production of raw materials up to their disposal is taken into account.

![Figure 2: Direct and Indirect Sphere of Influence of a Producer or Food Company along its supply chain](image-url)
A distinction is made between the direct and indirect sphere of influence. The direct sphere of influence includes all processes that take place on the farms or company’s premises as well as all processes that take place at suppliers or buyers on which a direct influence exists, e.g. in the form of close business relations or even mutual dependence. The indirect sphere of influence includes all areas in which actions of the assessed entity only have an indirect impact, as for example, when buying agricultural raw material from intermediaries.

The consideration of the indirect sphere of influence is crucial, since the most important environmental and social impacts of operations often occur in preliminary stages of the supply chain. In figure 2, an example of the sphere of influence of a producer and a food processing company respectively is shown.

**Materiality Analysis – Relevance Check**

Prior to a SMART assessment the relevance of themes and subthemes of the SAFA-Guidelines for each company or farm will be analysed. Accordingly, context-specific indicators are compiled individually for each farm or company. In case one or several themes are deemed irrelevant for the assessment, they will not be rated. However, for reasons of transparency, exclusions have to be explained in detail. This procedure is not only in line with the SAFA-Guidelines, but also to other standards as for example the GRI-G4.

**Use of Existing Data – Compliance Check**

Often a wide range of data in a written form already exists within companies or farms. This data will be obtained and used in the assessment. Data from certifications, audits, CO2-Calculations or from LCA or CO2 assessments are seamlessly integrated into the SMART assessment, which greatly reduces the time needed.

**Transparent & Comparable Assessments**

Following a defined assessment method based on an individually selected set of indicators it is measured to what extent the farm or company has met the sustainability objectives for each of the 58 themes defined in the SAFA-Guidelines. As shown in figure 3, the achievements of the objectives are assessed using a five level scale from 0 or red (unacceptable) to 4 or dark green (best, objective fully achieved). This scale is also used for the display of the assessment in radar charts, showing the results as percentage figures.
Figure 3: Scheme for the Assessment of the Sustainability Objective Achievement and Presentation of the Results of a SMART Assessment.
CUSTOMER STATEMENTS:

“Sustainability is a core business value of Bio Partner. SMART offers an encompassing and sound base for our future sustainability engagement.”

Andreas Jiménez, CEO Bio Partner Schweiz AG

“Achieving the vision of sustainable agriculture and food production requires clear standards for the entire supply chain. Otherwise the term sustainability degenerates into a mere marketing trend. SMART sets these standards and creates the necessary basis for an authentic and comparable sustainability assessment.”

Jan Plagge, President Bioland e.V.

“SMART enables us to efficiently and holistically assess and compare the sustainability of farms on a global scale.”

Dr. Stéphanie Zimmer, Director IBLA Luxembourg

“Once you start digging into the results [...] you will become eager to chase after ways of how to improve! [...] For all companies, that are both committed to sustainability and willing to dedicate some money – this is a Swiss tool which I recommend unreservedly!”

Volker Ribniger, CEO Platanera Rio Sixaola S.A.

“SMART allowed us a detailed insight into our sustainability performance in a very efficient way and gave us valuable information on how to optimise our company.”

Hanspeter Oppliger, CEO Deliciel AG

“The application of SMART showed us precisely how and in which areas we can improve our sustainability performances in the future. This allowed us to set the basis for the development of a professional sustainability management at Allos.”

Wolfgang Stecking, CEO Allos GmbH

“SMART gives us the ability to externally communicate our sustainability performance and shows us topics where we can steadily and gradually develop a sustainable future. The analysis is very detailed and has exceeded our expectations.”

Beat Ledermann, CEO Pico Bio AG
THE TEAM BEHIND SMART

Research Institute for Organic Agriculture (FiBL)
The Research Institute for Organic Agriculture (FiBL) in Frick, Switzerland, is one of the world’s leading research institutes for organic agriculture. SMART was developed by sustainability experts at FiBL, who continuously update and adjust the method and indicator set to the latest scientific knowledge.

Sustainable Food Systems GmbH (SFS)
The Sustainable Food Systems GmbH is a spin-off company of the three research institutes FiBL Switzerland, FiBL Austria and FiBL Germany. The brand SMART and the associated method are owned by the SFS. The SFS is also responsible for conducting assessments and leading projects related to SMART.

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