

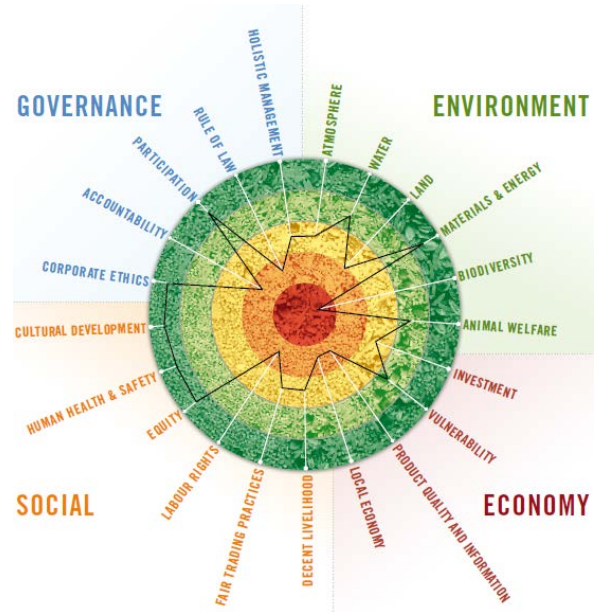
# SMART – Sustainability Assessments in the Food and Agriculture Sector



## 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 – FiBL has chosen 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.



Food and Agriculture Organization  
of the United Nations

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 agriculture in a standardized, transparent and comparable manner.

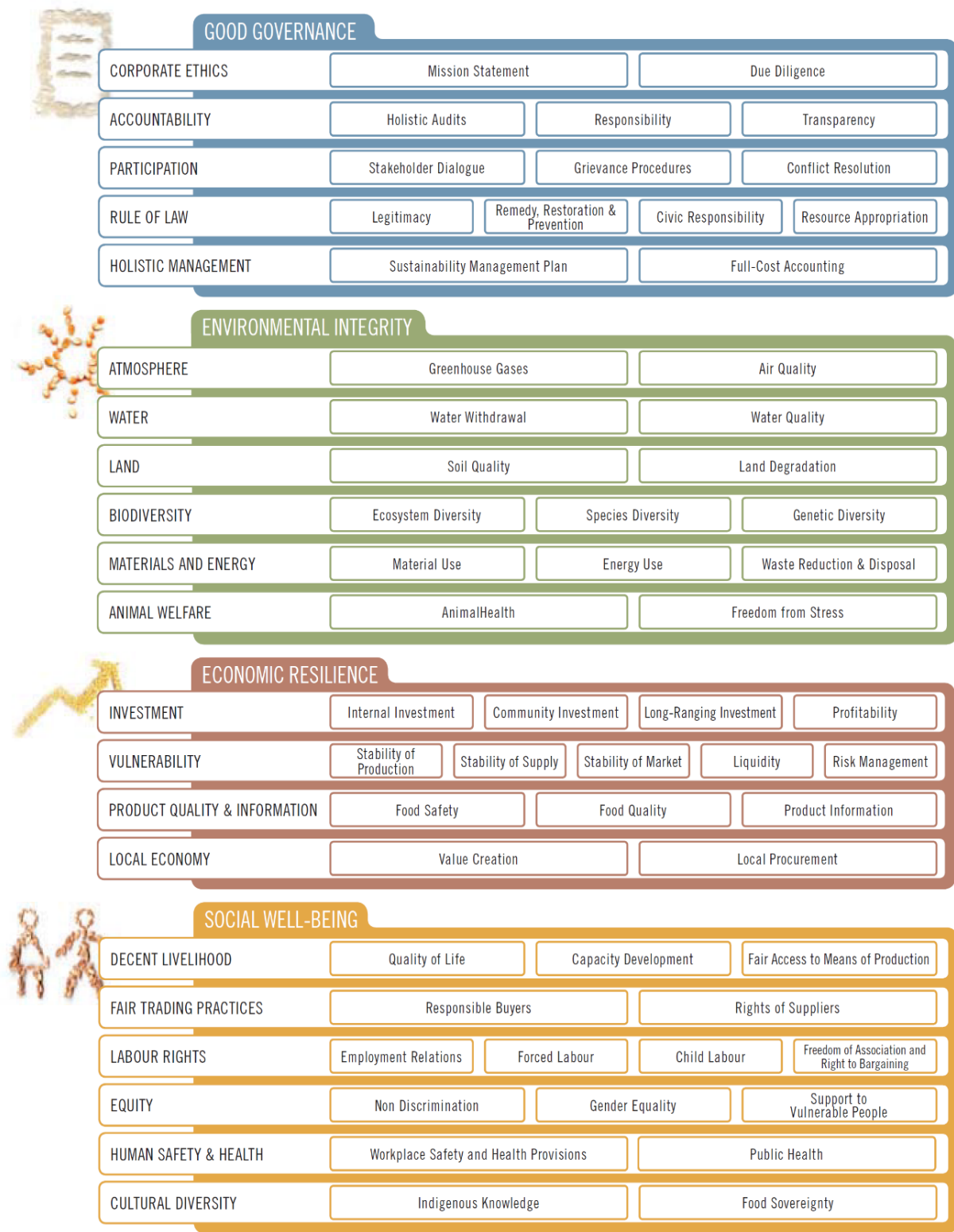


Figure 1: SAFA-Dimensions and themes (FAO 2013)

## The SMART methodology

With SMART, the Sustainable Food Systems – 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:

### 1. SMART – analysis of companies

A company analysis with SMART is conducted by experts of the SFS GmbH 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.

### 2. SMART – 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.

## **Benefits of a SMART company assessment**

### **Individual and efficient risk and 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 and 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.

## Benefits of farm assessments using SMART

### For associations and 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.

### 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.

# SMART in detail – features and functions

## Science-based set of indicators and 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.

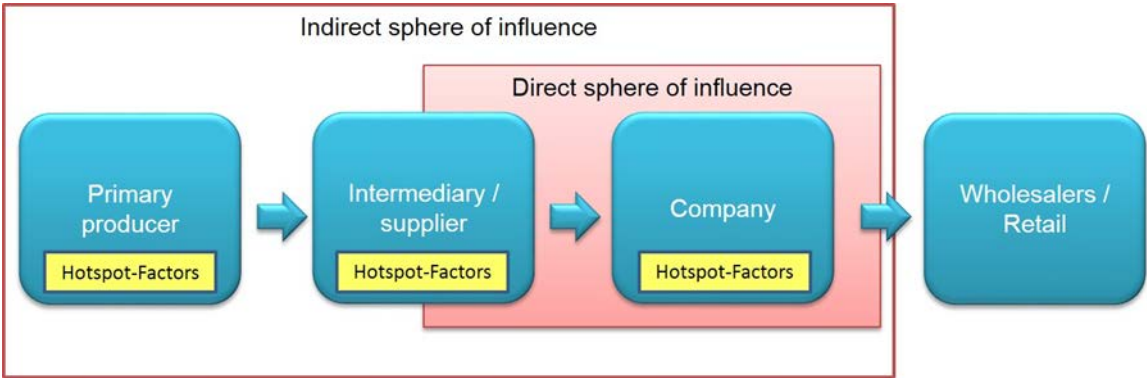


Figure 2: Direct and indirect sphere of influence of a hypothetical medium-sized production company



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 food processing company (company) 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, CO<sub>2</sub>-Calculations or from LCA or CO<sub>2</sub> assessments are seamlessly integrated into the SMART assessment, which greatly reduces the time needed.

### **Transparent and 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 1, 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.



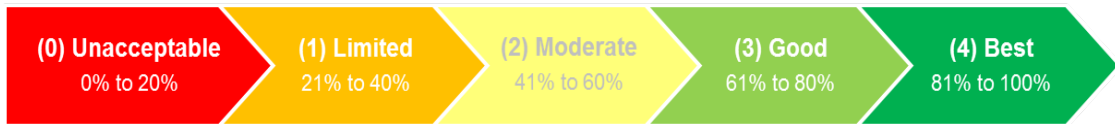
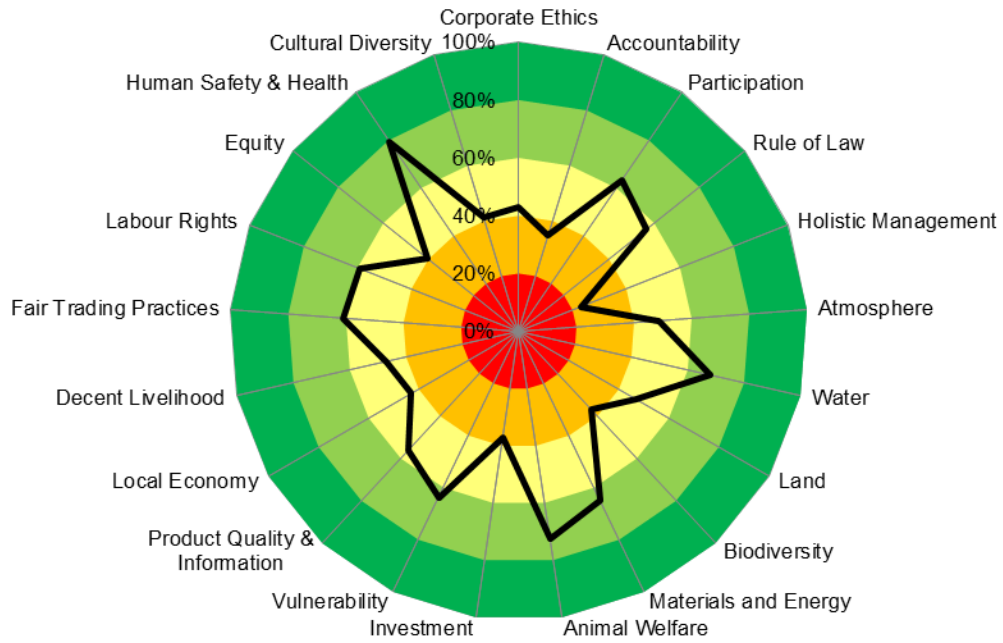


Figure 3: Scheme for the assessment and radar chart with ratings for each of the 21 SAFA themes