

MANITOBA ANALYTICS

Sustainability Initiatives in the Agri-food Sector



Executive summary

Sustainability performance targets are accelerating changes across the global agri-food supply chain. Agribusiness companies are integrating sustainability metrics and sustainable sourcing into their procurement strategies, while consumers are considering sustainability in their purchasing decisions. Moreover, embracing sustainability is becoming a source of competitive advantage for agribusiness companies. Championing sustainability helps companies build their brands, enter new markets, attract new customers and sell their products at premium prices.

Canada is one of the best environmentally performing countries in the world. To further enhance its position as a reliable provider of safe, high-quality food in the face of increasing consumer concerns and intensifying resource competition, Canada and Manitoba are strengthening their leadership in developing and implementing various sustainability initiatives in the agri-food sector. This report highlights some of the main sustainability initiatives that are relevant to the agri-food sector in Canada and Manitoba.

Why sustainability is so important for the agri-food sector?

The growing world population and rising living standards in low and middle-income countries are increasing the global demand for agri-food products. While this creates market opportunities for farmers and food processors, there is also a growing concern about sustainability¹ of the current food production, processing, distribution and consumption patterns. Although more and more farmers are adopting environmentally friendly production practices that improve the natural environment and animal care, it is more important than ever to continue making progress towards a sustainable agri-food system. This will ensure universal access to sufficient, safe and nutritious food, while reducing the environmental footprint, maintaining and building public trust for the sector.

Global Sustainability Trends

The global agri-food marketplace is increasingly putting a focus on sustainability performance and ethical food production practices. Agribusiness companies are integrating sustainability standards into their procurement strategies while consumers are considering sustainability in their purchasing decisions. Furthermore, embracing sustainability is becoming a source of competitive advantage for agribusiness companies in domestic and export markets. Understanding current and future global sustainability trends can help agribusiness companies to identify opportunities related to consumer demands, new investor requirements, and changes in environmental and regulatory pressures.

Euromonitor International identified the top five global sustainability trends in their April 2020 sustainability report. These are:

- **A shift toward renewable energy sources** is expected to accelerate as the reduction of carbon emissions remains a priority for consumers, agri-food companies, investors and governments.
- **A circular economy** focuses on the production of goods and services in sustainable ways, by minimizing resource consumption (e.g. raw materials, water and energy) as well as production of waste. This economic model makes waste an appealing investment opportunity for businesses. The 2020 Euromonitor's sustainability survey shows that at least 69 per cent of the businesses surveyed plan to invest in waste projects between 2020 and 2025. EIT Food has also identified sustainability and waste reduction as one of the top five trends in the agri-food industry for 2021.

¹ Sustainability is a very broad concept; however, it is mostly perceived as having three fundamental pillars—healthy environment, economic profitability and social and economic equity. Sustainability is built on the principles that we must meet the needs of the present generation without compromising the ability of future generations to meet their own needs.

- **Commodity price volatility:** Increased commodity price volatility caused by factors such as disease, drought, flooding or input supply-related issues will have an impact on business sustainability. Thus, understanding the commodity price outlook will be very important for businesses to manage price risks and make budget allowances.
- **Resource security** is key to business resilience. Increased investment in innovations and collaboration across the supply chain will be required to increase resource use efficiency and achieve sustainable economic growth.
- **Opportunities in clean and green innovation** with a great emphasis to decarbonize supply chains and operations.

Canada on the Global Sustainability Landscape

The agri-food sector is a national strategic asset for Canada, accounting for 11 per cent of national gross domestic product. Canada also significantly contributes to world food production, as it is the fifth-largest exporter of agricultural and agri-food products in the world. Different global and regional environmental sustainability indices show that Canada is one of the best environmentally performing countries in the world^{2,3}. To further enhance its position as a reliable provider of safe, high-quality food in the face of increasing consumer concerns and intensifying resource competition, Canada is implementing various sustainability initiatives in the agri-food sector as briefly discussed below.

Federal Government programs promoting sustainability in the agri-food sector

Environmental sustainability is one of the main priorities identified under the current agricultural policy framework agreement, the Canadian Agricultural Partnership (CAP)⁴. Under CAP, the federal government offers several programs to support the development and implementation of systems that promote the sustainability of the agri-food sector. The development of the FPT Next Policy Framework provides a great opportunity to refine national and provincial agri-food sustainability policy and programming. The main federal government support programs related to sustainability include⁵:

- **AgriAssurance Program: The small and Medium-Sized Enterprise Stream** that provides incentives to companies to help implement third-party assurance certification projects that address international market requirements, thus helping expand export opportunities for Canadian agricultural and agri-food products.
- **AgriAssurance Program: The National Industry Association (NIA) Stream** funds national-level industry projects to develop and adopt systems, standards and tools to support health and safety claims about Canadian agricultural and food products. The Assurance systems enable the industry to make credible, meaningful and verifiable claims about its products and how they are produced.
- **Living-Lab Initiative:** This is a new federal government initiative that brings together farmers, scientists and other collaborators to co-develop and test innovative practices and technologies. Through a nationwide network of living labs, the initiative focuses on innovative solutions to environmental issues related to agriculture, such as climate change, soil health, water quality and biodiversity. The goal of the Living Laboratories Initiative is to accelerate the development and adoption of sustainable practices and technologies by Canadian farmers that help to mitigate and adapt to climate change, reduce water contamination, improve soil and water conservation, and maximize habitat capacity and biodiversity on agricultural landscapes. The program is funded by Agriculture and Agri-food Canada (AAFC).
- **Canada's Climate Action Programs for Farmers⁶:** Recognizing that farmers are the major players in Canada's fight against climate change, the federal government is providing more than \$350 million under their Agriculture Climate Solutions and Agricultural Clean Technology Programs. Budget 2021 proposes to provide an additional \$200 million, as part of the government's Agriculture Climate Solutions over two years, starting in 2021-2022, to support immediate adoption of on-farm projects that accelerate emission reductions by improving nitrogen management, increasing adoption of cover crops, and normalizing rotational grazing.

² Environmental Performance Index | Environmental Performance Index (yale.edu)

³ Environmental Ranking for Canada and the OECD 2020: Second Edition (fraserinstitute.org)

⁴ <https://www.agr.gc.ca/eng/about-our-department/key-departmental-initiatives/canadian-agricultural-partnership?id=1461767369849>.

⁵ The programs mentioned here are only partial list of the federal government sustainability initiatives in the agri-food sector.

⁶ <https://www.budget.gc.ca/2021/home-accueil-en.html>.

Voluntary and third-party sustainability initiatives in Canada

Producers, producer organizations, third-party certification bodies and governments are all working together to promote the sustainability of the Canadian agri-food sector. There are several voluntary and third-party certification sustainability initiatives being implemented in Canada to ensure the use of sustainable on-farm production practices, food safety and animal welfare. The Manitoba government and various industry and other stakeholders in the province participate in most of these initiatives. These initiatives include:

- **Canadian Roundtable for Sustainable Beef (CRSB):** This is a collaborative community of stakeholders dedicated to advancing sustainability in the Canadian beef industry. The CRSB developed the *Certified Sustainable Beef Framework*, an operational-level certification program that serves as a checklist to recognize sustainable beef practices across the nation, to enable sustainable beef sourcing, and to build consumer confidence backed by science-based credible claims. The Certified Sustainable Beef Framework helps producers to demonstrate sustainable practices across the five principles of sustainable beef production (natural resources, people and community, animal health and welfare, food safety and quality, and efficiency and innovation), developed by the Global Roundtable for Sustainable Beef (GRSB).
- **Verified Beef Production Plus (VBP+):** This is a voluntary, market-oriented and producer-managed certification program that enables certified beef cattle operations to prove to consumers and retailers that the operation adheres to the highest standards for food safety, animal care and environmental stewardship. VBP+ is aligned with the national Code of Practice for the Care and Handling of Beef Cattle, the Canadian Beef Cattle On-Farm Biosecurity Standard, the Canadian Food Inspection Agency on-farm food safety program and the sustainability framework of the Canadian Roundtable for Sustainable Beef to ensure sound animal care, biosecurity and environment principles and practices.
- **Canadian Pork Excellence:** This is the national platform that covers three major components of on-farm programs: traceability (PigTRACE), Food Safety (PigSAFE) and Animal Care (PigCARE). PigTRACE is a live animal traceability initiative designed to ensure protection and supply chain confidence, both domestically and globally, through its ability to demonstrate source verification. The PigSAFE program provides a mechanism for producers to demonstrate their implementation of sound production practices that promote safe food production. PigCARE is an on-farm program designed to help producers demonstrate commitment to the care and welfare of their animals, to increase public trust and industry sustainability.
- **Canadian Ractopamine-Free Pork Certification Program (CRFPCP):** This is a program that provides assurance to international markets that pigs raised according to the program standards have not come in contact with Ractopamine and the pork produced is free of Ractopamine residues. Assurance is provided through record-keeping and routine audits at the farm and on-farm feed mill, commercial feed mill, and federally inspected slaughterhouses.
- **Canadian Organic Regime (COR):** This is the organic certification system that regulates the distribution and marketing of organic products in Canada. Organic farmers are certified according to a single set of the national standards called the Canadian Organic Standards (COS), which is a set of principles, guidelines and permitted substances used in the organic certification process. Canada's Organic Products Regulations legally require organic products to be certified according to the COS. The Canadian Food Inspection Agency is the regulatory body that oversees, monitors and enforces the requirements of the Canada Organic Regime.
- **Canadian Roundtable for Sustainable Crops (CRSC):** This is a national industry-led organization comprised of growers, industry, customer and environmental organizations working to develop and showcase Canada's grain sustainability performance. The CRSC is developing a voluntary Code of Practice for the production of cereals, oilseeds and special crops in Canada. The CRSC also established the Canadian Grains Sustainability Metrics Platform, which is a data-based platform that provides measurements of Canadian grain production sustainability performance.
- **Field to Market Canada:** This is a collaborative alliance of grower organizations, agribusinesses, food companies and conservation organizations working together to define and measure the sustainability of Canadian crop production. The main goal of Field to Market Canada is to meet the demand for sustainability information from consumers and food companies worldwide. In doing so, the alliance is engaged in developing macro-level sustainability indicators and an on-farm sustainability calculator for Canadian crop production.
- **proAction:** This is an initiative by the Dairy Farmers of Canada that helps dairy farmers collectively demonstrate responsible stewardship of their animals and the environment to sustainably produce high-quality, safe and nutritious food for consumers.

Through proAction, dairy farmers will implement a single, national, credible and practical on-farm initiative. They will address social demands on dairy farming, and support the marketing and branding of Canadian milk.

- **CanadaGAP:** This is a program developed to promote Good Agricultural Practices (GAPs) for fruit and vegetable suppliers in their production, packaging and storage operations. CanadaGAP was officially recognized by the Global Food Safety Initiative as the first food safety program in 2010, achieved full Canadian government recognition and was considered a model system for meeting federal regulatory requirements in 2019.
- **Potato Sustainability Alliance (PSA):** This is an organization made up of farmers, supply chain partners and non-profit organizations, working together to improve the environmental, social and economic aspects of potato production in the United States and Canada. In conjunction with its partners, the PSA supports the identification and adoption of sustainable production practices and meeting consumer and market expectations, by benchmarking and communicating the sustainability performance of potato production.
- **Raised By a Canadian Farmer:** This is a national animal care program by the Chicken Farmers of Canada, designed to showcase the commitments of chicken farmers to raise chickens according to the highest food safety and animal care standards. The program is based on the best practices of the National Farm Animal Care Council's Canadian Recommended Code of Practice for the Care and Handling of Chickens, Turkeys and Breeders from Hatchery to Processing Plant.
- **Start Clean-Stay Clean (SC-SC):** This is a nationwide, comprehensive, on-farm food safety program, implemented by egg farmers in Canada. The SC-SC program ensures that egg farmers are monitoring critical control points, implementing best management practices, and keeping extensive records related to factors including barn temperature, air quality, cleanliness, egg collection, egg storage and testing for Salmonella Enteritidis (SE). On-farm compliance is monitored via regular inspections by a trained team of provincial and national field inspectors.
- **Egg Quality Assurance (EQA):** This is an industry-wide initiative, certifying that Canadian eggs are produced according to strict food safety and animal welfare standards. Farmers must meet the requirements of the SC-SC program and national Animal Care Program to receive and maintain their EQA certification.
- **National Agri-food Sustainability Benchmark:** More than 30 major players in the Canadian agri-food sector are partnering to develop the first national and globally relevant sustainability benchmarking index for Canada's Agri-food sector, called *Benchmarking Canada's Agri-food Sustainability Leadership*⁷. The index considers four priority areas: environmental, economic, health and food safety and well-being. It is believed that this benchmarking index can be a key tool to champion Canada as a vital, responsible and leading sustainable agri-food supplier. The first index is expected to be published in 2023. To advance the Sustainable Protein Action Framework, Manitoba is a partner in the new Canadian Sustainability Index, a national-level coalition. Through this initiative, Manitoba is working with Canadian industry leaders to define the industry's sustainability and quality credentials from farm to retail and show that it is among the most environmentally sustainable, safest and responsible in the world.
- **Canadian Agri-Food Sustainability Initiative (CASI):** CASI is an online sustainability portal that was developed through the partnership between the Canadian Federation of Agriculture and the Wilton Consulting Group. The CASI platform helps producers to identify and understand sustainability program requirements. The platform also helps to facilitate alignments with the sustainability demands of the global markets and benchmarking sustainability programs and international standards.

Agri-food sustainability initiatives in Manitoba

The agri-food sector is at the forefront of implementing different sustainability initiatives in Manitoba. For instance, five businesses related to agriculture, agri-food processing and food services were recognized in the L'Autre Couleur 2016 top 15 sustainability initiatives in Manitoba⁸. Stakeholders, including governments, industries, not-for-profit organizations and academic institutions, are working together to enhance the sustainability of the agri-food sector in Manitoba.

⁷ [Report-Agri-food-Sustainability-Leadership-phase-1-FINAL-Jan-2021.pdf \(arrellfoodinstitute.ca\)](#)

⁸ L'Autre is a Canadian Marketing Agency that offers services to sustainable and ethically-run initiatives, organization and business: <https://lautrecouleur.com/top-15-sustainable-initiatives-in-manitoba/>

Currently, Manitoba is one of the leading collaborators in the national-level sustainability initiatives highlighted in the previous section. The government has implemented a number of provincially-led sustainability initiatives in support of the agriculture and agri-food industry, including the following:

Climate and Green Plan

- **Made-in-Manitoba Climate and Green Plan⁹:** In 2017, the Manitoba government released its *Made-in-Manitoba Climate and Green Plan*, which has a bold vision of making Manitoba one of Canada's cleanest, greenest and most climate-resilient provinces. The Climate and Green Plan identifies priority areas, including those in the agriculture sector, green initiatives and implementation strategies.
- **Conservation and Climate Fund:** This fund was established by the Manitoba government to support projects and initiatives that align with the priorities identified in the Climate and Green Plan. The fund covers the costs of eligible projects of up to \$200,000 per applicant per annum. Incorporated non-profit organizations, academic and educational institutions, Manitoba municipalities, Northern Affairs and Indigenous Communities in Manitoba and businesses are eligible to apply for the fund.

CAP Supported programs

- **The Environmental Farm Plan (EFP):** This is a voluntary, confidential and proactive tool that assists producers with assessing the environmental strengths and potential risks on their farm or ranch and developing action plans to address those risks. In Manitoba, the EFP program has been in place since 2004 and continues to be a high priority for the Manitoba government. The Keystone Agricultural Producers (KAP) conducts a third-party review for the EFP. Once they complete the assessment, farmers need to renew their EFP every five years. Although EFP is a voluntary process in Manitoba, certain buyers use EFP as a minimum environmental requirement that is expected from their suppliers. For instance, Manitoba potato producers are required to have a valid EFP to supply potatoes to McCain and Simplot potato processing plants. Since EFP is a generic assessment tool, Manitoba Agriculture and Resource Development is working with producers and industries to develop separate EFP chapters for certain crops that have unique agronomic practices and environmental challenges, including potatoes and peas. The Roquette pea processing plant also requires its suppliers to have a Farm Sustainability Assessment (FSA)¹⁰. The department is also working to integrate other sustainability requirements such as FSA and International Sustainability and Carbon Certification for crops such as canola into the EFP. Starting in fall 2021, all of Manitoba's dairy producers will be required to have an EFP to sell milk to the national dairy commission. Overall, the EFP program contributes to agricultural sustainability, by encouraging producers and ranchers to adopt beneficial management practices (BMPs) that enhance soil, water and air quality, as well as biodiversity through spreading awareness and providing environmental education, regulation and cost-sharing incentives.
- **Ag Action Manitoba Assurance Program¹¹:** The assurance program provides financial assistance to help farmers and industry service providers implement BMPs, based on the risks identified in their EFPs. Financial assistance ranges between 25 to 50 per cent of the total BMP project cost. To apply for funding, eligible applicants must have a valid statement of completion of an EFP.

Watershed District Programing

- The Manitoba government has developed funding schemes, such as the Conservation Trust and GrRowing Outcomes in Watersheds (GROW) to support the implementation of the priority initiatives identified in the Climate and Green Plan.

Manitoba Protein Advantage Strategy

- As part of the Manitoba Protein Advantage Strategy, the Manitoba government is working collaboratively with industry and academic institutions to position the province as a leader in sustainable protein in North America. A Sustainable Protein Action Framework is being developed to attain balance across the four dimensions of sustainability, i.e. put minimal pressure and have minimal impact on the environment, promote individuals' health and well-being, be accessible and culturally acceptable and economically viable and affordable.

⁹ The report can be accessed here: https://www.gov.mb.ca/asset_library/en/climatechange/climategreenplandiscussionpaper.pdf

¹⁰ FSA is a program devised by the Sustainable Agriculture Initiative (SAI) that help producers to demonstrate sustainable farming practices based on the Good Agricultural Practices (GAP) checklist. <https://saiplatform.org/resource-centre/fsa/>. SAI is a global sustainability initiative.

¹¹ Information about the Ag Action Manitoba Assurance program can be accessed here: manitoba.ca/agriculture/environment/environmental-farm-plan/assurance-bmp.html

Sustainable sourcing

Sustainable sourcing is the incorporation of environmental, ethical and social performance factors in the process of selecting suppliers and making purchase decisions. To meet growing expectations from stakeholders (including consumers, shareholders and non-governmental organizations), agribusiness companies are increasingly making responsible sourcing an integral part of their procurement strategies. The main benefits of sustainable sourcing for agribusiness companies include:

- risk mitigation (increased brand protection, while minimizing supply chain disruption, fines and litigations)
- reduced costs and increased revenue (through increased competitiveness, access to new markets and new customer attraction)

In recent years, more and more agri-food companies have announced their sustainable sourcing plans to reduce their environmental footprints. A few examples of sustainable sourcing plans from major multinational food companies are highlighted below:

- McDonald's Canada is sourcing at least 30 per cent of the beef used in its Quarter Pounder burgers from sources certified according to CRSB standards.
- Unilever claims that 62 per cent of their agricultural raw materials are currently sustainably sourced.
- Nestle indicates that 66 per cent of their total purchase spending and volume is sourced from audited and compliance suppliers.
- McCain has set a target to implement regenerative agricultural practices across 100 per cent of its potato acres worldwide by 2030. The company also committed to using 100 per cent reusable or compostable packaging, zero waste to landfill and 100 per cent potato utilization by 2025.
- McDonald's asked its potato chips suppliers (McCain's, Simplot, etc.) to demonstrate that potatoes are produced in a sustainable manner.
- The Roquette Pea Processing plant in Manitoba will require pea producers to meet certain sustainable sourcing standards.

Contact us

- Go to manitoba.ca/agriculture and click on Markets and Statistics
- Email us at industryintelligence@gov.mb.ca
- Follow us on Twitter @MBGovAg