

# Brief History of Sustainable Certifications & the Protected Harvest Program

**Dr. Daniel Sonke**



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# Green is the New Black

- Green is in
  - Hybrid cars, carbon offsets, CFL lightbulbs
  - Should agriculture be left behind?
- Organic is hot, but not adequate to meet demand
  - An alternative to organic certification has been developing for some time
  - Multiple efforts seek to give farmers a marketplace incentive to implement best management practices

# Green is the New Black

All US retail and foodservice market captains are implementing sustainability programs:

- Wal-Mart, #1 Retailer by revenue at \$338.80 Billion
- SYSCO, #1 Foodservice: Distribution at \$30.28 Billion
- Compass Group, #1 Foodservice: Contract Management by revenue at \$22.39 Billion
- McDonalds, #1 Foodservice: Quick Serve Restaurant by revenue at \$21.79 Billion
- Starbucks, #1 Foodservice: Limited Beverage Service by revenue at \$7.44 Billion
- Darden Restaurants, #1 Foodservice, Casual Dining by revenue at \$5.77 Billion



# Drivers

- Globalization
- Risk Management
- Cost Controls
- Added Value



- Consumer
- Public/Opinion
- Business
- Public/Politics
- Government
- NGO
- Academic

***More to Do Wall Street than Main Street***

# Eco-label Certifications

- Organic is the “mother of all ag certifications”
  - Movement started in 1930’s, but certification in 1970’s
- 1987 - Rainforest Alliance begins certifying tropical snacks harvested without harm to rainforest
- Mid-1990’s – several efforts begin to try to get market recognition for IPM-grown products
  - Univ. of Mass. “Partners with Nature” program
  - Cornell Univ. and Wegman’s supermarkets “IPM Certified” brand vegetables
  - CORE Values/Mothers & Others – tree fruit in NE US



# Eco-label Certifications

- 1990's - 2000's – Food labeling and “Social Responsibility” continue gain traction with consumers
  - Fair Trade
  - Shade Grown
  - Free Range
  - Grass Fed
- Concept of inspection/audit becomes familiar to ag
  - Food safety inspections
  - traceability

# Food Alliance



- Non-profit, started in mid-1990's
- Offices in Oregon, Minnesota, and (new) California
- 2-part certification:
  - Whole farm standard
  - Crop specific standard
  - Product must pass both standards to be certified

## Irrigation Systems

Note: Flood irrigation can be managed in perennial systems to increase overall field productivity, without causing erosion (in or below the field) and to maintain good litter distribution.

Level 1. An irrigation system is used that appears inefficient and may allow water, nutrients, pesticides and/or soil particles to leave the cropping system.

Level 2. An irrigation system using at least one of the following improvements is used (check all that apply):

- Fields with furrow irrigation have been laser leveled.
- Fields with furrow irrigation use gated head pipe.
- Center pivot systems use drop nozzles.
- Flood irrigation used only on perennial fields.
- Sprinkler systems make use of low pressure, micro-sprinklers.
- Trickle tape is used when appropriate for the crop.
- Soil moisture sensors are used to monitor moisture.
- Crop / range modeling is used to predict plant demand.
- A weather data information system is used / consulted.
- Other \_\_\_\_\_

Level 3. As per Level 2, and two improvements are checked.

Level 4. As per Level 3, and three improvements are checked.

SCORE/NOTES:

# Protected Harvest

- 2001 – founded out of alliance of Wisc Potato & Vegetable Growers, WWF, U of Wisc.
- Crop and region-specific standards
  - Similar point system to FA (with differences)
  - Soil, water, air quality, IPM, wildlife
- Pesticide scoring system



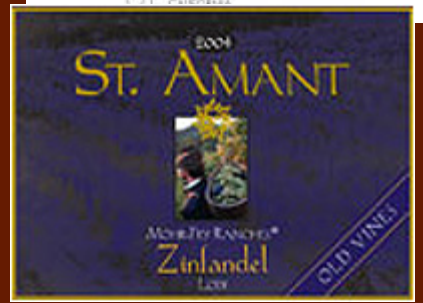
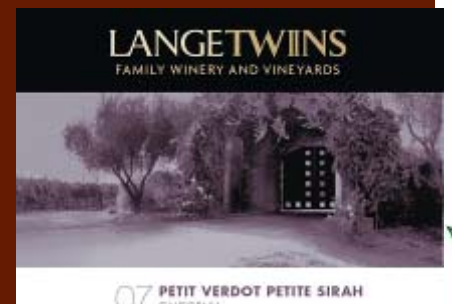


# Protected Harvest

<b>2.2.6.2 Synthetic / Mined Nitrogen Source -- Select ONE --</b>		
a.	If a synthetic source of N is used, a slow-release N source is used for at least 50% of required N.	3
b.	If a synthetic source of N is used, N is applied in small injections through the drip irrigation system with no more than 20 units of N applied at a time. Foliar feeding may be used in addition to fertigation.	3
c.	No synthetic source of N is used in this grove.	3
d.	If a synthetic source of N is used, N is applied to the soil in at least 3 applications throughout the season (foliar sprays may be counted if at least 20% of N is applied in this fashion).	1
e.	None of the above applies.	0

# Protected Harvest

- Current programs:
  - “Healthy Grown” Potatoes (Wisc.)
  - Lodi Rules for Sustainable Winegrowing (CA)
  - Modern Mushroom (PA & CA)
  - Zeal™ Stonefruit (CA)
  - Zeal™ oranges & mandarins



# Protected Harvest

- Requirements:
  - 70% of standards
  - Pesticide score budget
- Each standards set developed in crop and region with grower input and expert review



# Protected Harvest

## Whole Farm/Environmental Management

- Protection of riparian buffers
- Ecosystem restoration
- Protection of endangered species
- Training of growers and employees

## Soil and Water Quality Management

- Spill prevention
- Use of composts and manures
- Reduction of fertilizer use
- Maintaining orchard floor vegetation
- Water conserving irrigation methods

## Air Quality Management

- Elimination of burning prunings
- Road dust management practices
- Use of low or no-emission irrigation pumps

## Integrated Pest Management

- Use of beneficial insects and pheromones to reduce insect pests
- Pruning and harvesting practices which reduce pest and disease problems
- Non-chemical weed control methods
- Fallow periods

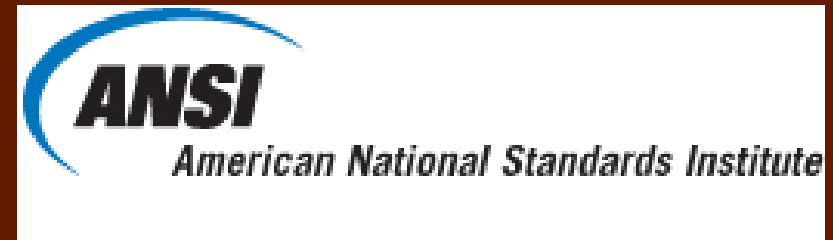
## Upcoming Efforts

### *Sustainability in Practice*

- CCVT sustainable winegrowing certification

# National Sustainable Ag Standard

- 2007 – Scientific Certification Systems filed a draft standard with ANSI
- 3-year process to solicit stakeholder involvement and revise/finalize draft
- Stakeholder committee selected in Aug 2008
- Initial draft rejected - an “organic plus” program in current draft



# Non-labeled programs

- EurepGAP/GlobalGAP
  - EurepGAP launched in 1997
  - Consortium of European retailers
  - Addresses food safety, environmental protection (some), and labor practices
  - 3<sup>rd</sup>-party audited, not labeled as such
  - Required to pass to supply to certain European retailers
  - In 2007 became GlobalGAP
    - EurepGAP
    - JapanGAP
    - ChileGAP
    - ChinaGAP
    - KenyaGAP
    - Etc.

# Non-labeled programs

- SYSCO
  - Largest food service co. in US
  - 2005 – launched SYSCO Sustainable Standards for processed suppliers
  - Broad environmental sustainability requirements, including on-farm
  - 3<sup>rd</sup>-party audited, but not branded as such to end customers
  - Required for all processed food suppliers or else



# Sustainability Index

## Revised Design **(DRAFT)**

September 18, 2008



Save money   
Livebetter

## To ensure a comprehensive approach to impacts, the index would likely be organized around key topics

	Across the lifecycle of its products, <u>Walmart</u> seeks...	Sample topics included
Energy and Climate	To maximize the use of renewable energy and minimize greenhouse gas emissions.	<ul style="list-style-type: none"> <li>• Energy use / efficiency</li> <li>• GHG emissions</li> <li>• Renewable energy</li> </ul>
Material Efficiency	To maximize efficient use of all materials, close material loops and minimize waste.	<ul style="list-style-type: none"> <li>• Use / efficiency of all resources other than energy (water, minerals, chemicals, etc.)</li> <li>• Waste, re-use and recycling</li> </ul>
Natural Resources	To promote the integrity of nature and a safe, reliable supply of natural resources.	<ul style="list-style-type: none"> <li>• Pollution (except GHG emissions) and hazardous waste</li> <li>• Biodiversity</li> <li>• Natural abundance (supply of fish, wood, etc.)</li> </ul>
People and Community	To promote quality of life and safeguard human health.	<ul style="list-style-type: none"> <li>• Toxicity to humans</li> <li>• Nutrition</li> <li>• Livelihoods</li> <li>• Community development</li> </ul>

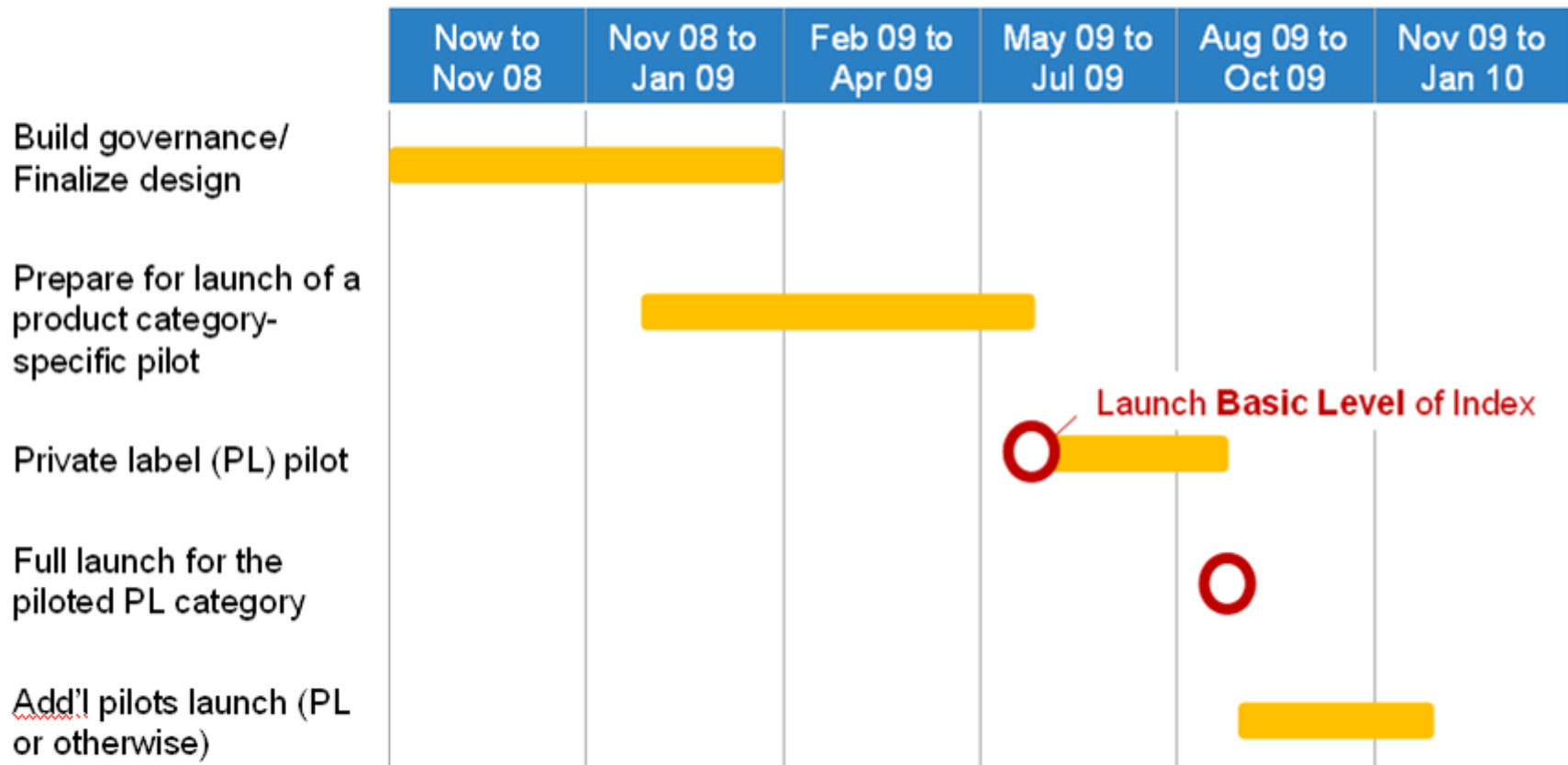
*These impact areas would be a guiding force, as opposed to an absolute design element*

## For Buyers, the sustainability score will appear as a seamless part of the vendor scorecard

*Hypothetical and illustrative*

<b>Vendor Scorecard</b>				
<b>Performance Area</b>	<b>Week</b>	<b>Month</b>	<b>Quarter</b>	<b>Year</b>
Comp Sales	8.2%	8.0%	9.5%	10.2%
Sales	11.2%	12.1%	11.5%	10%
Margin	4%	3.9%	4.7%	5.1%
Turns	3.5%	3.7%	3.4%	3.5%
Inventory \$	9.5%	9.5%	9.5%	9.5%
In Stock	97%	98%	96%	95%
GMROI	1.8	1.8	1.9	1.9
Sustainability	Level 1	Level 1	Level 0	Level 0

# Draft Roll-out Timeline



# Lessons Learned

- Currently in early adoption phase
- Certification is just one aspect of a marketing program
- Benefits may not be as blatant as expected:
  - Premium price
  - Insurance benefit
  - Preferred purchasing
  - Favorable contract terms
  - Corporate sustainability reporting
  - “Regulator benefits?”
- Corporate programs may be game-changers



## Daniel Sonke, D.P.M.

- [dsonke@sureharvest.com](mailto:dsonke@sureharvest.com)
- [www.sureharvest.com](http://www.sureharvest.com)



SureHarvest

SUSTAINABILITY FROM THE GROUND UP