

Social LCA Researcher School Book

*Social evaluation
of the life cycle,
application to the
agriculture and
agri-food sectors*

Editor
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**Social LCA
Researcher School**

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03 Market context for social LCA

The market is *almost* ready for holistic approach of sustainability

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To sum up

How the business sector is progressively taking into account the social impacts (consequences) of its activity is the topic of this chapter.

Outlook:

1. The CIRAD Market news service
2. What does the market face to?
3. Where is the market going?
4. Why are the assessment tools so numerous?
5. Our dream with social assessment

1. The CIRAD Market news service

For 30 years, the CIRAD Market news service has focused on... Market intelligence AND (since 2008) Social Impact Assessment in the value chain. It involves five persons, including 1.5 person whose job is to analyse the world fruits and vegetables market weekly. They create primary data (price, marketed volumes, etc.).

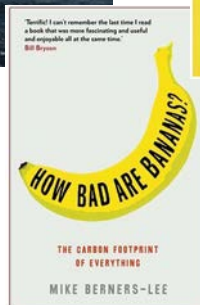
The service delivers a large range of editorial products:

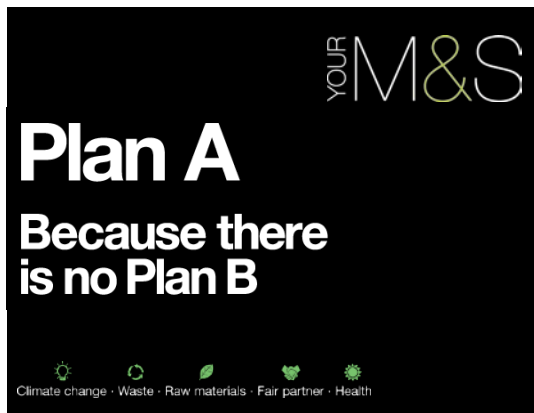
- weekly reports (5),
- a monthly magazine (FruiTrop),
- a website (www.fruitrop.com),
- statistics yearbooks,
- a lot of invited conferences,
- consulting for private and public body.



2. What does the market face to?

Watchdogs (mainly NGOs: Non Governmental Organizations) are very proactive in the markets (Lœillet, 2013).





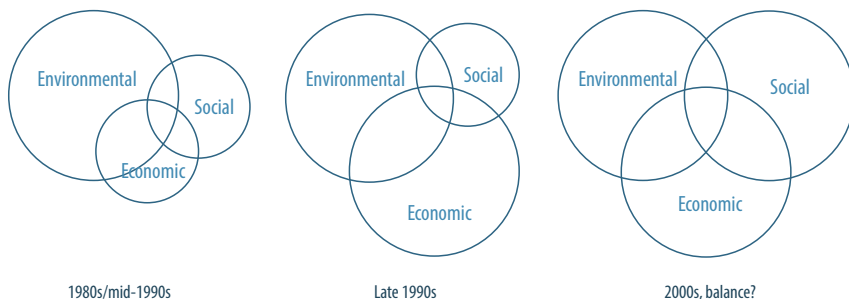
Watch over them strongly influences the big outlets companies, like Marks & Spencer.

3. *Where is the market going?*

The three pillars have not been equally prioritized by policy makers, when focusing on sustainability.

There is a general acceptance that over the last thirty years, the three pillars have not been equally prioritized by policy makers focused on sustainability. It is only recently that the social pillar has achieved parity as a priority, alongside the economic and the environmental ones. One of the arguments proposed by some authors is that the assessment of social aspects presents measurement problems.

In our research group, we argued that social health is a good indicator of the environmental and economic "health" of a society.



Source: Marghescu, 2005

3.1 From CSR to SCR

As for the concept of sustainability, the concept of social responsibility of companies has evolved over the last 20 years. They are moving from CSR (Corporate Social Responsibility) concept to SCR (Supply Chain Responsibility) concept: they become aware to be fully accountable for all negative impacts that their value chain could produce. **This is the first step.**

The second step will be the evaluation of the positive and negative impacts of their activity (and not only the evaluation of performances).

And we can testify that some firms are on the way to do it well.



<http://www.emeraldinsight.com/doi/pdfplus/10.1108/13598540910970126>

CSR to SCR (Laura Spence and Michael Bourlakis, 2009)

CSR	SCR
The consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social (and environmental) benefits along with the traditional economic gains which the firm seeks.	Supply chain responsibility is the chain-wide consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the supply chain to accomplish social (and environmental) benefits along with the traditional economic gains which every member in that supply chain seeks.

3.2 There is still a long way to go

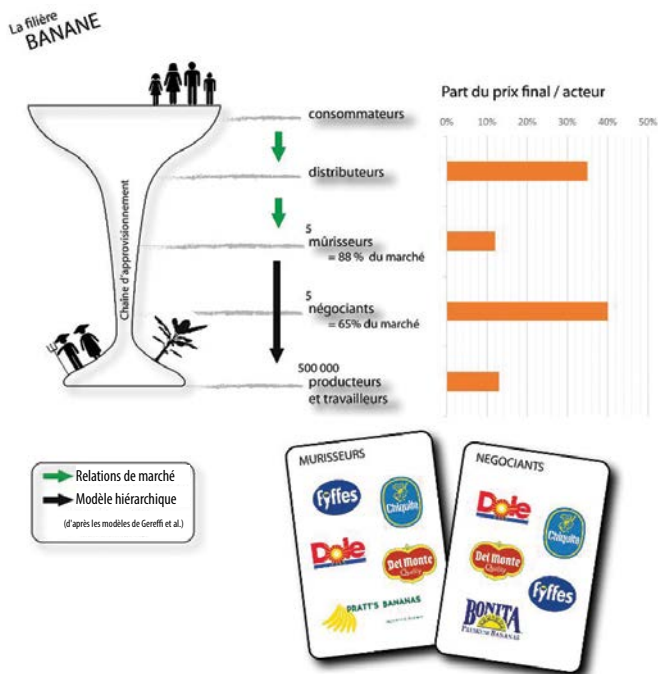
Crises are still numerous. The scandal of the "shrimps of the blood", revealed by *The Guardian*, shows that there is still a long way to go.

In this case, the supply chain of shrimps implemented inhuman practices.

A six-month investigation has established that large numbers of men bought and sold like animals and held against their will on fishing boats off [Thailand](#) are integral to the production of prawns (commonly called shrimp in the US) sold in leading supermarkets around the world, including the top four global retailers: [Walmart](#), [Carrefour](#), [Costco](#) and [Tesco](#). (source: The Guardian)

At least, we expect that the fishing or breeding was not certified sustainable!

All the large world distributors recognized that **they did not know the social functioning of their supply chains**. The reason given is the extreme complexity of the supply chain.

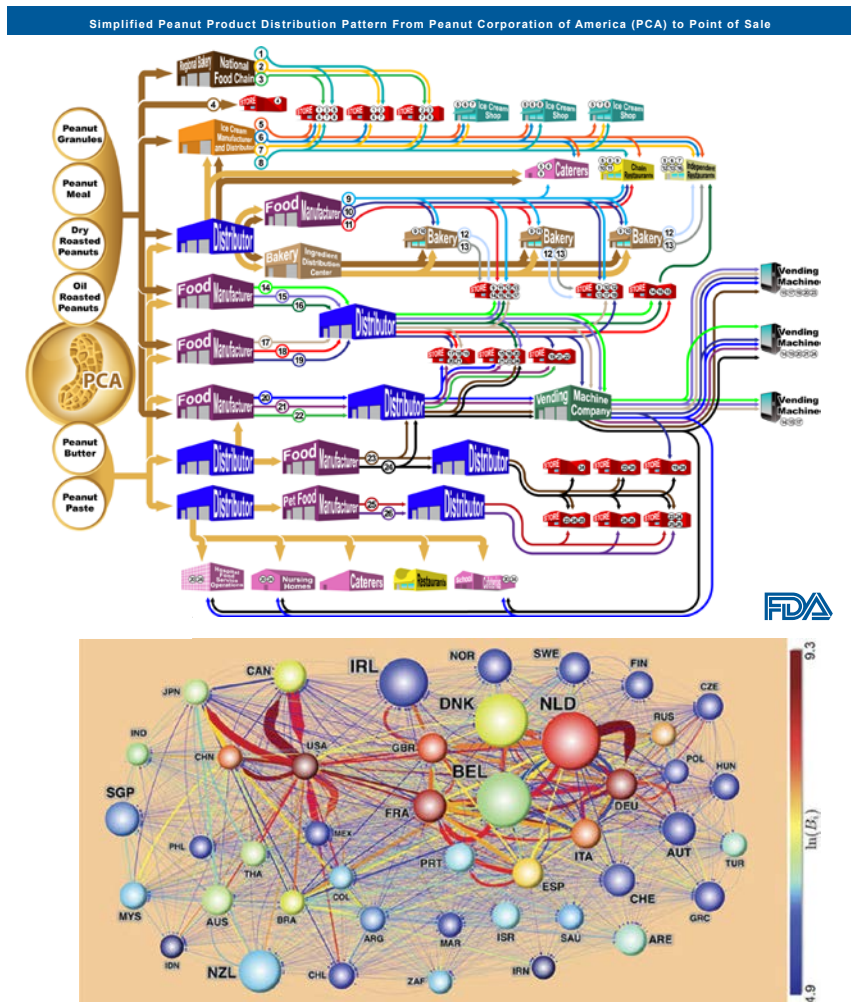


Chaine globale de valeur de la banane
Source: BASIC

3.3 Who is responsible for what?

In the banana case (see previous page), the few end-intermediate operators (less than twenty for Europe) are responsible for the **sanitary, social and environmental health** of the sector (network). In fact, the sector has become a **complex network** (Basic, 2015).

The growing complexity of the network (supply chain) increases the risks. Hereafter are two examples of the network complexity about 1) peanut supply chain for fresh and processed product; 2) the world food system. Here we highlight the interdependence, the intensity and the complexity of chains.



Nowadays, large companies don't know the social content of their supply chain yet!

Two of the world's biggest coffee companies, **Nestlé** and Jacobs Douwe Egberts, admit that beans from Brazilian plantations using slave labour may have ended up in their coffee because they do not know the names of all the plantations that supply them. (source: The Guardian)

Labels do not alleviate the responsibility of the distributor.

The multiplication of labels, standards, good practices guidelines, etc., does not change the responsibility of the central firm. Here is below an example with Tesco, one of the leaders in the world distribution sector. We display a screen copy of only a part of the section of the Tesco corporate website dedicated to prove the commitment of Tesco to the traditional pillars of sustainable development!!!

But... it is obvious that the long list of labels does not protect against bad practices. Whatever the Fair trade label certification already used, Tesco must go further.

Asda and Tesco receive 100,000 requests for Fairtrade bananas
12th December 2014, from Fairtrade Foundation

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UK shoppers have bombarded Asda and Tesco with over 100,000 emails in a campaign calling on the retailers to Fairtrade bananas.

You might also like

United Nations Global Compact

The United Nations Global Compact (UNGC) is an initiative that encourages business enterprises to adopt sustainable and socially responsible policies, and to report on their implementation. The initiative is voluntary, but a commitment to its principles is the basis of human rights, labour rights, environment and anti-corruption. There is a signatory of the UNGC who is committed to reporting on progress on these 10 principles as part of their annual corporate sustainability reporting.

[Find out more about the UNGC](#)

The Consumer Goods Forum

The Consumer Goods Forum (CGF) is a global network bringing together CPGs and senior management of retail, food, beverage, pharmaceutical and services providers from 75 countries. The Sustainability Steering Committee identifies priority areas and sets out our vision, together with a commitment to improve the sustainability of our value chains.

[Find out more about the sustainability pillar of the CGF](#)

IGD

IGD is an active member of IGD, the food industry's leading organisation who has of late expanded its role to bring a consumer response, contributing to the buying of ethical products. There are an active IGD member groups, including sustainability, human and equal rights.

[Find out more about the IGD's charitable activities](#)

Retailer's Environmental Action Programme (REAP)

REAP is an active member of IGD, the food industry's leading organisation who has of late expanded its role to bring a consumer response, contributing to the buying of ethical products. There are an active IGD member groups, including sustainability, human and equal rights.

[Find out more about REAP](#)

Roundtable on Sustainable Palm Oil

RSPO is a member of the Roundtable on Sustainable Palm Oil (RSPO), which aims to ensure that the palm oil sector is sustainable and that its products are produced in a socially and environmentally responsible manner.

[Find out more about the RSPO's charitable activities](#)

But the low prices paid back along the chain are not enough to secure a move towards decent work in the long term as Sintrainagro's President points out. Decent work and more sustainable production systems have a cost that the conventional market has to count and pay. (sources: Reefer Trends, Banana Link)

Tesco has to announce his commitment in an international stakeholders round table, in order to show his concern to warranty a living wage for the workers in the banana supply chain.



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Tesco makes banana pledge 26 April 2015

The single largest seller of bananas in the UK has committed to ensuring that a living wage is paid to banana workers by 2017.

This announcement, which is reported in the monthly Banana Link publication, is the result of long term engagement in the World Banana Forum, which brings together supply chain actors to work collectively towards sustainability. The reports claims that the UK retail price of loose bananas has almost halved over the past 10 years, while the cost of producing them has doubled. Currently, only one in three bananas sold in the UK is Fairtrade certified, giving customers an assurance that Fairtrade standards are met, including payment of a Fairtrade minimum price. As members of the World Banana Forum (designed to promote open dialogue on challenges facing the banana industry) Banana Link said it welcomed Tesco's commitment and hoped that this action inspired other retailers to make similar pledges to end the extreme poverty and lack of rights faced by banana workers in Latin America, the Caribbean and Africa.

Carrefour undertook more or less the same initiative recently. Carrefour has launched a large consultation of all the stakeholders of selected food supply chains (tomato, egg, banana, etc.). The aim of this initiative is:

- meeting the stakeholders of the supply-chain,
- designing or redesigning the supply chain, especially at the production stage,
- improving the "health" of their supply AND
- communicating.

All is "on the table" except price... But this is another story.

3.4 There are available solutions...

About banana industry, there are solutions.

Two agricultural practices could be used to limit pesticides use:

- smart fallow (sanitation of the soil, improving soil structure and nitrogen balance),
- and cover plants that directly decrease the use of pesticides.

The effects are direct. These new practices are more environmentally friendly for workers and for residents. They bring potential to lower worker exposure and painfulness. These practices would improve the productivity and the resiliency of the banana sector, and could help to decrease the production price also.

It works! In the French West Indies, re-design of the production systems (with the aim to increase the sustainability of the production stage) has been done.

To conclude this section, why changing? Converting?

We answer: "for 4 reasons at least, which are *4 ruptures or disruptions*":

- **technical:** like invasive diseases...
- **commercial:** like higher competition...
- **societal:** like pressure from consumers...
- **regulation:** like less authorized pesticides or banned techniques

What is the bet?

As highlighted by the chart (<http://www.footprintnetwork.org/2016/07/20/measure-sustainable-development-two-new-indexes-two-different-views/>), the "sustainable" zone both supporting high human development and located within the biosphere's average capacity, is small (grey quadrant at the bottom of the chart). Usually, when Human Development Index increases, the corresponding humane society goes out from this "sustainability" zone.

Sometimes, decreasing environmental cost improves social benefit... Here is an example with industrial and traditional fisheries.

Avantages comparés des pêches industrielle et artisanale dans le monde		
	Pêche industrielle	Pêche artisanale
Subventions annuelles	25-27 milliards de dollars	5-7 milliards de dollars
Nombre de pêcheurs concernés	≈ 0.5 million x 24	Plus de 12 millions
Prises annuelles destinées à la consommation	≈ 30 millions de tonnes	≈ 30 millions de tonnes
Prises annuelles recyclées en dérivés alimentaires (chair et huile)	35 millions de tonnes	Négligeable
Poissons (et autres espèces marines) rejetés à l'eau chaque année	8-20 millions de tonnes	Négligeable
Consommation annuelle de carburant	≈ 37 millions de tonnes	≈ 5 millions de tonnes
Quantité de poissons pêchée par tonne de carburant	1-2 tonnes x 4	4-8 tonnes

From Le Monde, 19-20 octobre 2008 / source: Conservation Biology

3.5 Conclusion: performances versus impacts

Nowadays, business wants to know **not only its performances**, but **also its impacts**. What is the difference? (see Vanclay, 2003)

We are taking the example of one company, which sets up schools in one developing country.

Either the company communicates

about the *performance* "we built one school"

or the company communicates

about the *impact* "X pupils have reached such a graduation..."

In the first case, you give information about bricks and cement... in the second case you evaluate the real effects on the target population, which is the **gain in the level of education** of the participants, in the present case.

4. Why are there so many social assessment tools?

When screening practices on the ground – regarding agro-food life cycle assessment – one can't help to be surprised by the abundance of "tools". This means that something important is at stake, which **meets social demand**. Moreover, there are many diverse tools under the umbrella of "social LCA", because **there are different usages** matching different needs.

—> What kinds of social needs do these tools match?

We proposed a classification of the different needs for social assessment tools (Macombe & Lœillet, 2015).

4.1 Needs to reassure oneself

According to us, here is the most usual usage of social LCA. It also explains the behaviour of some companies (especially food retailers) which think that the label got by the supplier is a warranty for quality, and that it protects their own responsibility. Any drift, any accident might occur in such conditions!

The companies believe that they can give up their responsibility because a third party is in charge of verifying, controlling and guaranteeing the social or environmental health of their own supply chain. Nevertheless, the alone company faces its responsibility. It is not because one multiplies the labels that one covers his/her responsibility more efficiently. You can reduce the risk but "never say where the cannon ball is coming from"!

4.2 Needs to know for decision-making

In this group, we account for the decisions whose purpose is choosing between alternatives systems, regarding environmental and/or social effects.

European commission (Europaid) wants to be "armed" to choose what project would be supported among all the applicant projects.

But we are not sure to anticipate all the real social effects stemming from one change. In particular, it is difficult to anticipate rebound effects. Because of its incompleteness, social LCA is not a tool for decision making. **It is a tool to adjust the action.**

4.3 Needs to know, to adjust action

With social LCA, we can take into account the decisions whose purpose is improving a system regarding environmental and/or social effects.

We suggest some examples:

- An African company wanted to know the consequences of its social expenditures.
- Tesco, Walmart, etc., wanted to make their supply chain delivering living wages.
- Flo and Max Havelaar want to know the level of minimum price to be set, and the impacts of minimum prices on the smallholders' life.

We are quite powerless in front of soil erosion, or in front of social solidarity loss, including the cases where these impacts are the most important. In the absence of assessment method, we are more or less committed to neglect these impacts.

However, as highlighted by Heiskanen (2002) the available impact pathways "taken together" build a new general normative representation of "what are the impacts to be taken into account when deciding"? Thanks to LCA studies, decision-makers become aware of new problems and new drivers. Indeed, the impact pathway highlights the causes, and so the possible drivers and solutions.

Maybe, when we think that life cycle assessment is a tool for accompanying decision making, we are still too naïve. Visiting some arena has persuaded us that LCA is often a good mean to eliminate opponents first.

4.4 Needs to ensure power on markets

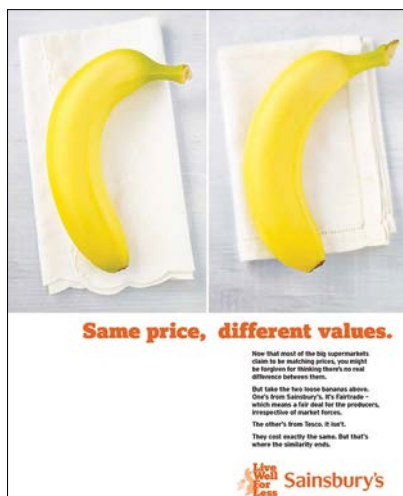
Certifications, standards and labels are a good mean to eliminate potential competitors.

We suggest some examples:

- Grenelle de l'environnement (France).
- Private labels, which are non-tariff trade barriers.
- Soft law, like the "GlobalGap" Initiative.

By enforcing new norms, one builds non-tariff trade barriers. They are power instruments not only among the opponents of the same arena, but also among the same value chain partners. The holder of the norm therefore culturally colonizes the other steps of the value-chain, because who would dare to contest the fairness of the highlighted humanistic goals of the new norm?

5. Our dream with SOCIAL ASSESSMENT...



Our “Social assessment” dream would be to make a difference between these two supply chains !

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Matrix of the researcher school's contents

