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Corporate & Commercial ALERT

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Taking a bite out of food waste: A brief overview of the Draft Strategy For Reducing Food Losses And Waste

The Draft Strategy for Reducing Food Losses and Waste (Draft FLW Strategy) was published for comment on 19 September 2023, setting out the proposed plans and goals to address and reduce food losses and waste within the food supply chain (FSC). With an estimated annual loss/waste of 12,6 million tonnes of food in South Africa, the Draft FLW Strategy forms a critical part of the National Waste Management Strategy's Waste Minimisation Pillar.



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Background on food losses and waste

Firstly, the difference between food losses and waste needs to be understood, with the former referring to "a decrease in mass or nutritional value of food that was intended for human consumption", which generally occurs in the initial stages of the FSC during production, harvesting, storage, processing, packaging and distribution. Food waste, on the other hand, refers to "food appropriate for human consumption being discarded", which applies from the distribution stage onwards to retail and consumption.

Significant losses in produce occur before and during the harvesting process, as well as during the processing and packaging phases, as some produce fails to adhere to strict specification requirements. It is estimated that on a global scale, 50% of the total volume of food waste occurs during harvesting, with processing, packaging, distribution and retail accounting for 45% of food waste, and consumers being responsible for the remaining 5%.

Food loss and waste is an unsustainable reality acknowledged in the United Nations Sustainable Development Goal 12 (SDG), which seeks to "ensure sustainable consumption and production patterns". The third target under this SDG (Target 12.3) calls for halving per capita global food waste at the retail and consumer level, and reducing food losses along production and supply chains (including post-harvest losses) by 2030.

The overall purpose of the Draft FLW Strategy is therefore to develop an action plan or policy instrument applicable to both the public and private sectors as an "intervention" to address food losses and waste occurring along the entire FSC. Ultimately, the strategy is to instigate:

"... reduction in food wastage through the adoption of new technologies, circular economy approaches and ultimately improving food security and mitigating the negative environmental impacts associated with food losses and waste, taking into consideration the best practices and policies that are best suited for the South African context."



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The Draft FLW Strategy will apply alongside other existing instruments that deal with food losses and waste, including the Food Donation Best Practice Guideline, Food Waste Prevention and Management Guideline for South Africa, National Food and Nutrition Strategic Plan and South African Food Waste Imitative Voluntary Agreement.

Draft FLW Strategy: Strategic pillars and goals

The Draft FLW Strategy identifies five interdependent, strategic pillars to achieve the required food losses and waste reduction:

1. Circular economy and food recovery
2. Collaboration, awareness and education
3. Skills development/ capacity building
4. Infrastructure development
5. Sustainable funding

The pillars are informed by four strategic goals, which are adopted and unpacked in the Draft FLW Strategy's Implementation Plan through measured interventions, actions and targets, some of which are highlighted below.

Goal 1: Creating an enabling environment for the implementation of food losses and waste strategy

The review, identification and development of various regulations, norms and standards, guidelines and policies to be implemented over the next few years have been identified for this goal in order to establish an enabling environment to implement the Draft FLW Strategy. This will extend to establishing guidelines for the consumption and marketing of "ugly" or imperfect food as well as revising regulations to promote a secondary market for such produce.

Goal 2: Food losses and waste beneficiation and circular economy

In order to achieve this goal, it is proposed that a mandatory food losses and waste prevention plan be developed and adopted within the next three years, setting out national targets and providing a roadmap for provincial and municipal authorities to achieve these goals. Together with technological and scientific interventions, it envisages *inter alia* the development of a secondary market for agricultural produce and the establishment of a strategic intervention framework aimed at advancing and favouring the biogas sector.

Goal 3: Capacity building, education and awareness training

Goal 3 proposes the establishment of a food losses and waste research centre, which is set to include public and private sector partnerships to

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improve food safety management through the training of various food supply chain role-players. It further seeks to develop strategic interventions in respect of date labelling and to develop a funding strategy to create affordable financial and investment schemes for large- and small-scale farmers.

Goal 4: Food waste diversion and greenhouse gas emission reduction

This goal aims to develop a food losses and waste carbon offset strategy to promote carbon offset as an incentive to divert food waste from landfills. It further seeks to promote food redistribution and donation programmes and establish public and private partnerships to address various challenges in relation to food losses and waste.

The strategic goals each consist of various sub-goals, as briefly summarised above, with each sub-goal being allocated a specific

implementation timeframe. The various sub-goals are all set to be achieved between 2024 and 2028, which aligns with South Africa's commitment under Target 12.3 of SDG 12.

ESG considerations

Considering the pillars and goals of the Draft FLW Strategy, it is clear that the interplay between food losses and waste interventions and ESG (environmental, social and governance) responsibilities also needs to be better understood.

Discounting food loss and waste, the FSC footprint is already considered resource-intensive, with the Draft FLW Strategy acknowledging its "*intensive use of land, water, energy and other finite natural resources*". On top of this, food losses and waste along the value chain add further significant ESG challenges. This is especially the case in South Africa, as Statistics South Africa reported that 11,6% of households were experiencing

hunger, which is especially concerning considering that a third of the country's annual food production goes to waste. The exorbitant amount of food waste also results in environmental and health impacts associated with disposal of food waste to landfills, where the emission of harmful gasses during decomposition results in pollution and environmental degradations.

With global ESG and reporting standards' acute focus on waste management and minimisation, and food security gaining traction, access to sustainability financing in certain sectors, including agricultural and retail, could be significantly impacted by failure to manage and reduce food losses and waste.

The various mechanisms proposed under the Draft FLW Strategy will come to better define stakeholders' responsibilities along the FSC to ensure understanding of and adherence to ESG responsibilities.

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Conclusion

The Draft FLW Strategy, once formally promulgated, will be implemented in a phased manner, with the publication and establishment of several plans, policies, regulations, standards and partnerships over the next few years to give effect to the strategy. The development of the regulatory framework over the next few years will also give rise to a larger focus on food losses and waste from an ESG perspective, especially for role-players within the FSC.

Comments on the Draft FLW Strategy are due by 20 October 2023, with affected players in the food value chain and waste management being encouraged to consider the

draft strategy in order to meaningfully engage with the Department of Forestry, Fisheries and the Environment. We therefore strongly recommend that industry and various stakeholders carefully consider the Draft FLW Strategy with legal input and submit comments thereto. We anticipate that the eventual implementation of this strategy will present significant changes to the FSC, and all players within the value-chain will be impacted, as has been seen with the implementation of the Extended Producer Responsibility Regulations.

Anton Ackermann, overseen by Margo-Ann Werner and Alecia Pienaar



Cliffe Dekker Hofmeyr

2023 RESULTS

Chambers Global 2021 - 2023
ranked our Corporate & Commercial practice in
Band 1: Corporate/M&A and in
Band 2 Capital Markets: Debt and Capital
Markerts: Equity.

Ian Hayes ranked by
Chambers Global 2022 - 2023
in **Band 1:** Corporate/M&A.

David Pinnock ranked by
Chambers Global 2022 - 2023 in **Band 1:**
Corporate/M&A: Private Equity.

Peter Hesseling ranked by
Chambers Global 2022 - 2023
in **Band 2:** Corporate/M&A and in
Band 3 Capital Markets: Equity for **2023**.

Willem Jacobs ranked by
Chambers Global 2022 - 2023 in **Band 2:**
Corporate/M&A and in **Band 3:**
Corporate/M&A: Private Equity.

Sammy Ndolo ranked by
Chambers Global 2021 - 2023 in
Band 4: Corporate/M&A.

David Thompson ranked by
Chambers Global 2022 - 2023 in
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BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

PLEASE NOTE

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