

Responsibility & Resource Efficiency

Sustainability Review 2012




ceereal
European Breakfast Cereal Association



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Foreword

For many years breakfast cereal manufacturers have been taking steps to reduce our impact on the environment and improve the social welfare of those in our supply chain. We take a lifecycle approach in our efforts, from how our farmers harvest their rich and diverse grains, all the way through the supply chain to how the family enjoys the great taste of cereal at the breakfast table.

The combined challenges of climate change, water availability, resource efficiency and global food security mean that we are truly at a critical moment for our planet. Breakfast cereal manufacturers understand that addressing these issues not only underpins long term business success, but helps to create a more sustainable planet for future generations.

The role of breakfast cereals was recently acknowledged by WWF UK with its recommendation of eating breakfast cereals 6 days out of 7 as part of its “LiveWell for Life” plate.¹ The focus of the diet is to ‘bring significant health benefits to EU citizens and contribute towards the reduction of greenhouse gas emissions from the EU food supply chain’.

¹ Livewell: a balance of healthy and sustainable food choices - Livewell Report 2011, see page 36, WWF UK; http://assets.wwf.org.uk/downloads/livewell_report_jan11.pdf

From the single individual to the largest business communities, we are all urged to reduce our environmental footprint in our daily choices and practices. As a responsible business sector, breakfast cereal manufacturers take this call very seriously.

We continuously seek new ways of improving resource efficiency and through research and innovation we will continue to strive to reduce the environmental footprint of our products. In order to ensure the highest level of impact, we collaborate with a wide range of stakeholders, from those that source the raw materials to those that dispose of post-consumer waste.


We are proud of implementing sustainability measures through self-regulation. Many of our members are involved in the following initiatives:

- The European Food Sustainable Consumption & Production Round Table
- The Roundtable on Sustainable Palm Oil
- The Sustainable Agriculture Initiative Platform
- AIM-PROGRESS, Programme for Responsible Sourcing

We have made considerable progress to date, but we acknowledge that we can all do more. We look forward to continued dialogue with policy makers and civil society organisations over the coming months and years to identify new priorities and activities to take our sustainability achievements further.

John Wanvig
CEEREAL President
Cereal Partners Worldwide

Sustainability across the supply chain

A large, round hay bale is in the foreground on the left side of the image. The background shows a green field with several more hay bales in the distance and a line of trees under a clear blue sky.

Sustainable agriculture is of crucial importance for breakfast cereal producers because the ingredients of a bowl of breakfast cereal start on the farm. Sustainable agriculture means responsible cultivation practices that respect natural resources while also balancing the social and economic aspects.

1. Farm

Working with local farmers and supporting the local agricultural economy in which companies operate is an important element for many breakfast cereal producers large and small. Companies reinforce the local agricultural economy by committing to long term contracts with local growers, thereby providing job security to local farmers and a reliable supply chain for companies.

Working with local farmers and supporting the local agricultural economy is an important element for many breakfast cereal producers large and small.

By building direct relationships with local farmers, companies can also ensure that their ingredients are produced according to mutually agreed sustainable farm management practices and independent certification programmes. Such practices and programmes are designed to achieve a high level of environmental protection and to meet consumers' expectations. For example, some companies source ingredients that

are certified organic, which means that the cultivation of the ingredients complies with EU Regulation 834/2007 on organic production and labelling. Other organisations also work with farmers and companies to certify that the ingredients have been produced in a way that improves their environmental performance on the basis of third-party or mutually agreed standards.



A UK breakfast cereal producer is committed to purchasing all the wheat for its brand within a 50 mile radius of its factory under its Wheat Purchasing Protocol. The protocol includes measures to improve environmental conditions, local sourcing, traceability and food safety.



Some breakfast cereal producers have had close ties to local growers for centuries. One company was created in 1675 in the UK and continues to place some of its largest oat contracts with specially selected UK farmers to preserve this traditional crop as part of the British agricultural economy.



A UK-based cereal brand uses Conservation Grade cereals in around 70% of its branded products and has been selling organic cereals since 1972. The Conservation Grade farming scheme was first created in 1985 to ensure a reliable supply of grain, while protecting farmland biodiversity through the creation of 'wildlife-friendly' habitat on farms. In return for managing 10% of their farmed land in this environmentally beneficial way, the farmers that supply the brand with cereals are paid a premium for their grain. The programme is still used by the company to communicate with consumers about the environmental performance of the business.



A multinational breakfast cereal manufacturer works directly with Italian and Spanish rice growers. It continues to improve both the efficiency and suitability of the crop by working directly with farmers and their advisors to reduce the carbon and water impacts associated with growing rice.



Since 2000, a German breakfast cereal manufacturer has committed to the cultivation of organic oats in Northern Germany. The company works closely with regional organic oat farmers to adapt its products to today's consumer expectations.



A multinational breakfast cereal manufacturer works directly with European growers to source over 100,000 tonnes of oats for its porridge and other breakfast products. It works with organisations such as Linking Environment and Farming (LEAF), ADAS and Cambridge University Farms to help farmers measure and reduce the carbon and water impacts associated with growing oats.

By building direct relationships with local growers, companies can ensure that their ingredients are produced according to mutually agreed sustainable farm management practices and independent certification programmes.



Resource Efficiency

Achieving resource efficiency is central to the activities of breakfast cereal manufacturers. In our production process the transformation of the grains into the final product is done so as to minimise the use of natural resources. In order to achieve continuous environmental improvement, many companies are using innovative technologies and have set targets to reduce emissions, energy and water use and waste to landfill on an annual basis.

2. Factory

Optimising the use of the natural resources and raw materials to prevent and minimise waste at every stage in the food chain without compromising food safety is a key component of these efforts. Breakfast cereal producers strive to maximise the use of agricultural resources and to find uses for by-products. When unavoidable food waste occurs in factories, it is sometimes used to create bio-based energy either through combined heat and power facilities or anaerobic digestion as in some cases energy recovery may be preferable to recycling from a lifecycle perspective. Cereal manufacturers have a secondary role as contributors to Europe's bio-based economy by using by-products and unavoidable waste to create energy.

A number of our members have established relationships

Breakfast cereal producers strive to maximize the use of agricultural resources and to find uses for by-products.

with food banks, which are non-profit organisations that distribute safe and healthy surplus food to communities suffering from low incomes or social exclusion. Food banks provide an alternative to landfills for food with at least one month of shelf life, and an opportunity for breakfast cereal manufacturers to support local communities.



A UK family-owned cereal producer has installed a wind turbine on its production site in Scotland, which, in addition to powering the whole of the company's Scottish mill, also generates surplus electricity which is fed into the national grid to power 4,300 homes.



Many factories have a policy of zero waste to landfill. For example, one producer has introduced a programme to help the company achieve the very highest standards across its global operations. As part of the programme, the company has committed to sending zero total waste from factories to landfill by 2015. Combined heat and power (CHP) plants have been installed at UK factories to generate electricity from a natural-gas-powered turbine and use the waste heat to generate steam for factory use. Also in this case, surplus energy is fed into the national grid.



In line with its sustainability vision, another company has set out the ambitious goal of reducing waste to landfill by 20 percent worldwide by 2015 per metric tonne of food produced and to achieve zero waste to landfill in Europe by 2015. Four plants in Spain, Germany and UK, have already achieved this goal.



In order to meet reduced water consumption and wastewater volume targets, a German breakfast cereal producer recently purchased a new steam boiler. This has significantly optimised the consumption of water and gas and reduced the volume of wastewater in recent years. Through investment in new production facilities that are mainly cleaned with warm water or high pressure and require less washing effort, the washing water from the factory can enter into the sewer system without further purification.



Some companies have partnered with the Global Food Banking Network, the European Federation of Food Banks, UK charity FareShare and other food banks to redistribute surplus food to disadvantaged communities. One company provided over one million breakfasts in France in 2010 with its donations to food banks.

Cereal manufacturers have a secondary role as contributors to Europe's bio-based economy by using by-products and unavoidable waste to create energy



3. Packaging

Breakfast cereal packaging serves multiple purposes. Packaging keeps breakfast cereal safe and fresh for consumers as our products make their journey from the point of production to the breakfast table. Therefore it makes an important contribution to reducing food waste. In addition, packaging provides a vital means for communicating about product attributes, storage and nutritional information. Breakfast cereal producers are working towards optimising packaging from a life-cycle perspective to reduce its environmental impacts, while ensuring that its key functions such as protecting food safety and quality are maintained.

As part of the effort to optimise packaging, breakfast cereal producers have established an industry standard for the package-to-food ratio, which ensures that pack sizes are kept to the minimum size necessary for maintaining safety, hygiene and consumer acceptance. CEEREAL's Pack Fill Standard establishes a target fill level for cereals that are directly added into a carton box and for cereals that are placed in poly-cereal liner and then in a carton box. A minimum pack fill level also allows for the efficient operation of high



3 Eurostat data for 2008, EU-26 excluding Malta

speed packing lines and minimises damage to the product or pack, which in turn minimises food waste by factories.

Breakfast cereal producers have a long history of using paperboard for packaging. EU recycling rates of paper and cardboard are the highest of all packaging materials (77% in 2008³). When virgin board is used, many companies source from non-governmental organisation (NGO) programmes such as the Programme for the Endorsement of Forest Certification and Forest Stewardship Council.



A multi-criteria eco-design tool (PIQET) based on ISO standards on life cycle assessment helps one breakfast cereal producer to assess and optimise the environmental performance of its packaging. The tool allows factual comparison of the environmental impact of different packaging choices across a range of environmental indicators.



Some CEEREAL members actively participated in the Global Packaging Project of the Consumer Goods Forum. The project issued industry standards for appropriate packaging and sustainability metrics in 2011 to better assess the relative sustainability of packaging.

4. Transport

As part of our aim to limit environmental impacts across the entire food supply chain, breakfast cereal manufacturers have also integrated environmental standards into the transport process. This includes the transport of raw materials to the factory all the way along to the distribution of the final product to consumers.



Some manufacturers are increasingly using rivers, canals and railways to move raw materials to their factories. By making use of multimodality strategies and optimising energy efficiency transport modes, a considerable number of lorries have been taken off the roads. This has led to reduction of GHG (greenhouse gas) emissions, improved air quality and reduced traffic congestion.

Members also optimise the planning of their distribution and routes to ensure that pallets and vehicles are filled as much as possible when being transported and that the number of journeys taken in distributing their products are minimised.

By using collaborative distribution systems with suppliers and even competitors, breakfast cereal manufacturers not only optimise the product delivery process to reduce environmental and social impacts, but also share solutions with supply chain partners in order to maximise efficiency gains for the entire sector.



By switching from road to electric rail, one breakfast cereal producer is saving over 400,000 road miles a year in the transport of its porridge from its site in Scotland to its distribution centre in the South of England.

5. Consumers

Breakfast cereals play an important role in helping consumers achieve a healthy, balanced diet and also contribute relatively little to household environmental impacts from storage, preparation, cooking and food waste. Breakfast cereals are generally stored at room temperature and require little if any energy and water for preparation, as many breakfast cereals are ready-to-eat.

Breakfast cereals are also rarely wasted by consumers. A recent study undertaken by WRAP UK⁴ found that breakfast cereals account for a fraction of the avoidable food wasted in the home. This is because breakfast cereals have a long shelf life, which enables consumers to manage how they buy, store and consume cereals in the home.

CEEREAL members are contributing to sustainable consumption by advancing the assessment and communication of the environmental performance of food and drink products.

Breakfast cereal packaging is sometimes used to communicate about sustainable consumption. For example, some manufacturers provide consumers with recycling advice on the side of pack to encourage consumers to use natural resources more sustainably.



CEEREAL members are working via FoodDrinkEurope with the European Food Sustainable Consumption and Production Round Table to adopt a holistic approach to assess and communicate the environmental performance of food and drink products.



Breakfast cereals were one of the first products to be analysed with the U.S.-based Sustainability Consortium's metrics. The metrics provide a standardised method to evaluate and report product life cycle information for breakfast cereals.



⁴ "Household Food and Drink Waste in the UK", 2009, updated in Nov. 2011
<http://www.wrap.org.uk/content/report-household-food-and-drink-waste-uk>

Conclusions

European breakfast cereal manufacturers continually place sustainability at the heart of their operations. This means constantly striving to reduce environmental impacts, and also encompasses social considerations such as engaging in long-term contracts with local suppliers, and distributing to disadvantaged communities any surplus food that is safe and healthy.

Sustainability is of crucial importance for our sector as the ingredients of a bowl of breakfast cereal are based on natural grains. Responsible cultivation practices that respect natural resources while also balancing social and economic aspects are vital for agriculture. Achieving resource efficiency in manufacturing is also a key priority for our sector and is central to our activities. Breakfast cereals are produced in such a way so as to minimise energy use, water consumption, and waste. Looking beyond our core product, manufacturers have also contributed to standards for appropriate packaging and sustainability metrics and are also continuously integrating sus-

tainability standards into the transport and distribution of our products. We proudly acknowledge that breakfast cereals play an important role in helping consumers achieve a healthy, balanced diet and contribute relatively little to household environmental impacts.

The combined challenges of climate change, water availability, resource efficiency and global food security mean that everybody needs to play a part. In order to ensure maximum impact, breakfast cereal manufacturers collaborate with a wide range of stakeholders, including those all along the supply to chain, competitors and NGOs. Breakfast cereal manufacturers understand that addressing sustainability challenges not only underpins long term business success, but helps to create a more sustainable planet for future generations.

We look forward to further improving our environmental and social performance in the future and identifying new activities to take our sustainability achievements even further.

Useful links & References

- European Food Sustainable Consumption and Production Round Table
<http://www.food-scp.eu>
- Video: “Matins céréales” (How cereals are made)
<http://www.matinscereales.com/?menu=video&page=fab&skin=video>
- The Roundtable on Sustainable Palm Oil
<http://www.rspo.org/en/>
- The Sustainable Agriculture Initiative Platform
<http://www.saiplatform.org/>
- AIM-PROGRESS, Programme for Responsible Sourcing
http://www.aim.be/responsible_sourcing.htm

Key facts on CEEREAL

- Established in 1992 by eight national breakfast cereal associations
- Composed of 11 member associations in 10 European countries and the Oat Millers’ Committee (OMC)
- Represents a sector worth more than 4 Billion EUR per annum

Key facts on the breakfast cereal industry

- Production of 1 million tonnes per year
- UK, Germany and France are the main markets for breakfast cereals with a 50%, 20% and 10% share of the European market respectively
- Per capita annual consumption varies from 0.5 Kg in Italy to 8 Kg in Ireland
- More than 70 companies employing over 11,000 people

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CEEREAL members



Belgium – Association Belge des
Fabricants de Céréales pour le Petit
Déjeuner / Belgische Vereniging van
Fabrikanten van Ontbijtgranen



matins céréales la collective des céréales pour le petit déjeuner



France - Syndicat Français des Céréales Prêtes à
Consommer ou à Préparer

www.matinscereales.com



KAUPPAMYLLYJEN YHDISTYS r.y.
Finnish Flour Milling Association

Finland – Kauppamyllysten Yhdistys ry

www.etl.fi

Cerealien
besser frühstücken

Hafer
Die Alleskörner

Germany – Getreidenährmittelverband e.V.

www.getreidenahrmittelverband.de



Ireland – Irish Breakfast Cereals Association

www.ibca.ie



Italy – Associazione
Industrie del Dolce e
della Pasta Italiane

www.aidepi.it



Nederlandse Vereniging
van Producenten van
Ontbijtgranen en Deegwaren

Netherlands – Nederlandse Vereniging
van Producenten van Ontbijtgranen



Portugal – Associação
Portuguesa de Produtores
de Flocos de Cereais

www.afloc.eu



Spain – Asociación Española
de Fabricantes de Cereales en
Copos o Expandidos

www.asociacioncereales.es



United Kingdom – British Oat and Barley
Millers' Association

United Kingdom – Association of Cereal Food
Manufacturers www.breakfastcereal.org

