

# Scanning the Horizons

## Quarterly Update

**AUTUMN** is a time for securing resources and preparing for the winter months ahead.

As we navigate our way through the activities of 2022, it pays to take stock of what is happening in the world around us and the impact this can have on food businesses.

It is clear that we are still navigating a unique and challenging environment but there are plenty of opportunities for education and improvement while trying to figure out a way forward.

Grab a hot drink and take a moment to read up on what is happening here and around the world. Sustainability is a key focus for the market trends this Issue and there is some additional discussion on making environmental claims.



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## Regulatory Updates

**FSANZ ADDED SUGARS LABELLING:** Food Standards Australia New Zealand (FSANZ) is considering an amendment to the Food Standards Code to include added sugars in the nutrition labelling for foods. In response to a 2019 request from food ministers, FSANZ has reviewed nutrition labelling for added sugars. A report<sup>1</sup> was published in June 2021 which reviewed nutrition labelling for added sugars along with applying a pictorial about sugar to sugary beverages/sugar sweetened beverages (SSBs) and changing the statement of ingredients to identify sugars-based ingredients.

The outcome of this review is that FSANZ is preparing a proposal to amend the Food Standards Code to include added sugars information in the nutrition information panel (NIP). The other options of a pictorial about sugar for SSBs and ingredient statements of sugar-based ingredients were not recommended. Timelines for the proposal to amend the Food Code to include added sugars in the NIP are due out soon and will be published on the FSANZ website<sup>2</sup>.

**MPI PEAL ALLERGEN LABELLING GUIDE:** MPI have published a new guide<sup>3</sup> for declaring food allergens based on the new Plain English Allergen Labelling (PEAL) rules introduced on

25<sup>th</sup> February 2021 by FSANZ. This new guidance outlines the transition timeframes and gives examples of how to declare allergens under the new rules.

**AUSTRALIA PILOT KAVA IMPORT PROGRAM:** Australia has now implemented the second phase of its program to allow imports of certain kava products as foods for sale<sup>4</sup>. From 1<sup>st</sup> December 2021 kava products such as dried or raw kava root (includes chips, powder and whole root) and beverages with kava root suspension in cold water (no organic solvent) are now permitted. The kava must comply with Food Code Standard 2.6.3, product labelling must comply with the general requirements of the Food Code, and you must have an import permit issued by the Australian Government Department of Health (Office of Drug Control). Kava products are checked at the Australian border at time of import to ensure they comply with all requirements.

**EU AND USA IMPORT ALERTS:** Import alerts are used as a means for regulatory authorities to communicate non-conformances identified at the border in imported products. Current trends continue with chemical and microbial contaminants being the top issues<sup>5,6</sup>. Monitoring import alerts can provide information on current border issues in various markets.

## Renewable Energy: Solar Power<sup>16</sup>

Is solar power really an effective commercial solution for manufacturing businesses looking to decrease their carbon footprint and achieve sustainability goals?

The answer is yes, solar power can be, but it is important to investigate the investment required and how much solar power can service the business' total energy needs both now and accounting for future growth.

There are different options depending on whether there is interest or capacity to purchase batteries to store power or whether it is more cost effective to purchase energy from the grid for times when there isn't enough energy being generated from solar panels.

Ultimately the energy needs of the business and its location will determine what is the most suitable approach. Also, there are options to combine with obtaining energy from other renewable sources such as wind and water.



**Concerns about the global and local impact of climate change continue to trend upwards. This can be combined with increasing consumer interest in ethical as well as sustainable business practices.**

Consumer awareness about **greenwashing** is pushing businesses to move beyond tick-box activities and really consider their actions in a meaningful way. This is also reflected in the guidelines various advertising standards authorities are publishing to help advertisers and marketers communicate to verify the authenticity of green claims<sup>7,8</sup>.

Consumers are actively searching for brands that align to their own sustainability values and closely analysing any eco-credentials. Changes to packaging or ingredients are no longer enough. The movement is towards transformation in the corporate culture<sup>9</sup>. This encompasses **redefining values and ethics** internally and looking at how employees are engaged in with these.

It also rolls into the financial operations of businesses. Not only are consumers asking more questions about where a business invests, but regulators are also bringing in mandatory climate related financial disclosures.

Whilst the UN Climate Change Conference (COP26)<sup>10</sup> may have had limited progress with cutting global greenhouse emissions, there are now a range of agreements and deals looking to deal with forestry, finance, cars, methane, and coal. The COP26 seems to have ignited a range of discussions that relate to sustainable business practices.

**Nature and biodiversity** are being discussed more frequently. We now realise that these are finite and require immediate action to protect. This has led to growth in "**cyan shoppers**". These are people whose awareness for the concerns about oceans (blue) and trees (green) are driving their purchasing decisions like never before.

## Sustainability Marketing Trends

The key trends for  
sustainable businesses and  
products

It has led to innovations such as **investment platforms** which allow people to invest in companies that make positive environmental changes.

Other platforms such as **online marketplaces** are providing a single place for shoppers to purchase from companies who have environmentally friendly products, low carbon footprints and strong commitments to positive social practices like good labour practices.

**Measurement tools** are being developed all over the world that score companies based on different environmental and social criteria<sup>11</sup>. From the labour practices in the fashion industry through to the 'greenness' of energy suppliers and vehicles. People can now search for highly responsible options in a range of industries including food, beverage, and lifestyle.

Overall, it is becoming clear that businesses are expected to make meaningful commitments to sustainability and look at ways to communicate these in an authentic manner.

# QUARTERLY FOCUS: SUSTAINABILITY CLAIMS

**Sustainability is a continuing trend throughout many different industries.** As conversations continue about climate change and environmental impact, more and more businesses are looking at how they can improve their sustainability practices.

Along with improving practices, businesses want to be able to communicate their actions, which has led to a range of different categories of sustainability claims. Recyclable or compostable packaging claims are probably some of the most popular but there is an increasing trend in claims about the sustainability of manufacturing and general business practices<sup>12</sup>.

Greenwashing is a large concern for sustainability and environmental claims. In New Zealand, sustainability claims are regulated under the Fair Trading Act which requires that all claims are substantiated, truthful, and not misleading. Key points from the Commerce Commission Environmental Claims Guidelines<sup>13</sup> are to make sure the claim is **specific** with enough detail to give an accurate impression and substantiate claims with **credible evidence** such as robust reliable scientific testing.

The most important part to consider is the **overall impression** that a claim or marketing copy is going to give the consumer. This encompasses not only the wording but also any imagery and external links included in the content.

Independent verification of sustainability is becoming a common way of demonstrating sustainability and substantiating environmental claims. There are a range of third-party verifiers in New Zealand who look at certifying businesses for a variety of activities from commitment to sustainable manufacturing practices, product standards, and overall business ethos<sup>14</sup>.

Internationally there is significant variation in the expectation of sustainability practices from product and packaging design, waste management, and financial reporting objectives.

In the last decade, many countries have developed Extended Producer Responsibility (EPR) schemes based on OECD guidelines<sup>15</sup> including France, Germany, Sweden and Japan. When introduced, these schemes have shown to increase recycling rates and provide movement towards a circular economy. Singapore has introduced mandatory packaging and waste reporting for large organisations as the baseline for their EPR scheme with more initiatives to follow. Therefore, when looking at opportunities to communicate environmental and sustainability practices in international markets, make sure to research the current regulations in this area.

In addition to sustainability claims, there are regulations around the use of 'free from' claims. 'Free from' or 'no' claims are claims which state that a product is free from a certain element. They are commonly used to communicate that a product does not contain a certain ingredient which has perceived negative effects.

Some 'free from' claims such as sugar free or gluten free have specific regulatory requirements that must be met when using the claim. The regulations can differ significantly with varying levels for restriction. Some claims are regulated by food standards or food regulation, while others are regulated under wider reaching fair trading regulations. It can have an impact on product development as well if there are certain maximum or minimum values that must be achieved. So, check what is permitted for each market before committing to using 'free from' claims.

## What to Watch and Read?

Key HVN webinars and resources are available now to watch and read.

*WATCH: [HVN 'Scanning the horizons' free webinar series: patent insights, regulatory and market trends, 2022](#)*

*READ: [HVN Newsletter March 2022](#)*

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