

Sustainability
in the food chain

DuVo-foundation

Sustainability requires openness

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INTRODUCTION

In the late 1980s, environmental management was a topical issue for many businesses in The Netherlands. Most introduced environmental management systems, entailing formal processes of monitoring and improvement. Often, companies within a particular sector of the economy worked together in this field – in many cases with financial support from the Ministry of Housing, Spatial Planning and the Environment (VROM). Individual companies and sector organisations have continued to produce annual reports, detailing their progress with environmental management issues. However, within a few years it became clear that the impact caused by the actual manufacture of a food product represented a mere fraction – an average of 10 to 20 per cent – of the overall impact associated with food production. As a result, the focus of attention began widening to include other parts of the chain. Using techniques such as life cycle analysis (LCA), investigations were undertaken into the effects of food production, revealing that the production of raw materials (i.e. arable and livestock farming) frequently accounted for the largest proportion of the environmental burden*. However, in this study the user phase was left out of consideration. Anyway, it became clear that sustainable development depended on more than just reducing environmental impact. Social and economic issues were also of relevance. Furthermore, it was concluded that the quality of a product always had two dimensions: a technical dimension (nutritional value, shelf life, etc) and an emotional dimension (taste, appearance, etc). Consumers' purchase decisions are based on consideration of both dimensions. Environmental impact is influenced primarily by the technical aspects of product quality, while social and economic considerations, such as the humane treatment of animals and fair pay for workers, are of a more emotional nature.

Since action on sustainability does not require a company-specific approach, interest in collaboration began to grow. This led to the formation in the mid-1990s of the Stichting Duurzame Voedingsmiddelenketen (the Foundation

* See first DuVo booklet, *Duurzaamheid in de Voedingsmiddelenketen (Sustainability in the Food Chain) (1999)*

for Sustainability in the Food Chain, known as DuVo). The new organisation began by carrying out a number of extensive LCA studies in order to build up a picture of the actual situation. From these studies, it was clear that there were various practical steps that food producers can take to make the chain more sustainable, and appropriate initiatives were set in motion at numerous points. However, it has since become apparent that the measures taken cannot on their own provide definitive answers to all the questions of concern to the public. Increasingly, it has emerged that only through dialogue with stakeholders can the facts acquire a meaning that enables each affiliated business to develop solutions matched to its circumstances. DuVo accordingly began organising dialogue meetings, to which various stakeholder groups were invited to help the industry develop appropriate strategies. Each dialogue meeting was devoted to a particular theme, identified as relevant in the earlier research. Thus, the 1999 meeting focused on waste materials*, while the two subsequent meetings were devoted to, respectively, sustainability indicators** and the relationship between scale and sustainability***. At all of these meetings, the importance to the outside world of openness was apparent. DuVo has responded to the demand for openness by publishing a booklet each year and launching a website (www.duvo.nl), describing the progress made on sustainability issues. In addition, the decision was taken in 2002 to set up a research project in conjunction with the University of Tilburg to provide information about the communication initiatives in progress at DuVo-affiliated companies and elsewhere.

This, DuVo's fifth publication, describes the results of the various initiatives with which DuVo has been involved in one way or another, and the progress being made by affiliated companies. As indicated, particular attention is paid to communication and openness.

*See second DuVo booklet, *Begin van een Dialoog (Start of a Dialogue)* (2000)

** See third DuVo booklet, *Duurzaamheid in Perspectief (Sustainability in Perspective)* (2001)

*** See fourth DuVo booklet, *Duurzaamheid in Beeld (Sustainability in Focus)* (2002)

KNOWLEDGE DEVELOPMENT

COMMUNICATING ON SUSTAINABILITY

In previous years, DuVo has looked into the way businesses communicate with consumers and the general public regarding sustainability. The Foundation continued its research in this field in 2002. In essence, society can be said to exercise control over the activities of businesses in three ways: the government regulates production through legislation and licensing, consumers express their opinion of the products available to them through their purchasing habits, and the general public demands transparency in order to assess a company's social credentials. Communication with the parties concerned is vitally important for a company in each case. The first stage of the research was to identify the stakeholder groups involved in each of the three areas of control, and how food producers communicate with each group. The approach taken tends to differ from company to company, and in many cases this individualised philosophy makes good sense. The second research phase involved asking each stakeholder group what it expected from food producers. From the responses, it is clear that, for most stakeholders, transparency is the overriding requirement. Companies need to be open about their activities, and to respond to questions from the wider community. Increasingly, stakeholders take a co-ordinated line in their dealings with companies, with the result that there is less emphasis on individual issues and more interest in a company's overall view of its social responsibilities.

ROLE OF THE COMPETITION LAWS (NMa)

In conjunction with the Foundation for Nature and the Environment, DuVo organised a workshop in January 2003, to which representatives of the Ministry of Agriculture, Nature Management and Fisheries (LNV) and the Ministry of Economic Affairs (EZ) were invited, together with the National Competition Authority (NMa), the Central Bureau of the Provisions Trade (CBL) and the Consumers' Association. The aim of the meeting was to consider whether co-ordinated action was required along the food production chain in order to achieve a more sustainable situation and, if so, whether the scope for such action might be compromised by the competition laws.



Impression from
dialogue meeting,
held in January 2003

It was concluded that the competition laws merely served their intended purpose, namely to prevent distortion of the free market, the creation of cartels and the artificial inflation of prices. However, it was also felt that the NMa could offer guidance to companies looking to increase sustainability by entering into agreements in the field of pricing or other areas. Information could be provided about what is and what is not allowed, e.g. through publications or in the context of exploratory meetings.

The workshop heard that industry-wide agreements, such as all supermarkets agreeing to sell only fish caught using sustainable practices, were likely to fall foul of the competition laws. Hence, such issues can only be addressed through measures in the field of administrative law. On the international stage, the profile of ethical trading can be raised by making arrangements on topics such as child labour through the International Labour Organisation or the World Trade Organisation.

It was agreed that DuVo would work with various stakeholder groups, preferably under the supervision of the Social and Economic Council (SER), to identify potentially beneficial changes that could be made to the law*.

* For further details see report published by the Foundation for Nature and the Environment (2003)

EXCHANGE OF EXPERIENCES

COMMUNITY CAFÉ

In January 2003 a dialogue meeting was organised in co-operation with Schuttelaar en Partners. Following an introduction by representatives of various stakeholder groups, roughly 150 participants discussed questions relating to the need for and value of communication on the topic of sustainability. Is it advisable for a company to publicise its efforts in this field, or would such a policy amount to setting oneself up to be shot down? Various questions in this vein were raised, without consensus being sought. Nevertheless, it did become clear that society expects businesses to take the initiative in relation to social responsibility, rather than simply waiting for a lead. The feeling was that a business should be motivated not only by profit, but also by the recognition that certain objectives are inherently worthwhile.



Impression from
dialogue meeting,
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Impression from
dialogue meeting,
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STAKEHOLDER DIALOGUE

The SER has recently published a report entitled *Duurzaamheid vraagt om openheid* (Sustainability Requires Openness). In the report, the SER identifies a number of priority objectives in the search for sustainable consumption:

Increasing public awareness of sustainability issues. Social environment and thus public opinion influence consumers' purchasing behaviour. Increasing public awareness of sustainability issues will take a prolonged effort; in education and training, sustainability needs to be presented as a basic tenet of society. If the public is more sustainability-conscious, this will have the effect of encouraging the business community to remain focused on the relevant issues.

Promoting sustainable consumption through the consumer's social environment. Greater awareness of sustainability issues does not automatically lead to sustainable consumer behaviour. More could be done to make the social environment more conducive to sustainable practices. Social context has a major influence on consumptive behaviour. People are motivated by a need for social acceptance and to avoid censure for antisocial behaviour. Shared behavioural standards

are also important for resolution of the social dilemmas that often confront consumers (and producers) with regard to their personal contributions to common goals.

Promoting chain transparency and product information. In order to make decisions that support sustainability, a consumer or an organisation needs to be able to find out how a product has been produced (chain transparency) and what its properties are (e.g. energy consumption). Under certain conditions, commercial codes and quality-mark systems can contribute in this regard. It should nevertheless be noted that the provision of information does not guarantee sustainable consumption.

In order to promote openness in the production chain, a permanent forum should be established for consultation amongst stakeholder groups, such as businesses, employees, consumer groups and environmental organisations. The forum should provide for structured consultation in a setting that allows the relevant parties to negotiate from a position of equality with a view securing agreement on the release of relevant information about production processes, production chains and products. The government should play a directing role in this context, bringing the various stakeholders together and ensuring that agreements are made.

CORPORATE INITIATIVES

DuVo-affiliated companies share a belief that there is a real need to pursue sustainable development on a collective basis. Hence, a number of DuVo affiliates are involved in national or international sustainability initiatives, such as the Dutch Sustainable Agriculture Foundation (known as Duurteelt), the Dutch National Initiative for Sustainable Development (NIDO) and the Sustainable Agriculture Initiative. Various DuVo companies are also proactive in raising standards within their particular production chains. In many cases, groups within the community are invited to participate in forums, providing feedback that can be used in the formulation of priorities. For all companies affiliated to the Foundation, food safety is a primary objective, which demands a commitment to chain management. Quite simply, nothing must be left to chance where food safety is concerned.

THE NEXT STEPS

It is no coincidence that this fifth DuVo booklet has the same title as the SER's recent report on sustainable consumption. Like the SER, DuVo firmly believes that sustainable development can be achieved only if the various groups within society work together in an open and constructive atmosphere. Businesses must therefore seek to be more open about their activities and about what they are doing in the field of chain management to promote sustainable development. Wherever possible, the companies affiliated to DuVo will seek to encourage and inspire one another in this regard.

Together, the DuVo companies will work to identify appropriate ways of educating the public about sustainability within individual product chains, such as the fruit, vegetable and potato production chain and the fish production chain. Each company will then use its own resources to implement the jointly developed strategy, with a view to communicating with as wide an audience as possible.

DuVo is not the only organisation actively seeking to provide the public with information about sustainable consumption and food. Others working in this field include NIDO, LNV and VROM. DuVo will endeavour to ensure that experience is pooled, preferably by organising dialogue meetings. DuVo also intends to foster contact between the directors of affiliated companies and senior figures at community organisations, with the aim of working towards jointly formulated improvement plans.

DUVO-PUBLICATIONS

Duurzaamheid in de Voedingsmiddelenketen (Sustainability in the foodchain) (64 pages), first booklet issued by DuVo, August 1999. English translation of summary section available.

Begin van een Dialoog (Beginning of a Dialogue) (80 pages), second booklet issued by DuVo, April 2000. English translation of summary section available.

Duurzaamheid in Perspectief (Sustainability in Perspective) (80 pages), third booklet issued by DuVo, April 2001. English translation of summary section available

Duurzaamheid in Beeld (Sustainability in the Picture) (80 pages), fourth booklet issued by DuVo, May 2002. English translation of summary section available

Duurzaamheid vraagt om openheid (Sustainability requires openness), fifth booklet issued by DuVo, June 2002. English translation of summary section available

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Vincent Hentzepeter (2003), *Maatschappelijk Verantwoord Ondernemen: geen doel maar een proces (CSR, not an objective but a process)*, *VMT* 36 (3), 14-16

Foundation for Nature and the Environment (2003), *Een eerlijke prijs voor duurzaam voedsel (a fair price for sustainable food)*, report can be obtained via snm@snm.nl

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