

Sustainability
in the food chain

DuVo-foundation

Transparency

Building trust

JUNE 2004

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Building trust

INTRODUCTION

Ten years ago a number of leading food companies in The Netherlands formed the Stichting Duurzame Voedingsmiddelenketen (Foundation for Sustainability in the Food Chain, known as DuVo) with the mission to improve the sustainability of their operations. The foundation keeps stakeholders informed of the results of its efforts by organizing so-called dialogue meetings, by publishing articles and, for the last five years, by publishing booklets each year devoted to a specific aspect of its current activities. DuVo's sphere of activities has developed organically over the years. It started out by conducting life cycle analyses to build up a picture of the environmental impact caused by the food industry¹. The outcome of these studies led to the question of whether it was possible to find a uniform method for measuring this impact. DuVo carried out extensive research into this question but found that there is little point in continuing to search for uniform indicators since every company has its own particular problems².

Another question that arose was whether environmental impact is the only factor that influences public perceptions about sustainability issues. The answer was no. People obviously consider the efforts of companies from two perspectives. First, there are the quantifiable measures designed to demonstrably reduce the impact on the environment. But the public is also concerned about more emotional aspects that are almost impossible to measure, such as openness and animal-friendliness³. If the industry is to respond adequately to these concerns it needs a clear understanding of what the public wants and feels. To learn more about public opinion DuVo has concentrated in the last few years on the communication between companies and stakeholders in society⁴.

1 see first DuVo booklet, Duurzaamheid in de Voedingsmiddelenketen (Quest for Sustainability in the Food Chain) [1999]

2 see second DuVo booklet, Begin van een Dialoog (Start of a Dialogue) [2000]

3 see third DuVo booklet, Duurzaamheid in Perspectief (Sustainability in Perspective) [2001]

4 see fourth and fifth DuVo booklets [2002, 2003]



Gijs Kuneman and Marc Koene, from Natuur en Milieu (the Dutch society for Nature and Environment), demonstrate the complications for consumers in buying the right eggs.

Transparency is one of the terms most frequently used, but it quickly became clear that transparency is not an end in itself. It is merely a tool that allows companies to demonstrate their willingness to produce more sustainably and promote sustainable consumption.

The demand for transparency means that companies are expected to provide factual information about their activities and the products they bring on the market. At the same time, however, they must have the courage to open up to society if that is what's required. Questions such as 'when' and 'how often' they should do so can only be answered with vague terms such as 'in time' and 'enough'. And for many managers, who are used to thinking rationally, these are still difficult terms to grasp.

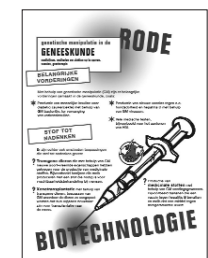
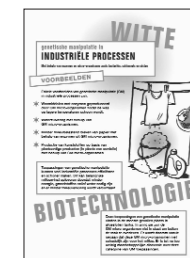
DEVELOPMENT OF KNOWLEDGE

Environmental impact of the food industry in the Netherlands

DuVo and the Dutch Food and Drink Industry Association (vAI) have carried out a survey of the environmental impact caused by the food industry in the Netherlands. Under the motto '*better an impression with uncertainty than no idea at all*', the study showed that the food industry accounts for roughly 10% of industrial consumption of energy and water, for 75% of the emissions of ozone-depleting coolants, for 50% of the emissions of wastewater and for 60% of packaging waste. However the industry's efforts in recent years have led to significant improvements in most of these areas.

PROJECT WITH DE KLEINE AARDE

In 2003 a permanent exhibition on the subject of sustainable food was opened at De Kleine Aarde in Boxtel, a visitors center whose mission is to promote a sustainable lifestyle. One of the topics covered in the exhibition is genetic modification (GM), and the exhibit clearly reflects De Kleine Aarde's position on the use of GM in agriculture. There are alternative views, however, just as there are other applications of GM, about which De Kleine Aarde expressed no opinion. In close cooperation with DuVo, De Kleine Aarde expanded the exhibition with a display to demonstrate the range of applications of GM. The exhibit extension consists of four panels which explain GM in a wider context. The panels give a general impression of the significance of GM and explain the distinction between green (agriculture and food), white (industrial applications) and red (medical applications) GM.



SHARING EXPERIENCES

DIALOGUE MEETING

Transparency does not automatically lead to sustainability but it can help to bring us closer to sustainable production and consumption. For a company transparency means explaining its own products and business processes and displaying a willingness to discuss efforts to increase their sustainability. This was the conclusion reached by the participants at the fifth dialogue meeting organized by DuVo.

One of the factors behind the need for transparency seems to be the fact that most consumers appear to have lost touch with the origins of food and behave accordingly. Some groups in society believe that this gap can be filled by creating transparent quality labels whereby the government should regulate the system. The government, however, shows little inclination to do so because it is unclear what course it should take. The business community was very sceptical about this approach because they have found that in many ways individuals behave very differently as consumers than as citizens. Moreover, there is a growing realization that there is no unique, one-size-fits-all solution for problems relating to sustainability. In any case, it became clear once again that mutual trust is essential for winning public confidence. And openness is essential for securing that trust

CHAIN INTERACTIONS

Last year DuVo initiated talks between a number of organizations in two sectors with the aim of exploring possibilities for improving sustainability in those chains. For the fish sector, the participants included both members of DuVo (Albert Heijn, Nutreco and Unilever) and other organizations (Heijploeg (a shrimp wholesaler), Productschap Vis (the Dutch Fish Product Board), the Netherlands Institute for Fisheries Research (RIVO)). The participants in the consultations on the fruit and vegetables sector included DuVo members Albron, Cosun, DSM, The Greenery, H.J.Heinz, McDonald's, Numico and Unilever. The other participants included AGF-promotie Nederland (Holland Produce Promotion) and Voedingscentrum (Netherlands Nutrition Centre). One concrete result of the consultations in this latter sector was the decision to create a portal.

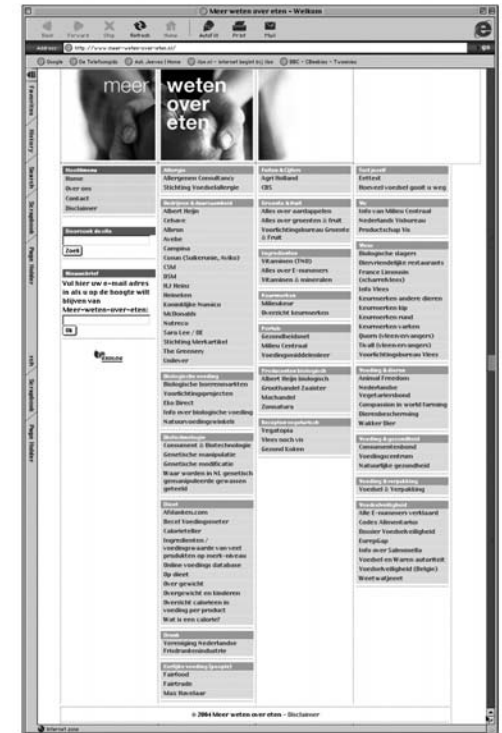
FOOD PORTAL

Anyone who searches the Internet for information about food and sustainability nowadays is overwhelmed by the number of sites on the subject. A simple search with Google on the Dutch word for 'food' produces over 500,000 hits. The combination 'food' and 'sustainability' reduces the number of hits to over 10,000, and if the search command is further refined with the word 'transparency' there are fewer than 900 hits left over. Interestingly, two-thirds of the results (from Dutch sites) refer to the sites of ministries, in particular the Ministry of Housing, Spatial Planning and the Environment, the Ministry of Agriculture, Nature and Food Quality and to a lesser extent the Ministry of Economic Affairs. Almost half of the search results are the sites of universities, with a large number of hits for Wageningen, the Free University of Amsterdam and Tilburg. The third main group is banks, which account for 40% of the results. NGOs (especially the Consumer's Association and Milieudefensie, the Dutch branch of Friends of the Earth) produce far fewer hits at just under 20% of the total. Right at the bottom, although with a measurable number of hits, comes DuVo, with 2.5% of the results.

In other words, there is a lot of information available *about* industry but little *from* industry on the Internet as far as transparency and sustainable food is concerned.

DuVo decided that it was important for the industry to clearly present its own vision. It therefore took the initiative to create a portal under the name Meer-weten-over-eten.nl (English translation: Learn more about food). The portal has two objectives:

- 1) to increase transparency and openness in the food chain
- 2) to share information and stimulate discussion of sustainability in the food chain and between consumers and stakeholders





The portal provides access to information, facts and opinion, but does not press a particular point of view or make judgments. It provides links to different perspectives and opinions about food and sustainability. The range of information allows visitors to the portal to form their own opinion. The links and information on the site Meer-weten-over-eten.nl will be carefully vetted for relevance and quality.

COMPANY INITIATIVES

There are three elements that all companies have in common when it comes to acting sustainably:

- a. a careful response to the wishes of customers and consumers;
- b. products must be safe and healthy;
- c. accountability to society for what has been achieved.

This section discusses each of these points, with several examples of what some companies are doing on each of these aspects.

a. First and foremost, customers want products that are safe and healthy. In response to this demand companies safeguard the quality of products in vari-

ous ways and develop new products with better solutions to existing problems (DSM). Some companies have responded to the demand for organic produce (Albert Heijn, Albron, Heinz, Nutreco), while some have also drawn up an internal code of conduct to encourage their employees to follow the principles of sustainability in their work (DE, Heinz, Numico). The companies concerned usually receive direct feedback about how these efforts are received through the purchasing behaviour of consumers. To anticipate this many companies allow consumers to give their reactions and to make enquiries by telephone or on-line (Albert Heijn, Numico). The failure to meet the wishes of customers very quickly leads to the loss of the license to sell¹.

b. Chain management is widely employed to safeguard the quality of products (Albert Heijn, Campina, Cehave). Many companies also use certification, usually by external parties (Cosun, csm). Suppliers and other chain partners are closely involved in programmes of improvement. Many of these programmes are targeted at agricultural processes (Unilever), but equally they can focus on reducing transport (Avebe, Cosun) or the consumption of water (Campina, Heineken, Numico), reducing energy consumption or increasing the use of green energy (Avebe, Nutreco) or improving waste processing (The Greenery). Companies try to adopt quantifiable targets, on the basis of which they can formulate guidelines and monitor improvements. Product Stewardship, a concept that was developed in the chemical industry, is increasingly being adopted in the food industry (Avebe).

c. It is not just customers and consumers that companies have to satisfy. They also have to respect the wishes of the public at large, particularly if they want to retain their license to operate¹. To keep abreast of developments in society a number of companies have created a formal structure for the dialogue with stakeholders (e.g. Cehave, McDonald's, Nutreco, Unilever). Nevertheless, companies can respond in different ways to the wishes of the public as is clearly evident from the widely diverging efforts of the companies affiliated to DuVo. The many initiatives referred to by the companies include measures to reduce litter (Heineken, McDonald's), prevention of alcohol abuse (Albron, Heineken), support for the food bank (The Greenery), nature protection (csm), stimulation of interest in science and engineering among Dutch secondary school students (e.g. DSM), promotion of the use of *biological* pesticides (The Greenery) and

¹ See fifth DuVo booklet, *Duurzaamheid vraagt om openheid (Sustainability requires openness)* [2003], pp 20-24

measures to prevent or reduce periods of absenteeism (Albron). Some companies have set up a separate foundation for these social activities, in particular companies that are part of an American-owned group. For example, the H.J. Heinz Foundation supports humanitarian programmes in areas such as food and nutritional information, the DE Foundation helps small coffee growers to improve the quality of their products and the Ronald McDonald Children's Fund sponsors a number of houses to provide accommodation for families caring for seriously ill children.

Reporting plays an important role for all companies. Some companies affiliated to DuVo actually received awards for the quality of their reporting in 2003 (DSM, Nutreco).

CONTINUING THE PROCESS

A major effort will be made in the coming year to further improve the portal Meer-weten-over-eten.nl. The DuVo site will also be renewed to give greater access to the results of the various studies carried out by DuVo.

Together with the Dutch Sustainable Agriculture Foundation (known as Duurteelt), DuVo will investigate the possibilities for a site for consumers with specific information about food and sustainability.

DuVo will also be carrying out a study into how themes of public concern have been incorporated into advertisements. Hopefully this will create a clearer impression of the potential of efforts by companies in the field of sustainable enterprise to improve market position.

Finally, DuVo will persevere with the dialogue with other groups in society with a view to increasing mutual understanding of the opportunities and the problems. This is the only way to foster the trust necessary to retain or even strengthen public confidence in the food industry in the Netherlands.

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) [80 pages], fifth booklet issued by DuVo, June 2003. English translation of summary section available

Transparantie: bouwen op vertrouwen (Transparency: Building Trust) [80 pages], sixth booklet issued by DuVo, June 2004. English translation of summary section available

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Chris Dutilh, Rob Maessen, Paul van Seters en Meindert Willems (2003) *Spreken over MVO (Talking about CSR)*, *VMT* 36 (3), 19-21

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

Chris Dutilh (2003), *Duurzaam eten (Eating sustainably)*, in: *Duurzaam Ruimtegebruik*, Frank J. Dietz ed., Uitgeverij Jan van Arkel, pp 47-63

Ulrich Albertshauser, Norbert Malanowski (2004), *Netzwerke in den Niederlanden (Networks in The Netherlands)*, in: *Innovations- und Technikanalyse im Management*, Campus Verlag, Frankfurt/New York, pp 65-67

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Avebe, Veendam (www.avebe.com)
Campina, Zaltbommel (www.campina.com)
Cehave Landbouwbelaang, Veghel (www.chv-lbb.nl)
Douwe Egberts Nederland, Utrecht (www.de.nl)
Koninklijke Cosun, Breda (www.cosun.com)
CSM, Amsterdam (www.csm.nl)
DSM, Heerlen (www.dsm.com)
The Greenery, Breda (www.thegreenery.com)
Heineken Nederland, Zoeterwoude (www.heineken.nl)
H.J. Heinz, Zeist (www.hjheinz.com)
McDonald's Nederland, Amsterdam ZO (www.mcdonalds.com)
Koninklijke Numico, Zoetermeer (www.numico.com)
Nutreco, Amersfoort (www.nutreco.com)
Unilever Nederland, Rotterdam (www.unilever.com)



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Colophon

This booklet provides a translation of the executive summary from the sixth booklet issued by the Dutch Foundation for Sustainability in the Food-chain (DuVo). Members of that foundation are indicated above.

Publications issued so far by, or on behalf of, DuVo are summarised on the last page of this booklet. For further information you can contact the DuVo-foundation through Ch.E. Dutilh, Prins Hendrikkade 141, 1011 AS Amsterdam, The Netherlands. E-mail address: chris@dutilh.com