Centre for Development Innovation

Raising the bar

What is global food and agri-business saying about their sustainability goals?

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Summary

With so much recent attention focused on how the world can meet the needs of 9 billion people in 2050, this brief asks: what is global agri-food business saying about sustainability goals? Their statements have a lot in common. Many position their arguments in relation to growing global food needs. All the companies emphasise responsible sourcing, environmental management and food safety. Many have partnerships with NGOs and researchers. All make clear sustainability commitments. Many refer to the development of indices, assessment tools and other methodologies. In sum, there is a very clear message that these are key issues that concern consumers and shareholders, which no major company can now afford to ignore.

It's hard to pin-point a single driver of this shift but the overall impression is that the moral imperative has become a business imperative too. This has been happening progressively for more than a decade. Yet the timing of the current acceleration in "sustainability" activity suggests that the same issues that have focused attention on the food security needs of a growing global population in a resource-constrained world (particularly the global economic crisis and recent food price volatility) may have been echoed in board rooms, in discussions of quite fundamental shifts required to adapt to the changing global geo-political resource and market system.

The paper concludes with a discussion of implications for the poor in developing countries, 75% of whom live in rural areas. If the poorest producers, particularly in Africa, are to participate in global supply chains, new ways of tackling multiple constraints are needed. The review highlights increasing business interest to pro-actively engage in novel partnerships to find win-win solutions and new business models.

Introduction

With so much recent attention focused on how the world can meet the needs of 9 billion people in 2050, this brief asks: what is global agri-food business saying about sustainability goals? "Business as usual" - requiring 2.3 planets' worth of ecological resources by 2050 - is not an option. 2050 seems to be a point where commercial, environmental and social concerns converge, with diverse stakeholders all echoing a rallying cry for innovative solutions and new models of collaboration among farmers, private industry, governments and civil society.

This paper reviews the recent social responsibility and business strategy statements of leading firms and business platforms to garner their perspectives on how those planet-critical and business-critical challenges can be addressed. The conclusions focus on the common threads and challenges identified, as well as some of the key issues that are overlooked in this discourse. Finally, some observations are made on how these sustainability commitments might affect those who are most food insecure and poor.

Background

We are witnessing an important shift in focus and a growing realisation that from now on resource scarcity will be a key driver in global markets and geo-politics. Several recent high profile reports on the geo-politics and technological challenge posed by population growth and resource scarcity is one manifestation of this new reality that is concentrating the minds of governments, business, academia, multi-lateral organisations, civil society and journalists.

Seas of Change

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SEAS OF CHANGE

WAGENINGEN UR
For quality of life

To cite just a few: in 2009, FAO held a serious of events focused on How to Feed the World in 2050; in 2010, the World Business Council for Sustainable Development issued its "Vision 2050"; and in 2011, the UK Government Office for Science released a major report on the Future of Food and Farming, whilst the Economist led with a special edition on Feeding the World.

The global food system is in the spotlight. Clearly of great importance to growing numbers of poor and hungry people (925 million people located mostly in Asia and Africa (FAO/WFP, 2010)), key concerns also centre on climate change (and production systems), unsustainable use of natural resources (including water) and landfill-waste, as well as food quality and healthy diets. By 2050, 70% more food will be needed than in 2005/2007, if 9 billion people are to be fed (*ibid.*).

But the issue is not just about volume, it's about access to food at an affordable price. Can we achieve the necessary scale and inclusiveness so that the world's poorest people (75% of whom live in rural areas) have access to sufficient food and income?

That's the type of question asked by governments, development agencies and think-tanks. Yet the main driver of the world's globally connected economies is the private sector – whether as businesses or producers, large and small, or the consumers of their products. Governments help create an enabling environment (through regulation, infrastructure, critical public goods, education and so on) and civil society may act to keep the excesses of either side in check, but the private sector's role is pre-eminent.

The globalised private sector is an increasingly important player in food systems and leading many of the transformations taking place: markets that are ever more connected through increasingly sophisticated global systems for information and communications technology (ICT), finance, corporate integration, transport and governance; growing concentration in a small number of mega-companies in many key sub-sectors (e.g., supermarkets, seed, brewing, trade in major commodities or commodity groups such as grains, beverage crops, sugar, edible oil); and supply chains to deliver the lowest-priced products whilst still giving consumers assurance on quality, environment and labour rights.

In this increasingly connected globe, another transformation is taking place – an evolving shift that started slowly but now seems to be gaining momentum. It has many origins, including environmental concerns, interest in fair trade products and organics, emerging as niche markets in the 80s, and concern with labour conditions (child labour, bonded labour and workers' rights). Mass media, especially television, can bring these issues into sharp focus, having a powerful effect on consumer behaviour. A 2001 documentary on slavery[1] had chocolate companies scrambling for information on cocoa plantation practices the day after it was broadcast, and in 2004, the European Commission's switchboards were jammed when a documentary postulated a link between European fish fillet imports and the arms trade in Central Africa and extreme poverty in lakeshore communities[2].

What started out as a combination of value-driven initiatives subsequently taken up by larger companies seeing their commercial potential (fair-trade and organic products) and corporations not wishing their names to be associated with environmentally or socially harmful practices, now shows signs of being mainstreamed and taken to scale. The Ethical Trade Initiative in the 90s, focused on labour conditions, has membership including many well-known UK high street names, as well as trade unions and NGOs[3]; the Better Cotton Initiative, with its membership of producer organisations, NGOs, retailers and brands, aims to achieve "mass market transformation" to make cotton more socially, environmentally and economically sustainable[4]; and the World Business Council for Sustainable Development (with its membership of world-leading business names) recently released its magnum opus, "Vision 2050", which "lays out the challenges, pathway and options that business can use… that will lead to a sustainable world". It seems that concerns that were once the fodder of government and civil society are now becoming drivers of business too.

The language of sustainability and corporate social responsibility

Wherever there's an interface between different groups – and particularly between different work cultures – the language used by each group may differ, in words or in nuances of meaning. Their audiences differ too – and each will bring its own interpretation to the words it hears. As business, social and environmental concerns converge

[1] http://topdocumentaryfilms.com/slavery-a-global-investigation/
[2] http://www.darwinsnightmare.com/
[3] http://www.ethicaltrade.org/
[4] http://www.bettercotton.org/

on 2050, a brief review of language similarities and differences is useful.

Sustainability tends to be used to include environmental and social dimensions (particularly in developing countries where there are often stark trade-offs between the two). In some contexts it may include a sense of commercial sustainability too. Often though, different groups will implicitly accord different weights to each dimension. The most commonly used definition of sustainability is "to meet the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on the Environment and Development, 1987). However, whilst the concept can be defined (variously) there is no single measureable set of indicators accepted as an industry or development norm – resulting in "customised" metrics (preferably transparently). Nonetheless, it's problematic because the component dimensions of sustainability are difficult to "sum" – and comparative analysis is also difficult because of the different metrics used.

Corporate social responsibility (CSR) is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission, 2011). CSR reports are often published under the title "sustainability reports". CSR policy may cover:

- consumer concerns, including the health, nutrition, safety and/or social attributes of products;
- employee welfare, including consultation processes, work environment etc.;
- environmental impacts of the supply chain;
- observance of good labour conditions and rights throughout the supply chain;
- ethical transactions including bribery and corruption; and
- philanthropic activities targeted to particular groups (typically where employees live, where the factory is located or where raw material is sourced).

Some of these aspects are covered by legislation or voluntary guidelines – but many companies go further in their social responsibility achievements and ambitions. Most international companies make strong statements on labour and environmental concerns, and employee welfare. The food industry also gives increasing focus to the health and nutrition attributes of its products, given so much concern about the global rise in obesity and related health conditions. In terms of developing country impacts, most CSR statements focus on environment and labour conditions – and some emphasise fair-trade sourcing.

The development community interests include poverty, food security, livelihoods and economic development – particularly in rural areas and particularly in Africa. Like business, its concept of sustainability incorporates social and environmental dimensions but it is also interested in large-scale impact, capable of lifting significant numbers out of poverty. Thus when business talks about inclusiveness, it is often referring to a low-income market (e.g., making banking more accessible to the poor) or about including small-scale producers in the supply chain (e.g., via out-grower schemes). But for the development community, this word often carries an additional connotation – of scale (interventions that address the needs of *large numbers* of poor).

These semantic nuances are important to keep in mind as an increasingly diverse group of stakeholders weighs in on the global challenges as we approach 2050.

What is agri-business saying about sustainability and social responsibility?

"Vision 2050" and the recent reports of three other business platforms, as well as the sustainability and business strategies of ten of the world's leading agri-business companies[5], are reviewed to see what clues they offer on business perspectives on sustainability and social responsibility (see Table 1). This includes two businesses that operate on co-operative principles (Rabobank Group and The Co-operative (UK)) and two who provide intermediate products and services for the food industry (Nutreco and Rabobank Group). The focus is on the *collective* messages and emphases[6].

[5] The choice of company was not random – nor is it purported to be representative. Some companies were chosen because of recent launches of new sustainability policies or documents; some because they have a high profile as a sustainable business; and some because they are large household names.

[6] The intention here is to highlight what these organisations and companies are talking about and draw out collective messages, rather than conduct a comparative analysis of their statements.

Table 1: Corporate Social Responsibility – companies/groups whose reports are reviewed

Business platforms
World Business Council for Sustainable Development (Vision 2050, 2010)
World Economic Forum (Realizing a new vision for Agriculture, 2010)
International Business Leaders Forum (A World in Trust – leadership and corporate responsibility, 2010)
Sustainable Agriculture Initiative Platform (Annual Report, 2010)

Business
Unilever (Sustainable Living Plan, 2010)
Nestlé (Creating Shared Value and Rural Development Report, 2010)
Walmart (Global Responsibility Report, 2011)
Mars (Principles in Action Summary, 2011)
Sara Lee (Sustainability Report, 2011)
Nutreco (Feeding the Future – contributing to feeding 9 billion people in a sustainable way, 2010)
Rabobank (Annual Report, 2010)
Ahold (Corporate Responsibility Report, 2010)
M&S (Plan A: Doing the Right Thing, 2010)
The Co-operative (UK) (Sustainability Report, 2010)

Business strategy, social responsibility and sustainability: new directions?

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT:

Given the mega-trends of climate change, global population growth and urbanization, and given the best efforts of business, governments and society, Vision 2050 is a picture of the best possible outcome for the human population and the planet it lives on over the next four decades.

In a nutshell, that outcome would be a planet of around 9 billion people, all living well – with enough food, clean water, sanitation, shelter, mobility, education and health to make for wellness – within the limits of what this small, fragile planet can supply and renew, every day.

For the business community, Vision 2050 is path-breaking, going beyond what are normally considered the bounds of business interests; it is outward- and forward-looking and partnership-oriented. It is a good counterpart to the UK Office of Science's 2010 foresight report on the Future of Food and Farming or could be a latter-day response to "The Limits to Growth" (Meadows *et al.*, 1972). It is the output of a WBCSD initiative and its 29 corporate members (in 14 sectors).

The pathway to Vision 2050 has 9 elements:

- one world – people and planet (people's values);
- basic needs of all are met (human development);
- true value, true costs, true profits (economy);
- enough food and biofuels through a new Green Revolution (agriculture);
- recovery and regeneration (forests);
- secure and sufficient supply of low-carbon energy;
- close to zero net energy buildings;
- safe and low-carbon mobility;
- not a particle of waste (materials).

The drivers of this transformation are seen as shifts in political and business constituencies affecting regulation, markets, consumer preferences, the pricing of inputs and the measurement of profit and loss – all of which will impact business. "Business, consumers and policy-makers will experiment and, through multi-stakeholder collaboration, systemic thinking and co-innovation, find solutions to make a sustainable world achievable and desirable." Notwithstanding the questions it acknowledges are un-answered, it most certainly represents a "can do" outlook.

Vision 2050 intends to provide a platform for dialogue and challenges government, civil society and business "to join the exploration and effort". It does not commit its members to particular targets or action but it's a powerful statement that radical change is needed, in which business

can play a constructive, perhaps leading, role. Challenging though they are, these transformations are also business opportunities "which is what make businesses grow and prosper".

In terms of presentation, the report is like a research review. It's accessibly but authoritatively written, with supporting references. It is not pushing a focused commercial strategy, but then it is not an output of an individual company. It's a think-piece representing a coalition of broader, long-term commercial interests.

WORLD ECONOMIC FORUM:

Realizing a new vision for agriculture: a road map for stakeholders.

This initiative was led by 17 global companies and engaged global and regional stakeholders (business, government, civil society, international organisations and academia) around the world over an 18-month period. It addresses the major challenges of global food and agricultural sustainability based on a vision of agriculture as a positive contributor to food security, environmental sustainability and economic opportunity.

Key conclusions are:

- agriculture produces much more than food (essential commodities, environmental services and social goods that facilitate economic development, industrialisation and diversification);
- the world must produce more with less; and
- agriculture can better fulfil the world's most basic social needs (food security and livelihoods for the poor – "farmers can be among the greatest beneficiaries of agricultural development and are at the core of the solution").

The 2010 report stresses the role of business and market-based approaches, but the new vision has at its centre collaboration among farmers, private industry, governments and civil society to address constraints found at every stage in the agricultural value chain. Examples of holistic models of collaboration are provided and the roles of different stakeholders, focusing on sectors, value chain interventions, infrastructure corridors and breadbasket area investment.

"This roadmap carries a key message that the private sector is ready to be a partner and driver of solutions for sustainable agriculture. However, the private sector cannot accomplish these goals alone. Partnership among stakeholders and effective government leadership in particular, is critical to success".

INTERNATIONAL BUSINESS LEADERS FORUM:

A world in trust: leadership and corporate responsibility.

This 2010 survey of more than 50 business leaders reveals that despite the recession, many organisations are "holding fast on their commitment to sustainability as a business imperative". This is because they believe it inspires trust and drives innovation (and therefore delivers payback).

With attention focused on this dimension of business, some companies are taking bold steps (even gambles) for a "standout sustainability profile". They are wrestling with how to maintain internal momentum and keeping pace with stakeholder expectations – and struggling with how to show and measure impact. Particular challenges are identified in emerging economies, in competitors with "lower standards of responsibility", tougher legislation coupled with sometimes disinterested governments and leaders who are not always keen to lead on this because it may not "offer the smoothest path".

Their crystal ball foretells:

- greater competition for sustainable solutions;
- increasing focus on the natural environment;
- price pressure on raw materials, spurring innovation; and
- multi-stakeholder partnerships contributing to innovation.

"The long-term trend is clear: globalisation, climate change, resource constraints and new channels of communication will progressively but fundamentally reshape the operating environment for all big business."

SUSTAINABLE AGRICULTURE INITIATIVE PLATFORM:

Annual Report 2010 (and website).

The SAI Platform is a food industry organisation that aims to support the development of sustainable agriculture, involving stakeholders of the food chain. Established in 2002, the Platform now has over 30 members, who share the same view on sustainable agriculture as a "productive, competitive and efficient way to produce agricultural products, while at the same time protecting and improving the natural environment and social/economic conditions of local communities". Its website emphasises:

- SAI Platform is the only global food industry initiative for sustainable agriculture;
- it seeks involvement from all food chain stakeholders willing to play an active role in the development, recognition and implementation of sustainable practices for mainstream agriculture;
- it gathers and develops knowledge on sustainable agriculture, which it then shares with all interested parties to reach common understanding of the concept and of its long-term implications;
- it has an inclusive approach, taking into account any valuable initiatives and concepts, for instance elements from both integrated and organic farming, as far as they contribute to sustainable agriculture and;
- it aims at developing sustainable agriculture for the mainstream agricultural produce through a continuous improvement process that allows for an easier and more flexible adoption by farmers, worldwide.

The SAI supports meetings, training, and the development of guidance and indicators to promote more sustainable agriculture. It has working groups on different commodity sub-sectors and water. It co-operates and partners with other organisations in the field of agriculture, food production and sustainable development.

Its 2010 annual report notes a growing membership base and "members starting to break the ice and publicly committing to impressive corporate targets on sustainable sourcing of agricultural products".

UNILEVER:

Small actions. Big difference.

These are the watchwords of Unilever's Sustainable Living Plan (2010). It sets clear quantifiable targets for 2020 falling in three domains:

- improving health and well-being – through the benefits of its own products (including hand-washing to reduce disease in developing countries and nutrition targets that focus primarily on developed country health problems); ("help more than a billion people take action to improve their health and well-being");
- reducing environmental impacts (with targets for greenhouse gases, water, waste and sustainable sourcing); and
- enhancing livelihoods (more than 500,000 small farmers and small-scale distributors linked into the Unilever supply chain by 2020 and a planned African small-holder farmer project with Oxfam).

Its focus is clear: business growth, albeit with wider benefits: "Our products make small but important differences to the quality of people's everyday lives…We intend to double our sales….this growth will create jobs and incomes for… our employees, our suppliers, our customers, our investors and hundreds of thousands of farmers around the world". The business case for sustainability is emphasised: consumer preference, packaging innovation, market growth and cost savings.

The plan does, however, emphasise livelihoods and sets targets for these to be achieved through its own supply chains. It highlights its partnership with a respected development agency. The emphasis of the plan is heavily commercial. However, although the livelihood commitment is closely linked to its own operation, Unilever's wish to make a corporate commitment to a wider development objective is nonetheless interesting.

Unilever's 2010 annual report (Creating a better future every day) also gives prominence to the Sustainable Living Plan, in its targets and in the Chairman's and CEO's statements – again reinforcing the message that this is a key component of its business strategy.

Founder of Forum for the Future, Jonathan Porritt, described it as "the best plan out there for big global companies"[7].

NESTLE:

Good food, good life - creating shared value.

The first thing that is notable about Nestlé's 2010 report is its title: "Creating shared value and rural development report", which seems to signal something beyond commercial interests. Its format is also unusual in that it includes a 16-page "opinion piece" by a university professor and Advisory Board member, which presents key challenges facing global agriculture ("…farmers are being asked to increase their production over the next 40 years by enough to feed two more 'Chinas'") and highlights ways in which Nestlé's operations help address these, stressing long-term commitment, market linkages and smallholder dairy projects. This broader perspective has echoes of Vision 2050. Like Unilever, it emphasises livelihoods (supporting 600,000 livelihoods) and works in partnership with development organisations, with

[7] http://www.guardian.co.uk/sustainable-business/unilever-sustainable-living-plan?newsfeed=true.

numerous text boxes that present highlights of these experiences.

Nestlé reports on its development initiatives and achievements - the impact of its factories and farmer programmes, as well as initiatives relating to water and rural development, nutrition and rural development, responsible sourcing and outreach. It does not, however, make the bold headline development-related commitments found in some other companies' reports (though the case studies do refer to expected future results). Its "looking forward" section presents the recommendations of its Creating Shared Value Advisory Board (comprised of well-known experts including Jeffrey Sachs and Joachim von Braun), which are also highlighted in the CEO and Chairman's introduction:

1. strengthen Nestlé's role in rural development advocacy to national and international leaders;
2. invest in rural development, particularly in sub-Saharan Africa, e.g., in research on fertiliser, seeds and soils, and support farmers' organisations; galvanise other companies to collaborate in rural development investments; and
3. link rural development with food and nutrient security.

Nestlé's 2010 annual report reinforces these ambitions on nutrition, water and rural development with the former given most prominence.

WALMART:

We save people money so they can live better.

This is Walmart's mantra that drives everything it does (2011 Annual Report). The main focus of its 2010 Sustainability Progress Report is its customers, worker conditions and the environment. The opening paragraph suggests a very clear focus on its perceived niche "We continue to find ways to reduce costs throughout our supply chain while bringing quality products to our shelves. That means a lot to the millions of customers who shop with us." And on sustainability: "…we are minimizing waste, increasing efficiency and finding ways to support the communities and suppliers that make our business successful". Over the next 5 years, it plans (through a coalition of NGO and research interests) to develop a Sustainable Product Index, focusing on four dimensions (energy and climate, natural resources, material efficiency, people and community) "…to bring greater transparency…and evolve into a tool for merchants, manufacturers and customers".

However, in 2011,Walmart re-vamped its reporting on sustainability with the launch of its 2011 Global Responsibility Report ("Building the next generation Walmart… responsibly") to reflect "the new social and environmental dimensions we have added to our efforts." This report has more information on Walmart's commitments on sustainable agriculture (with pledges to source from 1 million small and medium-sized farmers whilst also providing training and improving incomes), greenhouse gas emissions, ending hunger in the US and its "MySustainability" plan. The sustainable agriculture commitments also promise more production with fewer resources and less waste, as well as sustainable sourcing of palm oil, beef and seafood.

Walmart's 2011 annual report (Building the next generation), includes a letter from the president and CEO that emphasises its leadership role on "social issues that matter to our customers", stressing that sustainability is integrated throughout its operations.

MARS:

Putting our principles in action to make a difference to people and planet through our performance.

In 2011, Mars published its "Principles in Action summary" for the first time because today "…people want to know that they are choosing to support companies that meet their responsibilities to their Associates, consumers, customers, suppliers, communities and the environment". Those principles are: quality, responsibility, mutuality, efficiency and freedom.

"Mars' boldest environmental strategy is what we call Sustainable in a Generation: by 2040 our offices and plants will use no fossil fuels and emit no greenhouse gases, and we are developing similar long-term commitments for waste and water". The summary also describes how Mars is putting its principles in action across the entire business, including its supply chain and the health and nutrition of its products.

Mars is reviewing its value chain impacts with regard to climate change, water use, land use and biodiversity as well as social impacts – proposing to identify the biggest impacts, develop metrics and set targets. For cocoa and rice (for which it is a very large buyer) it is confident it has appropriate plans in place to improve agricultural practices and ensure that supplying communities thrive. For sugars

and grains (also significant commodities for Mars), it is still identifying the best way forward – and for other commodities, in which its role is less dominant, it proposes to work in partnership with other stakeholders.

In common with other companies, Mars has developed partnerships with a diverse range of development and certification organisations, and has a scientific advisory council of independent external experts.

Mars is a private company and therefore not required to publish annual reports.

SARA LEE:

Sustainable focus.

Sara Lee's 2011 sustainability report is described as the capstone to its sustainability journey over the past 5 years. It focuses on: wellness and nutrition, environment and social responsibility. "We are working to reduce our impact on the environment by using less water and energy, sending less waste to landfills and developing more sustainable packaging solutions. We are also exploring more sustainable raw material sourcing with the help of our stakeholders and suppliers". Sara Lee works with certification schemes and other initiatives to improve the sustainability of its sourcing and "strives to purchase goods and services produced in a manner that respects human rights, animal well-being and the natural environment".

Its social responsibility activities focus on the workplace and its employees, as well as investment in communities where its employees live and work. Its developing country social impacts are mediated primarily through its environment and sustainable sourcing commitments, as well as its overall procurement operations.

Sara Lee's 2011 annual report has a strong focus on plans to divide the company into two, with sustainability issues given less prominence. The report points out though that tea and coffee consumers have a particular interest in sustainability and re-iterates the company focus on certified products.

NUTRECO:

Feeding the future – contributing to feeding 9 billion people in in a sustainable way.

Nutreco's 2010 sustainability report lists focus areas as: taking responsibility for natural resources, assurance of feed-to-food quality and "cherishing" its workforce and local communities. It has also published "Feeding the Future" booklets on agriculture and aquaculture. The former discusses responsible sourcing: "..raw materials – that with comparable quality, suitability and costs – have the lowest negative and environmental social impact", but also recognises that higher procurement costs may weaken its competitive position. Nutreco points out that its "advanced feed solutions are the origin of food for millions of consumers worldwide". Although it does not stress the livelihood impacts of its sourcing, it does commit to a "a positive presence in communities where it is located and in wider society by acting as an enabler in social and economic development".

Sustainability also features prominently in Nutreco's 2010 Annual Report, with the first 2 pages of text devoted to the topic, as well as more detailed sections that follow. The report opens with a statement by Nutreco's chief procurement officer: "I am encouraged by the ambition of Nutreco to integrate sustainability in procurement and enthusiastic about making this happen. It is essential for feeding the world of 2050, using critical resources in a responsible manner. We need to respond to growing public concern about issues such as overfishing and deforestation for plantations.

In 2010 we brought together a small team of procurement specialists and prepared a Sustainable Procurement Strategy for Nutreco. Implementation will begin with an internal launch in March 2011. The first full year in operation will be 2012 and sustainable purchasing will be an auditable activity from 2013 onwards".

Nutreco participates in multi-stakeholder meetings and partnerships that engage a wider group in sustainability issues facing the sector.

RABOBANK GROUP:

Rabobank Group has grown from a collection of small rural co-operative banks, with roots in small and micro-enterprise and in agriculture, in particular. Its strategic core objectives are to:

- become the Dutch all-finance market leader;
- build on its position as the world's leading international food and agri bank;
- achieve further growth at, and greater synergy with, subsidiaries.

Starting in 2009, Rabobank has combined its sustainability reporting with its financial reporting as CSR activities are increasingly integrated into its business activities .

Its 2010 Annual report reflects that integration, with sustainability highlighted in the sections on "who we are", core values (one of 4 core values "...to help build a sustainable society by making contributions in economic, social and ecological areas".) and strategy. Its corporate social responsibility policy centres on 4 themes:

1. a secure and sustainable food supply (via the principles it uses in making socially responsible loans)
2. efficient use of renewable energy (mainly with respect to its operations and financial products)
3. equal opportunity and economic participation (rooted in Rabobank's co-operative history and developing financial products for specific target groups), and
4. local cohesion and partnerships.

It has developed a set of key performance indicators in each of these areas, which from 2011 are the subject of internal reporting. Overall, the sustainability emphasis in the annual report is largely related to resource scarcity, environmental concerns and the technical aspects of production (likewise in Rabobank's 2010 report "Sustainability and security of the global food supply chain") notwithstanding its banking and co-operative focus on inclusive economic participation.

AHOLD:

Responsible retailing. Acting responsibly is central to our business.

Ahold's 2010 Corporate Responsibility Report set targets for 2011-2015. It emphasises:

- healthy living (selling healthy products, healthy living plans in place);
- sustainable trade (food safety, certification for critical products with potentially harmful impacts, social compliance and environmental footprint);
- climate action (waste management plans and reduced CO2 emissions);
- community engagement (community engagement plans); and
- "our people" (employee programmes).

Ahold is also signatory the UN Global Compact covering human rights, labour conditions, environment and corruption. However, its report does not emphasise livelihoods, food security or poverty in developing countries – except in relation to certification of products with potentially harmful impacts (beverages, palm oil, soy).

Ahold's 2010 annual report refers to an expanded range of organic and sustainable own brand products in its Albert Heijn supermarkets in the Netherlands – and the section on strategy re-iterates the company commitment to acting responsibly and the targets set out in the Corporate Responsibility report.

M&S:

Doing the right thing.

This is how M&S characterises its "Plan A" commitments. Plan A was launched in January 2007 ("committing to change 100 things over 5 years – because we've only got one world and time is running out"). And, in 2010, with the Plan A update "three years on, it's time for us to reach further and be even bolder by committing to be the world's most sustainable retailer by 2015." Plan A focuses on 5 result areas:

- climate change;
- waste;
- use of natural resources;
- fair partnership; and
- health and wellbeing.

Plan A is specific and detailed (including particular actions and initiatives). Those commitments with the strongest implications for developing countries are:

1. reduce the impact on the natural resources used in product manufacture (e.g., not contributing to deforestation, reviewing the use of water in supply chains, taking account of biodiversity in the food supply chain and animal welfare); and
2. ensuring that workforces and communities benefit in the supply chain (e.g., through fair wages, education, training, skills, model factories, and fair-trade).

Beyond 2015, the plan refers to an evolving new business model that is "carbon positive, restores the natural environment, wastes nothing and improves people's lives".

Developing country agriculture per se does not have a high profile in the plan. A planned Sustainable Agriculture Programme will focus on the UK and Ireland. Plan A essentially makes product and operation commitments, including environmental and social assurances on its sources of supply, but does not make rural or agricultural development commitments unless directly linked to its

supply chains. "We'll continue looking for opportunities to extend our use of Fairtrade. We will also undertake research to understand the impact of our trade on vulnerable communities."

Plan A is mentioned on the 1st page of the M&S 2011 annual report and at the beginning of the Chairman's statement ("...the high standards our customers expect from us....we know that putting Plan A at the heart of how we do business is not just the right thing to do; it is also fundamental to our long-term success"). It's also the centre piece of M&S's 2011 report "How we do business". The plan has received numerous awards and has, once again, drawn plaudits from Jonathan Porrit ("...those Plan A commitments – and the real-time benefits that flow from those commitments. That's the lasting Plan A story – and it remains a really good one").

THE CO-OPERATIVE (UK):

Our radical new ethical plan. Join the revolution.

The Co-operative (UK) has always distinguished its business operations on the basis of socially responsible business and its 2010 Sustainability Report is no exception. Jonathan Porritt comments "Corporate Sustainability…needs more edge, more grit, more challenge. And that's what the Co-operative gives us."

In 2011, the Co-operative launched a new Ethical Operating Plan "to reinforce our position as the UK's most socially responsible business". It focuses on social responsibility, ecological sustainability and delivering value. The Social Responsibility dimension, although mostly UK-focused, makes significant commitments to international development and human rights.

"'Tackling Global Poverty' is a major component of the new Ethical Operating Plan, with work structured into four areas:

- ethical trade…
- co-operative support – support for overseas co-operatives…
- ethical finance – microfinance and access to finance for co-operatives in the developing world….
- campaigning….

…contribution to each of the Millenium Development Goals is reported…"

The Co-operative plans to tackle these issues through its own trading mechanisms (e.g., Fairtrade products) and by funding microfinance and other pro-poor projects (e.g., in water and sanitation). Citing DFID, the report states that the livelihoods of almost three billion people are estimated to be "made secure by co-operative enterprise, which directly employs an estimated 100 million".

Ethical trade practices and green credentials are themes that run through the Co-operative's 2010 annual report too, though this report does not give particular emphasis to its developing country impacts.

Common threads – emerging challenges

These statements have a lot in common. Many position their arguments in relation to growing global food needs and several refer to the needs of 9 billion people in 2050. One report is structured around an analysis of rural development needs. All the companies emphasise responsible sourcing (with reference to certification, fair-trade, labour conditions, audits of suppliers), environmental management (particularly in relation to waste and CO2 emissions) and food safety. Many give a high profile to expert commentary, big name advisory boards to steer this part of their operations and partnerships with NGOs and researchers. All make clear sustainability commitments, focusing on specific dimensions. Many refer to the development of indices, assessment tools and other methodologies to track (and profile) sustainability performance. Most companies propose employee action plans (and some include their consumers too) related to participation, sustainability education and advocacy.

These sands are shifting quickly. Many companies are now clearly devoting considerable resources and senior management time to their sustainability profile. Several of those reviewed have recently re-organised their structure and/or published new documents that underscore this trend. Sustainability concerns are being increasingly treated in a way that is organic to business operations ("beyond the CSR department") rather than as a separate stand-alone activity. Last year's commitments are being rapidly over-taken by revised schedules and stronger pledges. An IBLF report in 2005 remarked that "most food retailers have not yet integrated environmental and social concerns into their purchasing decisions" but by 2010, its survey respondents were "confidently signalling their faith in sustainability as a practical and moral imperative" and emphasising the emerging context that will "fundamentally reshape the operating environment for all

big businesses". Most companies signal that this is "work in progress" or a "journey" with "solutions" yet to be found.

In sum, there is a very clear message that these are key issues that concern consumers and shareholders, which no major company can now afford to ignore. Whilst the emphasis of some companies is on compliance and labour conditions, some make additional commitments or at least wish to profile their impacts on livelihoods and poverty reduction. These reports point to growing emphasis on multiple dimensions of sustainability, including concern for the environment, livelihoods in developing countries, healthy living and eating and work place practices and culture. (See Table 2 for a comparative summary of the focus of the company sustainability policies).

It's hard to pin-point a single driver of this shift but the overall impression is that the moral imperative has become a business imperative too. This has been happening progressively for more than a decade. Yet the timing of the current acceleration in "sustainability" activity suggests that the same issues that have focused attention on the food security needs of a growing global population in a resource-constrained world (particularly the global economic crisis and recent food price volatility) may have been echoed in board rooms, in discussions of quite fundamental shifts required to adapt to the changing global geo-political resource and market system.

Many companies foresee a direct business advantage in embracing more sustainable and socially responsible practices - for instance in cost savings through lower energy use, reduced waste and packaging, or through customer preference for sustainable produce or companies perceived to operate ethically, or as integral to expansion into emerging markets. None mentions the need to secure the supply base but that may also be a driver. There's also a recognition that public awareness is changing and information is more easily available and communicated - and with this comes increasing pressure for accountability and being seen to do "the right thing" or risk the consequences of sometimes powerful interventions by shareholders and consumers.

There's also an emerging consensus on some key challenges for sustainability:

- uneven commitment among companies and governments globally, with associated risks relating to cost-competitiveness and implementation;
- maintaining momentum and enthusiasm across staff and company divisions;
- developing standards and metrics;
- the search for technical solutions; and
- the need for models of multi-stakeholder partnerships and collaboration.

There are points of difference too. With such rapid shifts, not all companies are at the same stage – particularly in relation to the alignment of CSR and business objectives. Those that seem to be more closely aligned read as much more robust strategies. There are inevitable differences in the ambition (scale, scope and timing) and precision of commitments (targets and dates). Some companies have gone further than others in wishing to profile the way in which their supply chains support developing country livelihoods. And some have focused more on "technical solutions" with less focus on some of the more obstinate institutional or social constraints that will need to be overcome, if supply chains are to be more dependent on developing countries.

But overall these trends are very interesting – signalling a recognition that the changing context demands new ways of working and proactive engagement in finding win-win solutions, whilst testing new business models and partnerships.

What will be the effect on the rural poor?

This paper started by highlighting the 2050 convergence of business, social and environmental interests. So, shifting perspective, it's useful to ask how these trends may affect the poor in developing countries? Certainly if they are widely replicated and sustained, there could be a significant effect on developing country producers. And 75% of the world's poor live in rural areas. Logically, those producers likely to benefit first will be those with good market access (i.e., rarely the poorest), located in countries with good conditions for foreign direct investment, especially in Asia (where many global food and agri-business companies are already selling their products), or in other countries offering promising markets (growth in incomes and large urbanised populations). Producers will benefit too where there are strong geographical limits to a particular commodity or commodity attributes – but generally there are few such examples that cannot be overcome with political will, market incentives and time (e.g., the expansion of oil palm into Indonesia or cocoa in Vietnam). Where developing countries experience a surge in demand for their produce, the poorest may not benefit directly from the livelihood

Table 2. Corporate social responsibility in ten companies – summary of focus and examples of different approaches

	Language	Is CSR an explicit key plank of business strategy, in Annual Report?	Reference to 2050/9 billion or publications on this?	Balance of social and environmental focus in CSR, with reference to developing countries	Illustrative pledge (/s)
Unilever	*Sustainable Living Plan. Small actions, big difference*	Prominent mention in Annual report, including statements of Chairman and CEO. A solid business case for "sustainable living" is made.	Reference to IPCC greenhouse gas emission reductions by 2050	E>S	"... to double the size of Unilever while reducing our environmental footprint. This is an audacious goal which has energised our people and builds on our heritage of combining social mission with commercial success."
Nestlé	*Good Food, Good Life, Creating Shared value*	Prominent mention of nutrition, water and rural development as key areas for creating value for society. Nutrition, health and wellness seen as 1 of 3 growth drivers	Prominent mention	S>E	"...our ambition [is] to be the world's leading nutrition, health and wellness company, we have identified three areas where Nestlé can in particular optimise shared value: nutrition, water and rural development."
Walmart	*We save people money so they can live better*	Mentioned but is not prominent in annual report.	Yes – feeding 9 billion in 2050	E>S	"our three broad aspirational goals in the area of sustainability: 1. To be supplied 100 per cent by renewable energy 2. To create zero waste 3. To sell products that sustain people and the environment"
Mars	*Putting our principles in action to make a difference to people and planet through our performance*	In its Principles in Action 2010 summary, the CEO states that quality, mutuality, responsibility, efficiency and freedom are at the heart of how Mars operates. Social and environmental impacts, and economic value must be integrated if the company is to endure. (As a private company, Mars produces no annual report).	Yes – particularly with respect to water, greenhouse gas emissions and climate change.	E>S	"Mars' boldest environmental strategy is what we call Sustainable in a Generation: by 2040 our offices and plants will use no fossil fuels and emit no greenhouse gases, and we are developing similar long-term commitments for waste and water."
Sara Lee	*Sustainable Focus*	Mentioned but is not prominent in annual report	No	E>S	"...to reduce our impact on the environment by using less water and energy, sending less waste to landfills and developing more sustainable packaging solutions. We are also exploring more sustainable raw material sourcing..."

Nutreco	*Contributing to feeding 9 billion people in 2050 in a sustainable way - Feeding the Future*	Prominent (opening) mention in annual report	Yes – feeding 9 billion in 2050	E>S	"One of our key commitments is to reduce the CO_2 emissions of our own operations by 50 per cent by 2015, compared with those of 2009."
Rabobank	*To help build a sustainable society by making contributions in economic, social and ecological areas.*	Yes, 1 of 4 core values; prominent and integrated mention in the annual report.	Not prominent but reference to guidelines and codes of different international organisations	=	"Rabobank Group has defined 5 Food and Agribusiness Principles to do its share towards creating more sustainable value chains in food and agri: adequate and secure food production, sustainable use of natural resources, a responsible society where public welfare is key, ethical treatment of animals, and awareness of these principles among consumers and citizens. These principles form the basis for building on our service offering of socially responsible loans and achieving a sustainable value chain."
Ahold	*Responsible retailing. Acting responsibly is central to our business*	Mention in the annual report with reference to the CSR commitments in the sustainability report	Not prominent but reference to guidelines and codes of different international organisations	E>S	"In 2010, we set a series of clear, measurable targets for each of our priority areas between now and 2015: healthy living, sustainable trade, climate action, community engagement and our people. We take our commitments seriously, and are ambitious in our targets. We want to be the responsible retailer."
M&S	*Doing the right thing*	Prominent mention in the annual report and in the "how we do business" publication	No prominent mention	E>S	"...be even bolder by committing to be the world's most sustainable retailer by 2015. Plan A focuses on 5 result areas: climate change; waste; use of natural resources; fair partnership, and health and wellbeing"
Co-op (UK)	*Our radical new ethical plan. Join the revolution*	Ethical trade practices, social inclusiveness and green credentials emphasised throughout the report	No prominent mention	=	"We will render our operations carbon neutral by 2012, with carbon offset solutions provided by a programme of international co-operative projects."
Note: *Every attempt has been made to ensure objectivity of the information in this table but due to differences in layout and treatment of the material there is inevitably a degree of subjectivity in how the reporting and its emphasis is interpreted.*					

opportunities but they should benefit through knock-on effects on wage rates and economic multiplier effects in local economies (supplying goods and services to producers who benefit directly). However, shifts in food prices are also important. The poor, even farmers, are in large part net buyers of food – and they spend a very large percentage of their cash income on food. So food prices will be a very strong mediator of poverty and food security outcomes.

These trends could certainly deliver some very positive outcomes for Asian producers but on the face of it, they do not seem to bode well for sub-Saharan Africa, where most of the world's poor are likely to reside in 2050. Being poor, their markets are less attractive to foreign investors – and ironically, if poverty in Africa remains conditioned by a complex of issues related to infrastructure, policies, security and education, African producers will not be an obvious source of supply for global companies. Nonetheless, African land is attractive: investors expressed interest in 42 million ha of land globally in 2009, of which 75% were in sub-Saharan Africa (Wegner and Zwart, 2011). This trend could exacerbate rural poverty by hastening a transition to very small plot sizes and landlessness for future generations. Where such investment is for large-scale farms, that could create labouring opportunities – less intensively than in small-holder agriculture, but perhaps with other value added opportunities (e.g., jobs preparing ready to eat (/use) packaged supermarket products).

Overcoming some of these constraints, such that Africa's poor can experience these global transitions positively, will certainly need new models of multi-stakeholder partnership and business, as discussed in so many of the reports reviewed here. It also highlights some other key aspects of the emerging dynamic receiving less attention.

This review has focused on global businesses, yet most farmers in Africa supply domestic markets (excepting those producing "traditional" commodities). How are businesses in developing countries linking to global businesses? And what skills, tools and approaches are they learning or developing along the way? And what effect does that have on the "strictly domestic" portion of the developing country sub-sector? Surely the lines will become increasingly blurred as demand from globalised business extends further and further into raw material supply areas? This suggests that even in difficult market environments, the pilots and successes that stand-out are very important – as learning laboratories and as a catalyst of wider development, albeit almost certainly less smoothly than in more market-friendly contexts.

Some of those successes are likely to be based on novel partnerships and roles – because it is only with the participation of diverse stakeholders that the multiple constraints can be addressed or innovative models of collaboration developed. Many of the constraints to a more sustainable world are not technical in nature but social or institutional, calling for different skills, expertise and spheres of influence not likely to be at the disposal of a single organisation. Those partnerships, representing different perspectives, will also be central to the identification of win-win solutions.

What is happening with big companies in the south? Will their practices look increasingly similar to the long-established global companies? Or will they set different terms and corner part of the south-south trade?

Even where farmers remain linked only to domestic markets, those markets are likely to change – partly in response to changes in demand (reflecting income growth, albeit not necessarily widely shared, and urbanisation) and supply (notably competition from global markets absorbing more domestic production). Value chain innovations in the export sector are likely to selectively spill-over into the domestic market.

All of this suggests that current trends in corporate sustainability policy are potentially very positive – but still at an early and largely experimental stage. The partnership opportunities are of paramount importance, because of their potential to address multiple constraints and deliver innovative win-win solutions. The analysis of emerging experience of corporate partnerships and supply chains in developing countries, as well as secondary impacts and transitions taking place in developing country markets, can offer some powerful indicators on how to secure those much-needed win-win outcomes.

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