

OXFAM MEDIA BRIEFING

31 March 2015

Walking the Talk

Food and beverage companies slowly start turning policy into practice in Oxfam's Behind the Brands campaign

Oxfam's 2nd Annual Food and Beverage Company Rankings

SUMMARY

Oxfam launched its award-winning international 'Behind the Brands' campaign in February 2013. It ranks the biggest international food and beverage companies, the 'Big 10', on the strength of their policies on transparency, women, agricultural workers, farmers, land, water and climate change. The aim of the campaign is to create a race to the top, encouraging the Big 10 (Associated British Foods (ABF), Coca-Cola, Danone, General Mills, Kellogg, Mars, Mondelez, Nestlé, PepsiCo and Unilever) to improve their policies and practices.

This briefing presents the updated March 2015 scorecard showing changes in both the ranking of the 'Big 10' and changes to the thematic trends. Eight of the 10 companies improved their overall score since February 2014 and **Unilever have now overtaken Nestlé to claim the no. 1 spot**. ABF and Dairy giant Danone have dropped in the rankings.

You can view the current scorecard, and previous ones, on the Behind the Brands website: www.behindthebrands.org/scorecard

Anglo-Dutch food giant Unilever has taken the top spot on Oxfam's Behind the Brands scorecard. Unilever overtakes Nestlé with an overall score of 71% compared with Nestlé's 69%. Eight of the 10 companies have improved their overall score since February 2014, with only Danone and Coca-Cola showing no improvement overall.

Oxfam launched its award-winning international 'Behind the Brands' campaign on February 26, 2013.¹ It ranks the biggest international food and beverage companies, the 'Big 10', on the strength of their policies on transparency, women, agricultural workers, farmers, land, water and climate change. The Big 10 are Associated British Foods (ABF), Coca-Cola, Danone, General Mills, Kellogg, Mars, Mondelez, Nestlé, PepsiCo and Unilever.

The Big 10 are increasingly talking about social and environmental issues relevant to their supply chains. However, their level of ambition to address them varies significantly. While the companies have improved their policies on paper, they now need to implement them more thoroughly in order to benefit the farmers, workers and communities in their supply chains.

ABF still performs badly and, at 30%, is relegated back into last place. The scores of the four companies at the bottom of the scorecard – Kellogg, Danone, General Mills and ABF – are less than half that of leader Unilever’s. Dairy giant Danone was ranked joint 6th in 2014, but it now mingles with ABF and General Mills at the bottom of the pack.

The lowest scoring theme on the scorecard is farmers. With the exception of Nestlé and Unilever, a majority of companies lack sufficient ambition to support smallholder farmers. Today more than ever, these farmers need support, especially to adapt to climate change. Companies face growing risks of weather-related supply chain disruption, and as millions of farmers continue to be ravaged by the impacts of climate change, companies increasingly have both a moral responsibility and a business case to better support their suppliers to adapt to the changing climate.

Oxfam wants to create a race to the top by encouraging companies to improve their policies and practices. Since the 2014 scorecard update there has been a mixed bag of score changes across the seven themes.



Behind the Brands March 2015 scorecard

LEADERS VS. LAGGARDS

Nestlé has fallen behind **Unilever**, despite having published welcome new policies over the last year, including a commitment on land rights and a detailed action plan on improving the rights of women in its cocoa business. Unilever moved ahead of Nestlé after publishing new commitments, including a Responsible Sourcing Policy that sets out new guidelines and requirements for its suppliers based on ‘continuous improvement’. However, the two companies remain close in score, and way ahead of the rest.

General Mills, PepsiCo, Mars and Unilever have made the biggest improvements overall in the past year. However, despite its score increasing from 21% in 2014 to 31% this time, **General Mills** again lingers near the foot of the scorecard. Despite new policies on climate change and water, and improved supply chain transparency, General Mills still has one of the lowest scores on the workers and land themes, and it scores only two out of 10 in four of the seven themes. The company, though improving fast, has a long way to go to catch up with the leaders.



Big 10 scores: changes between February 2014 and March 2015

Danone dropped way down in the March 2015 scorecard, from 6th to joint 8th. Its score remained unchanged over the past year, while its competitors stepped up. The company’s water score decreased by two points from five out of 10 in 2014 to just three this year, in part because it failed to publicly disclose its response to the CDP international reporting standard. This company has the single lowest score of any

company on any theme in the scorecard: only one out of 10 on gender – a pitiful score and one worthy of some self-reflection in Danone’s headquarters.

ABF, which makes brands like Twinings and Ovaltine, is once again the lowest scoring company after having improved to 9th place in 2014. The company has one of the lowest scores in the water theme, because it still fails to make adequate commitments or provide sufficient guidelines to its suppliers on issues such as water pollution. ABF’s 10th place in the transparency theme shows that it is less willing to be held accountable than other companies. Despite its poor performance, ABF demonstrates pockets of best practice. For example, its subsidiary Illovo has published a socio-economic impact assessment of its African sugar operations.²

THEMATIC TRENDS

Supporting **smallholder farmers** in the companies’ supply chains is a major weakness for many of the Big 10 (though Unilever and Nestlé score comparatively well, achieving 8 and 7 respectively). Half of the companies (Coca-Cola, Danone, General Mills, Kellogg and PepsiCo) only score two out of a possible 10 points for this theme.³ As increasingly volatile weather continues to destroy farmers’ livelihoods across the world, it has never been more urgent for these companies to address their relationship with the farmers in their supply chains. The companies themselves recognize that their whole business model is threatened by climate change and yet continue to neglect farmers in their supply chains.



March 2015: Big 10 scores on farmers

In the last year, Danone, General Mills, Kellogg, Mars, Mondelez and Unilever all improved their scores on **climate change**. Unilever and Nestlé remain the leaders here, though others have also taken progressive steps to tackle climate change. For example, in response to more than 238,000 actions from Behind the Brands supporters, General Mills and Kellogg promised to lead the industry by committing to setting science-based targets to reduce greenhouse gas emissions, including supply chain emissions from agriculture. It is vital that all companies make bold commitments to science-based emissions reduction targets, both in their own direct operations and that they hold their suppliers to account too. Among the 10 biggest companies, the hidden emissions in the companies' agricultural supply chains are equivalent to at least 40 average coal-fired power stations⁴ – too big for any responsible company to ignore.

In developing countries, on average women account for 43% of the agricultural labor force,⁵ making gender equality and women's empowerment central to increasing productivity and reducing poverty.⁶ However, **women's rights** are the second lowest scoring theme: 8 of the Big 10 companies score 5 or below. This is despite efforts from Mars, Mondelez and Nestlé to follow through on commitments to do more for women's rights in their cocoa supply chains. Leading companies on women's rights are now only beginning to properly understand and recognize issues faced by women in their supply chains. However, every one of the Big 10 still falls short of upholding sufficient guidelines and standards for their suppliers on this issue.

There's a big gap between the leaders and laggards on **farmers, land and workers' rights**. In these three themes the lowest scoring companies score only two, while the leading companies score eight. For example, Danone, General Mills, Kellogg and Mars remain at the bottom in the assessment of their policies on the sustainable use of land, land rights and access to land. Meanwhile, leading companies such as Coca-Cola, PepsiCo and Nestlé, have made strong commitments to protect people's land rights. Similarly, Kellogg and General Mills continue to trail behind other companies in making commitments to good practice on workers' rights, with Unilever ahead of the rest at the other end of the scale.

TURNING POLICY TO PRACTICE

Behind the Brands' supporters have taken more than 700,000 actions to call on the Big 10 to clean up their supply chains since the campaign began in 2013. A number of companies have genuinely listened and acted. In 2013, Coca-Cola became the first ever company to adopt a 'zero tolerance' policy against land grabs that applies to its suppliers. Since then, PepsiCo, Unilever and Nestlé have followed suit. Illovo, a subsidiary of ABF and a focus of Behind the Brands 2013 Land and Sugar campaign, came out with a new zero tolerance policy in March 2015. While the policy does not extend to the whole ABF group, as Africa's biggest sugar producer, Illovo committing to adopt a zero tolerance approach to land grabs and requiring its suppliers to do likewise is a significant step to protect the land rights of the communities in which they operate.⁷ Mars, Mondelez and Nestlé promised to tackle the dire situation that women cocoa farmers typically face in global supply chains. These farmers face disproportionate challenges, for example, earning less than men, being excluded from training and lacking access to land.⁸

But what does all this talk really mean for people who are working in the companies'

supply chains? Will these fine words be ever properly put into practice?

For example, all 10 companies now recognize the principle of free, prior and informed consent for communities affected by land acquisitions, at least for palm oil. To ensure that communities are treated fairly, their suppliers must also adhere to this same principle – or be made to. We acknowledge that it is not easy for companies to implement these changes, but only by turning promises into practice will these companies ensure that people affected by land deals are not left homeless and destitute. As recently noted by Coca-Cola in relation to its land rights commitments, 'We certainly do not have all the answers, but our approach is to continue to learn, be open and transparent, and provide the Coca-Cola system and our suppliers with a practical path that better enables us to recognize and safeguard the land rights [of] communities and traditional peoples'.⁹ This is a measured and realistic response.

Oxfam has tracked the progress of Mars, Mondelez and Nestlé in implementing the commitments each one made to women cocoa farmers in 2013. In October 2014, Oxfam published the results of an independent evaluation of the impact assessments and action plans.¹⁰ These showed that all companies, especially Mars and Nestlé, need to raise their ambitions. In response, Nestlé published a more detailed action plan, while Mars later agreed to strengthen its own by June 2015, while Mondelez is working to implement their plan through 2015. Oxfam will continue to monitor their progress. Oxfam has published similar roadmaps for PepsiCo and Coca-Cola in relation to land, and Kellogg and General Mills on climate change.

It is important that companies improve their management of the social and environmental issues within their supply chains. But they really need to bring about systemic change – that's the big prize. The Big 10 must use their power to achieve sustainability across the food and beverage sector. For example, they should continue to use their influence within roundtable and sector initiatives to make changes. There is also a need to go beyond talking to seeking solutions. This may involve collectively resolving issues with common suppliers and sharing knowledge and expertise with others across supply chains. Crucially, these companies can also use their power and influence to advocate to governments for stronger legislation, for example, relating to the protection of labor rights.

METHODOLOGY CHANGES

Some individual scores have dropped on the themes of water, workers and farmers because of changes in methodology.¹¹ For the scorecard to remain relevant it has to reflect emerging best practice, as well as lessons that Oxfam has learned from its own programmes' research and engagement with others. For example, reflecting on Oxfam's concern about growing inequality across the globe, we have strengthened our focus on the issue of the living wage in the workers theme. In the farmers theme, we have improved the way we assess company sourcing practices in relation to risk sharing across the supply chain, living income and the share of value received by smallholder farmers at the bottom of the supply chain. We update our methodology each year but try to keep these changes minimal, so that we can still faithfully compare the companies' performance over time.

WHAT IS NEXT FOR THE BIG 10?

Global leaders will meet in Paris in December 2015 to agree a new climate change deal. This will be critical in putting the world on a path to avoiding dangerous levels of climate change. By 2050, there could be an extra 25 million malnourished children under the age of five because of climate change,¹² and 50 million more hungry people.¹³ Food and beverage companies must encourage world leaders to agree to a progressive deal. They should speak up now about the impacts that climate change will have on their operations and stand up for farmers. Companies additionally must continue to tackle their own emissions, as well as agricultural supply chain emissions, leading as a sector and setting an example for wider commitments to emissions reductions. Companies must use the opportunity of the Paris climate talks to call for increased investment in farmers, both to protect food security and their own business interest.

Improving resilience to climate change cuts across the entire scorecard, particularly the gender, water, climate change and farmers themes. However, many of the Big 10 continue to fail to adequately support smallholder farmers in what they need to do to adapt to climate change – although there are strong positive exceptions. Food and beverage companies must do far more. The farmers theme is now the lowest scoring theme in the scorecard, so it is time that companies did more to treat farmers, especially women farmers, more fairly throughout their supply chains.

CONCLUSION

The challenge of finding answers to the systemic problems bedeviling global food chains is as relevant today as it was when the Behind the Brands campaign was launched two years ago. The global food system remains broken. The Big 10 continue to thrive while many small-scale producers and agricultural workers struggle to sustain their families and realize their rights. Women continue to be disproportionately affected. Too many farmers and agricultural workers still struggle to make a decent living, and climate change will only make it harder.

The fact that companies are now scoring better on the Behind the Brands scorecard reflects some welcome new policies and promises. The Big 10 seem more willing to tackle the big social and environmental issues within their supply chains. However, some of the Big 10 are going further than others in working with suppliers to safeguard the rights of farmers, agricultural workers and communities. All of them still have a long way to go to ensure that their commitments are implemented.

NOTES

- 1 <http://www.theguardian.com/sustainable-business/2014/dec/24/top-10-sustainability-campaigns-2014>
- 2 ABF has a number of different business areas, which are managed in a disaggregate manner. A partial score of 25% is therefore applied to ABF where at least one but not all of its subsidiaries meet the criteria. ABF's retail subsidiary Primark is not considered in the Behind the Brands assessment.
- 3 Kelloqq has since published new information relating to smallholder farmers, which has not been considered during this update.
- 4 https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp186-standing-sidelines-big10-climate-emissions-200514-en_0_0.pdf
- 5 <http://www.fao.org/docrep/013/i2050e/i2050e.pdf>
- 6 <http://www.ifad.org/media/press/2015/20.htm>
- 7 <http://www.illovosugar.co.za/Group-Governance/Group-Guidelines-on-Land-and-Land-Rights>
- 8 <http://policy-practice.oxfam.org.uk/blog/2015/03/cocoa>
- 9 <http://www.coca-colacompany.com/coca-cola-unbottled/reflections-on-our-land-rights-journey>
- 10 <https://www.oxfam.org/en/research/women-and-cocoa-evaluation>
- 11 In the last year, February 2014 to March 2015.
- 12 G.C. Nelson et al. (2009) „Climate Change: Impact on Agriculture and Costs of Adaptation, International Food Policy Research Institute, <http://www.ifpri.org/sites/default/files/publications/pr21.pdf>
- 13 IPCC (2007), Chapter 5: Food, Fibre, and Forest Products, in Climate Change 2007: Working Group II: Impacts, Adaptation and Vulnerability, IPCC Working Group II Contribution to AR4, http://www.ipcc.ch/publications_and_data/ar4/wg2/en/ch5.html

For further information on the issues raised in this briefing please e-mail advocacy@oxfaminternational.org

OXFAM

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