Sustainability in the Cocoa Channel
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Dear reader,

Before you lies the result of a year’s research at the cocoa sector in the Netherlands. A research I have performed with interest but also under strict time management. For I was expectant of my second child who would appear to be a healthy son, Borre.

Many factors have contributed to the successful completion of this thesis. First I would like to mention the substantial supervision of Walter Vermeulen and, in the starting phase of the research, Mara Francken. They were really guiding, supporting and thinking along for which I want to express many thanks.

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1 Introduction

The subject of this research is sustainability in the global cocoa channel. Starting in 2000, there has been a stream of reports in the world media concerning child labour and forced labour in cocoa production (e.g. BBC online, 2000). In September 2000 a film was broadcasted on Channel 4 television in the UK showing young Malian men working in conditions of slavery on cocoa farms in Côte d’Ivoire.

It was said that thousands of children were forced to perform unpaid dangerous tasks, such as using long machete knives and spraying pesticides. The stories could mostly be traced back to plantations in Western Africa. The public discussion (especially in the U.K. and the U.S.) about this particular form of child labour, fed by the public concern was tremendous. The initial concern was reinforced by a series of further reports by the US newspaper Knight Ridder around Easter 2001, generating “the most publicity for any issue of slavery that Anti-Slavery International (an NGO expert on the theme) has seen”. There were however, also disputes about the trustworthiness of the media reports, that made the subject “child slavery on cocoa plantations” look like a hype. Camilla Toulmin, director of the International Institute for Environment and Development (IIED) in London says “there has never been any clear-cut evidence for the occurrence of what media and NGOs call slavery” (NRC, 2007)

After the fury there were promising signals from industry and other parties, working together to tackle the problems. The International Cocoa Agreement of 2001 reflected these new developments. Where former agreements were mostly occupied with economic incentives and buffer stock arrangements, the 2001 version claimed a sustainable cocoa economy was one of the major objectives. A mandate on a Sustainable World Cocoa Economy was created and the Consultative Board on the World Cocoa Economy was founded to work together with the private sector in achieving this mandate.

The ‘International Cocoa Initiative’ and the ‘World Cocoa Foundation’ were founded by the industry to work on sustainability problems the sector was dealing with. Initiated by US Senator Harkin and Representative Engel, a Protocol was formed in 2001, which was signed by global industrial parties. The objective of the Harkin-Engel Protocol was to eliminate the worst forms of child labour in the growing of cocoa beans and their derivative products from West Africa.

Although there are positive stories to be read on the Internet concerning the projects this Initiative has carried out (see for examples http://www.cocoa initiative.org) there are still concerns. The question remains to what extent companies in the cocoa sector have actually made efforts to tackle the social and environmental problems at hand, and if the effects from their actions are satisfactory.

In the Netherlands, there is a tradition of cocoa since the seventeenth century. The use of cocoa originates by the indigenous inhabitants of South America and has taken root in Europe via colonizer Spain.

It were two inventions by a Dutch man, Mr. Coenraad van Houten from Amsterdam, that have given the Dutch and international cocoa industry an impulse to grow. He patented a method of pressing most of the fat out of cocoa mass, which eventually yields cocoa powder and cocoa butter. He also thought of a method to enhance the taste and colour during the production process through alkalization. The wrapped chocolate bar was also a Dutch invention. (NCA, unknown)
Hence, the Netherlands is now world leader in the processing of cocoa beans into semi finished products. The three large grinders in the Netherlands process the same amount of cocoa beans as the whole US grinding industry. Van Houten is still an infamous Dutch cocoa powder brand, being accompanied by Dutch chocolate brands such as Droste, Verkade and Venz.

The Dutch government is stimulating the Dutch industry to improve the sustainability of their business practices. This steering finds its roots in the improvement of environmental performance, but lately, an approach of chain management and Corporate Social Responsibility are on the forefront. Literature study points out the difficulties businesses face implementing the rather broad CSR principles. It also reveals that there has been little research on this matter.

Hence, within the research programme “Governance for Sustainable Development” of the Copernicus Institute of the University of Utrecht, the following question was deemed important to research:

To what extent have actions concerning improving sustainability in the international cocoa channel been taken by businesses in the Dutch cocoa channel in the time period 2001-2006, and to what extent has this business behaviour been influenced by certain internal and external actors and factors?

The research program mentioned above mainly focuses on the management of social change in order to strengthen Sustainable Development. Governance refers to an oriented social change in which the point of departure is a plurality of governing actors and a blurring of responsibilities that public and private actors are attributed. In this context, business behaviour is examined. This research can be placed within the research theme “Governance for sustainable production and consumption”, in which chain analysis is an often used approach to gain insight into social developments relevant for governance. Chain analysis refers to the analysis of the chain of events that can be defined when a commodity moves from the place of production to the place of consumption. A chain approach is also adopted in this research, but more appropriate is the concept “channel” by which is meant: the collective level of a series of commodity chains. Not one chain is investigated, but the global cocoa channel. This should provide a more extensive and general insight in the developments in the cocoa world.

In this report, the global cocoa channel and the Dutch side of it are characterised in Chapter 2. After that, in Chapter 3, the analytical framework of this research and the theory that was used in developing it are discussed. In Chapter 4 an important theme in this research: Corporate Social Responsibility is defined and made operational. Chapter 5 introduces the research questions and the used methodology is described. Chapter 6 provides the results from the first part of the empirical research. Subsequently, Chapter 7 gives the results on the second part; the interviews with the companies. Chapter 8 finally, answers the central question of the research in the form of conclusions.
2 CHARACTERISING THE COCOA CHANNEL

In this Chapter the global cocoa and chocolate channel are described. This is done according to a simplified model, showing six links in the channel, presented in the first Section. Relevant statistics of the past five years are presented for each link in the succeeding Sections. The Dutch side of the Cocoa Channel is described in Section 2.2. The sustainability problems in the channel are described after this, in Section 2.3.

2.1 The Global Cocoa Channel

The global cocoa channel can be structured by looking at the succeeding links that comprise the business activity involved in cocoa processing and chocolate production. These links are depicted in the model presented in Section 2.1.1. The succeeding links are used to describe the channel in the succeeding Sections. Section 2.1.5 introduces organisations relevant in the channel.

2.1.1 Structure of the channel

To visualise the different links that comprise the international cocoa channel, a simplified model of the channel is given in Figure 1. These links envision the commercial stages of cocoa and chocolate.

Figure 1: world cocoa channel (business)
Source: adjusted to CREM, 2002
Explanation of Figure 1:

- **Specialised cocoa trader**: the most important firms being ED&F Man (part of ADM Cocoa) and Continaf.
- **Integrated trader/processor/manufacturer**: ADM Cocoa, Cargill and Barry Callebaut.
- **Specialised processors/Integrated chocolate companies**: process cocoa beans into semi-products and chocolate for consumers: Blommer, Schokinag en Dutch Cocoa.
- **Specialised manufacturers**: production of chocolate for consumers: Nestle, Mars, Ferrero, Kraft Jacobs Suchard, Hershey, Cadbury (adjusted to Crem, 2002).
- **One extra remark concerns the dashed parts of the arrows in Figure 1. It is not imaginable that certain cocoa traders and integrated traders/processors etc. have an influence on the production of the cocoa beans, for example by farmer education projects. That is why the arrows have been extended in the model, which wasn’t originally the design.**

Figure 1 envisions roughly the links in the global cocoa channel, divided by the green dashed line by the physical presence in Northern and Southern countries. Businesses are specialised in a certain link or integrate different links in their company. Examples of the last are multinational companies that do their own sourcing and process the beans, such as ADM cocoa and Gerkens Cocoa. There are also companies that do both processing of beans and manufacturing of chocolate such as the former Droste/Dutch Cocoa B.V. These and more Dutch cocoa and chocolate related companies will be introduced more elaborate in the next Chapter.

### 2.1.2 World production of cocoa beans

Countries in which cocoa beans are produced are indicated in Figure 2.

Approximately 90 % of the world production of cocoa beans comes from smallholdings under 5 hectares (de Lattre-Gasquet et.al., 1998). Biggest producing countries are Cote d’Ivoire, Ghana and Indonesia. The remaining 10% is produced on larger scale plantations. Cocoa is a commodity that has on the one hand a bulk good character with enormous amounts of beans from different origins mixed together in processing, and on the other hand knows exquisiteness of quality and taste.
There are many scandals concerning this channel. Many have to do with social and human rights of the producers (for example: Blunt, 2000 and Pearce and Schneider, 2001). It is believed that most of the scandalous practices take place in West Africa. West Africa accounts for approximately 70 percent of the world's cocoa production, with an estimated 43 percent produced by Côte d'Ivoire, 15 percent produced by Ghana, 7 percent produced by Nigeria, and 4 percent by Cameroon (Iita, 2002).

Table 1: Production of cocoa beans in thousand tonnes (2000/01-2004/05).

Table 1 above shows the world production of cocoa beans for the years 2000/01 until 2004/05. The world total production shows an overall growth, but also a small decline in the year 2004/05. This is explained by poor growing conditions experienced in West Africa during the summer of 2004. Table 1 also shows the world's main cocoa bean producing countries. Côte d'Ivoire is by far the largest producer. Second and third, producing approximately one third of the Côte d'Ivoire production, are Ghana and Indonesia.

2.1.3 World trade in cocoa beans

After the cocoa beans have been harvested, the beans are dried and fermented. This process of 4 or 5 days takes place on the farm ground or in small shelters nearby the production grounds.

The beans are then ready for trade. With one or more middle persons and markets the beans are traded to grinders. Part of the trade takes place between farmer cooperation and companies, part of it via traders; private parties buying from farmers. The grinders are mainly localised in western countries, i.e. Europe and U.S. Figure 3 shows the annual consumption/grindings of beans by country.
Figure 3: Amounts and percentages of grindings of cocoa beans by country in thousand tonnes in 2004/05. Source: ASI, 2004, p.34

In Figure 3 above, the amounts and percentages of grindings of the world produce of beans can be found by country. From Table x can be concluded, that the Netherlands and the U.S. take care of an equal share of the grinding. Both countries grind approximately twice the amount of other grinding countries.

One other remarkable fact that can be read from Table 2 is that Europe has ground 42% to 45% of the world’s produce of beans in the past 5 years. It is the largest grinder globally.

The Netherlands and the U.S can be said to be the principle cocoa processing countries by grinding approximately 400 thousand tonnes each year. The main grinder of beans of origin (produced in own country) is Côte d’Ivoire, processing 300 thousand tons of beans.

Table 2: Amounts and origins of imported cocoa beans in kilogrammes.
Source: © Centraal Bureau voor de Statistiek, Voorburg/Heerlen 2006-09-06
Table 2 above shows the amount of the cocoa beans that have been imported to the Netherlands in the period 2000 until mid 2006 and the origins of the beans. The darkest part at the bottom of every stack signifies the share of beans that is imported from West Africa. The second part from below shows the share from the remaining part of Africa. The remaining stack-parts are the small amounts that have been imported from Middle and Southern America (mainly Ecuador and Brazil), Asia (mainly Indonesia) and/or Oceania.

2.1.4 Processing cocoa beans into semi-products

In appendix 1 one can find an overview of the processes that take place to produce semi-finished or finished chocolate products from dried and fermented cocoa beans. Stage 1 in this scheme contains, among others, the grinding. With grinding and refining, cocoa beans are processed to: cocoa liquor/paste, cocoa cake, cocoa butter and cocoa powder.

These raw semi-products are traded or processed into other semi-finished or finished chocolate products. Table 3 shows us, however, that not all imported beans are grinded in the Netherlands.

![Graph showing import and export of cocoa beans](image)

Table 3: Import and export of cocoa beans to and from the Netherlands in kilogrammes.
Source: © Centraal Bureau voor de Statistiek, Voorburg/Heerlen 2006-09-06

Table 3 shows the amounts of cocoa beans that are imported to and exported from the Netherlands. One can see that an amount of the imported beans is used for trading with other countries. The export is mainly to France and Germany (CBS, 2006). The Netherlands, and more specifically Amsterdam harbour is indeed commonly referred to as a transit port for cocoa beans, as well as a major player in processing (Jacobs, 1990 and Haffmans, 2004).
2.1.5. Organisations in the Cocoa Channel

In this Section, the relevant international organisations concerning the cocoa and chocolate channel are introduced. These organisations have a role in the global developments concerning Sustainable Development of the global cocoa channel.

The International Cocoa Organisation (ICCO)

ICCO is a forum initiated by the UN, with governmental members from production and consumption countries. ICCO was established in 1973 to administer the first International Cocoa Agreement and is now the main world forum for the gathering and dissemination of information on cocoa. Other functions of ICCO are the promotion of cocoa research and studies of the economics of cocoa production, consumption and distribution and the encouragement of development projects concerning cocoa. In the International Cocoa Agreements (ICAs) designed under the auspices of the United Nations, likewise other Commodity Agreements, agreements are made concerning the world cocoa economy (http://www.icco.org/facts.htm, 2006). The Netherlands has been member of ICCO since 1973.

According to the Dutch Ministry of Agriculture, Nature and Food Safety (Ministerie van LNV) ICCO is troubled with administrative issues. Right after the decision to move the head quarters of the organisation to Côte d’Ivoire in the beginning of the 90’s, a civil war broke out in that country creating a head-breaking obstacle. The functioning of the organisation has suffered from this situation (Tweede Kamer, 2005).

European Cocoa Association (ECA)

ECA is the European sector organisation, representing cocoa processors, industrial chocolate manufacturers and the cocoa trade and logistics sectors. The European grinders are the original participants of ECA. Altogether, the founding members of the ECA represent 75% of the cocoa industry in Europe. ECA members now participating are: ADM Cocoa, Armajaro, Barry-Callebaut, Dutch Cocoa, Gerkens Cocoa (Cargill), and Jan Schoemaker (ECA website, 2006). The former Dutch Cocoa Association (Nederlandse Cacaovereniging (NCV)) has subsued in ECA.

ECA characterises itself as the "Voice of the European Cocoa Community". As such, it serves its members, and addresses public affairs issues, primarily with or within the European Union, but also with other governments and regulatory agencies. Being a link between the producer and consumer side of the cocoa channel, it facilitates the maintenance of relations between the upstream and downstream participants in the chain, primarily through their respective trade associations. It does so primarily through its activities and working groups and communication. Activities concern regulatory matters, research programs, statistical reporting and participation in chain efforts for better labour practices. Concerning this last issue ECA is a founding member of both the Global Industry Group (GIG) and the International Cocoa Initiative (ICI), representing all its own members and ensuring full participation of the European cocoa chain (http://www.eurococoa.com/, 2007). GIG and ICI are described in more detail in Chapter 5.

The Association of the Chocolate, Biscuit and Confectionery Industries (CAOBISCO)
CAOBISCO represents about 2000 companies of the chocolate, biscuits and confectionery sectors of the European Union that together are responsible for a turnover ten percent of the total value of food related export from Europe. The members of CAOBISCO together process fifty percent of all produced cocoa beans (ECA website, 2006).

Its functions are:
- Representing and defending their members’ interests to EU and international institutions.
- Obtaining and relaying to its members information on any new project or initiative of interest to its industries.
- Advising and inspiring policymakers responsible for EU and international legislation
- To promote the image of its industries as being responsible and law abiding and to maintain the confidence of the authorities and the consumer.
- Defending the principles of fair competition and industrial ethics. (http://www.caobisco.com/english/role-object.asp, 2007)

The American Chocolate Manufacturing Association (CMA)
The CMA was the closest related organisation to the Harkin-Engel Protocol; an important initiative intended to end child labour in the cocoa chain. The Protocol and its consequences are described in Chapter 5. It was an initiative of US congressman Harkin and Senator Engel. It is therefore quite logical that the CMA was a participant. However, the initiative has spread its influence throughout the rest of the cocoa consuming countries as well, via the European Cocoa Association (ECA).

International Institute for Tropical Agriculture (IITA)
IITA is Nigerian based scientific institute that performs research on topics concerning tropical agriculture. This includes crop improvement, research on plant diseases and agriculture methods research, but also research on more sustainable practices. IITA has been involved in the efforts of the cocoa industry and US government to eliminate the worst forms of child labour. The role that IITA has played is described in Chapter 5.

2.2 The Dutch side of the Cocoa Channel
Some 40 thousand tonnes of cocoa beans are grinded annually in the Netherlands. Small country as it may be, the Netherlands are the largest exporters of semi-finished cocoa products (butter and powder) and chocolate products in Europe. In this Section Dutch cocoa and chocolate companies and the Dutch cocoa and chocolate sector organisations are introduced in the first three Sections. After that, the role of the Dutch government towards the business sector is explained in Section 2.2.4.

2.2.1 Grinding companies
Since the 1980s there has been a reduction in the involvement of chocolate manufacturers in the early stages of cocoa processing. In 1988/89 they processed 42 percent of the world’s cocoa crop but by 1999 this had fallen to 33 percent. In 1995 the industrial cocoa and chocolate market was dominated by five major groups grinding around 35 percent of the world’s crop. By 1999 their number was reduced to three, Barry Callebaut, Archer Daniels Midland (ADM) and Cargill, who are responsible for grinding over 38 percent of the world’s cocoa production.
While chocolate production is generally dispersed, often taking place in relatively small-scale units, grinding is increasingly consolidated to benefit from economies of scale. The processing facilities of ADM and Cargill in the Netherlands have resulted in that country becoming the world leader in grinding, surpassing even the USA in market share (ASI, 2004).

**Archer Daniels Midland (ADM): ADM Cocoa B.V. in Koog aan de Zaan**
The ADM Company is one of the largest agricultural processors in the world. It produces food ingredients, animal feed ingredients, renewable fuels and naturally derived alternatives to industrial chemicals. ADM is headquartered in Decatur, Illinois. ADM is one of the leaders in cocoa production in Europe. The multinational also owns cocoa bean processing plants in Côte d’Ivoire, Latin America, the U.S., Asia and the Pacific Rim. The company has a 15% share of the world’s total cocoa bean grindings.

**Cargill: Gerkens Cacao B.V. in Zaandam and Wormer and Fennema B.V. in Deventer**
Gerkens Cacao B.V. is part of Cargill Incorporated, an international provider of food, agricultural and risk management products and services. Cargill grinds 14% of the world’s total (ICCO estimates, 2005). Gerkens owns two mass factories in Zaandam, De Jonker I and De Jonker II, destined to produce tailor made mass for the chocolate industries. Furthermore, there are Aurora I and Aurora II, factories that produce cocoa mass, which is processed further to cocoa butter and cocoa powder at the Eenhoorn plant in Wormer. In the Aurora I and Aurora II the cocoa nibs are alkalized in various ways to produce mass with the characteristic colour and flavour profiles needed for cocoa powders.

**Dutch Cocoa B.V. in Amsterdam**
Since 1863, Dutch Cocoa has manufactured cocoa products. The company is part of Ecom Agroindustrial Incorporated, a leading international company based in the US involved in the production and trade of agricultural commodities. Dutch Cocoa B.V. is known for its large share in the processing of Fair Trade and EKO certified cocoa beans (Menter, 2005). This is, however, but a small share of the total amount of beans processed by the company, in view of the fact that these certified products own a marginal share of the total world cocoa production.

### 2.2.2 Chocolate Producing Companies

In the Netherlands, there are 150 companies active in the production of chocolate, chocolate products and chocolate/cocoa related products (http://www.kvk.nl/handelsregister/, 2006). It concerns big and small companies with activities that vary from production of industrial chocolate to candy and chocolate bars, season products (Eastern, Christmas etc.), very refined end-products and even chocolate art products. The exact number of these sorts of businesses could not be extracted from the Chamber of Commerce database that was consulted. The last link in the chain depicted in Figure 1 is “sales” Chocolate product are sold in supermarkets, specialised shops, gas-stations, cinema’s, the catering industry etcetera. It is deemed irrelevant for this research to specify this link in the chain in more detail. One other actors that was deemed relevant is the Dutch organisation for the cocoa and chocolate sector. It is described in the next Section.
2.2.3 Organizations

Vereniging van bakkerij en zoetwaren (VBZ)

The objective of the Dutch sector organisation for bakery and sweets (in Dutch: Vereniging van bakkerij en zoetwaren (VBZ)) is to look after the common interests of the Dutch bakery- and sweets sector, nationally as well as internationally and mostly aimed at collective bargaining on economical and social interests of the members of the association. The VBZ is originated from three different sector organisations (sugar works, chocolate, banquet and biscuit) that now still represent the three sectors of VBZ.

VBZ has a department concerned with packing and environment. Furthermore VBZ strongly recommends member companies to participate in the “Subsidieregeling duurzame ontwikkeling cacao- en chocoladesector”, a subsidy Program of the Dutch government, described in the next Section (2.2.4). Potential participants can apply with a project plan, which is required to have a sustainability component in it. The subsidy will contribute to a maximum of 75% of the costs, to ensure engagement of the company.

VBZ can be consulted with an application beforehand. VBZ is probably very keen of their members to participate, because the state funds that can be attracted originate from the cocoa stock buffers that were liquidised after a decision from ICCO in ICA 1997.

2.2.4 The role of the Dutch Government

In 2000 the Sociaal Economische Raad (SER, Social Economical Council) published a report about Maatschappelijk Verantwoord Ondernemen (MVO, Corporate Social Responsibility) (SER, 2000). The SER, an advisory council for the Dutch government, highlights the importance of two traits of CSR. These are: bottom up development and diversity in implementation. Bottom up refers to the development that most CSR initiatives are taken by the individual ventures. Diversity in implementation refers to the diverse ways in which CSR is implemented, an issue that Cramer also emphasises (Cramer, 2005-1).

The Dutch government wants to stimulate enterprises to engage CSR via various ways. It sees the Report of SER as support for the chosen policy of tailor made approach, i.e. no generic legislation. In this approach, the responsibility of a company is emphasized. The Ministry of Economical Affairs explains that, along sided general stimulating policy, MVO Nederland, National Contact point (of the OECD Guidelines), SenterNovem and the Agency for International Business and Cooperation (EVD) are created to facilitate the private sector in the challenge of implementing CSR (www.minez.nl, 2007).

MVO Nederland was founded in 2004 and has a very elaborate knowledge base for companies to base decisions on. It focuses on middle and small businesses and its main activities are knowledge management and network creating (www.mvonederland.nl/, 2007).

The function of the National Contact Point (NCP) of the OECD Guidelines for Multi National Enterprises is to stimulate the application of the Guidelines. It is the contact point for the government, companies, labour unions and NGOs to contribute to the discussion about and ask questions about the application of the Guidelines (www.oesorichtlijnen.nl/, 2007). The NCPs are to meet annually to share experiences and report to the Committee on International Investment and MNEs (CIME). CIME provides clarifications and recommendations periodically or at the request of an
adhering country. The CIME also periodically reports to the Council on matters relating to the Guidelines and with reports from the NCPs. There is not much activity on the website of the National Contact Point. The most recent attributions date from 2005. The Dutch NCP is therefore not expected to be a very functional stimulating factor for business to engage in CSR.

SenterNovem is an agency of the Dutch Ministry of Economical Affairs, which is main responsible for CSR Policy. SenterNovem intends to be the bridge between business and the government. It contributes to “initiatives that stimulate sustainability” by advising, network sharing, informing and subsidising. In these functions it focuses on the subjects innovation, energy, climate, environment and living environment (www.senternovem.nl/, 2007).

The EVD is also an agency of the Dutch Ministry of Economic Affairs. It is the implementing organisation of the government for facilitating and stimulating international business and international cooperation. It provides comprehensive knowledge and international networks to businesses operating internationally and project based financial support (subsidies) (www.evd.nl/, 2007). The website is comprehensive and informative and regularly updated.

In the fourth National Environmental Policy Plan (Nationaal Milieu Plan, NMP) of 2001, the government has attributed a task for the industry to contribute in solving big environmental problems. It has therefore closed covenants with certain sectors in the Industry. For the Cocoa sector, an energy-efficiency Covenant was created before the NMP. The energy reductions that were to be achieved, were met easily by the participants (ADM, Gerkens and Dutch).

Another part of the agreements of the Covenants was for companies to design four-yearly an environmental policy plan, in which is explained how the agreements from the covenant are to be met by the company. This is again an instrument that underlines the responsibility of the individual company. The agreements are made sector-wise, but the when and how of achievement of objectives is left to the companies.

Recently, critique is being expressed on the voluntary character of CSR implementation. In a letter to the new to be formed government a group of eighty businessmen from leading Dutch companies have asked for more attention for the living environment and nature. They asked the future government to formulate policy that stimulates companies to act responsible and sustainable, and to stop the freedom for unsustainable behaviour (Open brief, 2006).

MVO Platform, a Dutch NGO consisting of 36 social organisations concerned with CSR, proposes some ideas to the Ministry of Economical Affairs concerning the to be formulated policy concerning CSR. It proposes a binding normative framework that indicates to Dutch businesses the minimum of efforts to be taken concerning CSR. It argues to make reporting on environmental and social matters obligatory. MVO Platform also calls for improvements in the functioning of the National Contact Points and the consultation with the OECD concerning the formerly described Guidelines (Oonk and Filbri, 2007).

In 1997, ICCO decided to liquidise the cocoa bean buffer stock. With the financial resources that were generated by this (some 12 million euro), the “Subsidieregeling voor een Duurzame Ontwikkeling in de cacao en chocoladesector” (Subsidy Plan for Sustainable Development in the cocoa and chocolate sector) was designed. Organisations can file a project proposal at the Dutch Ministry of Agriculture
(Ministerie van LNV). An independent council decides which project are granted subsidy. As mentioned in the previous Section 2.2.3, the VBZ takes a stimulating role in order to get their members to participate.

2.3 Sustainability Problems in the Cocoa Channel

In this section, sustainability problems in the global cocoa channel are described. This is done according to the three dimensions of sustainability: social, economic and ecological sustainability.

2.3.1 Social sustainability

Child Labour

There have been persistent signals about child labour in West Africa during the harvesting and the on-farm processes. However, not all work is considered harmful to or exploitative of children. In West Africa children have worked in agriculture traditionally as part of the family unit. Child labour is defined as work that prevents children from attending and participating effectively in school or is performed by children under hazardous conditions that place their healthy physical, intellectual, or moral development at risk (ILO Convention 138, 1973). From recent research in four West-African countries (Cameroon, Côte d'Ivoire, Ghana, and Nigeria), the occurrence of the former was evident. Hundreds of children, often without family-ties to the farmer, are using machetes to clear the fields and applying pesticides, which are both considered hazardous (IITA, 2002).

From the information available now, it seems that large-scale plantations are a main locus of the malpractices. The alarming reports of children being kidnapped from their towns to work unpaid on distant plantations, has indeed been appointed to the large scale plantations in Western Africa (IITA, 2002). It is imaginable that corruption and bad institutional practice also play an important role.

The International Labor Rights Fund has sued Nestle, Archer Daniels Midland, and Cargill in Federal District Court in Los Angeles for involvement in the trafficking, torture, and forced labour of children who cultivate and harvest cocoa beans that the companies import from Africa. They filed suit on behalf of a class of Malian children who were trafficked from Mali into the Ivory Coast and forced to work twelve to fourteen hours a day with no pay, little food and sleep, and frequent beatings. The three children acting as class representative plaintiffs are proceeding anonymously, as John Does, because of feared retaliation by the farm owners where they worked.

It also was filed in the wake of the chocolate industry's missed the 1 July 2005 federal deadline to develop standards for monitoring and certifying African suppliers, an attempt to keep tabs on the labour practices of cocoa farming operations (www.ilrf.org, 2007). The deadline is part of the Harkin-Engel protocol, which is described in more detail in Chapter 5. There is no verdict for the lawsuit yet, but the deadline has been pushed to 1 July 2008.

Health Problems

Health problems occur due to exposure to pesticides. Absences of adequate knowledge, failure to wear protective clothing and lack of maintenance on pesticide application equipment are major causes of these health risks. Residues that are washed of the equipment too close near a drinking well sometimes pollute drinking water (Matthews et.al., 2003). These health risks are even more poignant, imagining children exposed to them.
There are more problems to be mentioned here, for example about labour rights, remuneration etcetera. In Chapter 4 a more complete overview of issues is gained from existing organisational solutions for sustainability problems in commodity channels.

2.3.2 Economic Sustainability
Worldwide more than 20 million people depend directly on cocoa for their livelihood. An estimated one third of the world’s cocoa crop is lost to pests and diseases every year. This can be devastating for farmers, which produce mainly small-scale. Another strain for farmers is the constant fluctuation of world market prices and it is often difficult for cocoa farmers to sustain in their livelihood. The often too low prices create a situation with economical problems that attracts ecological and social problems as well.

Another subject discussed in the Brundtland Report is the inequality between industrialised (Northern) and less developed (Southern) countries. One dimension of inequality is the fact that Northern countries have significantly more industries that add value to the basic commodities produced in developing countries. Where the African farmer can earn a few dollar for ten kilograms of cocoa beans, the Western producer earn the ten- to hundredfold when selling processed and manufactured chocolate. When looking at the global cocoa channel, one can see that there are indeed few processing plants in cocoa producing countries (www.icco.org, 2007). Hence, producing countries mainly gain from the basic commodity, the beans. Figure 3 in section 2.1.3 shows that grinding does take place in production countries. The question is, however, how much benefits this brings to the local community, seeing that liberalisation reforms in the ’90, stimulated by the World Bank, have made it possible for large multinationals to integrate vertically into the market, giving local exporters extreme difficulties to compete. And indeed, the rate of local exporters has dropped dramatically in African producing countries due to difficulties in obtaining capital and lack of experience in operating in an open market (ASI, 2004).

Where agricultural production in industrialised countries is highly subsidised and developed, farmers in developing countries are often not supported sufficiently. This often results, among others, in lack of knowledge on modern farming techniques, bad pesticide use and less income for the farmer. For example: The most severe problem faced by cocoa farmers is pest and disease control. At a global level, yield losses due to disease are estimated at about 30 per cent (www.icco.org, 2007). In West Africa, it ranges from 10 to 80 per cent (10 to 30 per cent in Côte d’Ivoire, 30 to 50 per cent in Ghana and 50 to 80 per cent in Cameroon). Ghana’s cocoa growers are unable to obtain adequate levels of necessary inputs. They tend to be available in the Ghanaian market, but they are not affordably priced. The Government removed its input subsidies about four years ago following the restructuring of the cocoa sector as suggested by the World Bank (ASI, 2004). In this research, the inequality problem is considered as a core problem in the cocoa channel.

2.3.3 Ecological Sustainability
The characteristics of cocoa agriculture provide good opportunities for biodiversity and sustainable land-use. This is commonly recognized (for example: IITA, 2004) and there is little trouble finding the agro-forestry method that can be called ecologically sustainable (Pearce and Schneider, 2001). This involves shade grown cocoa trees, fertilised by organic waste from the trees above and animal dung.
Problems arise when practices are deviated from this method, to give way for monoculture and intensification of the production. This happens mainly on (large) plantations or monoculture areas and on some small-scale farms. (Primal) forest areas are cleared for the plantations, resulting in big biodiversity losses. The crops become more susceptible to pests and diseases due to the monoculture method, therefore more pesticide use occurs. The intensive land use results in soil degradation. The overall lifetime of these systems is much shorter than those cultivated under traditional smallholder regimes because the soil gets depleted. The consequence is a continuing and accumulating deforestation. The ecological problems concerning cocoa growing have been attributed mainly to a monoculture large-scale plantation method of agro–forestry (www.icco.org/, 2006).

Another problem arises when fumigation with methyl bromide or phospine is applied, to prevent moths and mould on the cocoa beans during transports. The UNEP Montreal Protocol concerning ozone layer depletion prohibits Methyl Bromide use. The enforcement of the Protocol on this matter is however not sufficient to prevent the gas from being used. Alternatives have been developed in a comprehensive research for food commodities (Bell et.al., 2003), that involve heating/cooling, CO2 use and altered transporting methods.

2.4 Conclusion

In this Chapter, the global Cocoa Channel is examined. In section 2.1 one can find the cocoa producing countries. Although this concerns many countries, the largest share is produced in West Africa, more specific Ivory Coast, accounting for about 40 % of the world production, Ghana, Nigeria. Indonesia is also a big producer of cocoa beans.

Concerning cocoa, the Netherlands is an unexpectedly big actor. Stemming from historical roots it is world leader in processing the beans into semi or half finished products and has Amsterdam as the world’s largest transit port for cocoa. This channel is not free of problems. In section 2.3 one could read about the various Sustainability Problems the channel faces. Many problems can be traced to economical disharmony in the channel. For farmers it is difficult to obtain a sustainable income from cocoa production, due to fluctuating world market prices, crop loss due to pests and diseases and not having access to the latest agricultural methods. Stemming from the 90’s the attention on the subject of child labour in the channel has grown. This is especially worrying for West Africa, where the rumours in the world media have started.

Ecologically, the chain is not free of problems, although cocoa is potentially a very environmentally friendly commodity. Problems arise when is deviated from traditional shade grown, sharecropping methods. The problems are related to pesticide use, land erosion, deforestation, and bad fumigation practices.
The research object of the central question is business behaviour. How does business behaviour relate to and how can it be examined from a wider context?
In sociological tradition, society is commonly divided into three dimensions or sectors. These sectors are the political power (state), market and civil society. The relationships between these three sectors of society have changed rapidly in Europe in the past century. Important notions in this respect are power, resources and responsibility (de Geer, 2004). These notions are discussed in more detail in section 3.2 about factors that influence business behaviour.
In the 20th century, companies became to dominate the state in certain countries, while in other countries the reverse was practice. In the late 20th century, in what is often named globalisation, the process of accumulation of power and resources by companies continued, be it that the developments seemed to accelerate. Today, transnational corporations (TNCs) have such (financial) resources that they virtually have more capacities than many nation states have and the presence of TNCs, their products, advertising and structuring of trade dominates society life around the world. This makes an examination of businesses’ behaviour all the more interesting. What responsibility do they take concerning making the cocoa chain more sustainable in relation to their power and resources?

In this Chapter the elements from the central question of this research will be clarified and made operational. This is done chiefly by an analytical framework based on various literature sources, which is introduced in section 3.1.
In the analytical framework, it is made clear that certain actors and factors influence business behaviour. The framework combines the information from various literature sources about business behaviour, greening supply chains, sustainable business practices and Corporate Social Responsibility.

### 3.1 Analytical Framework

In order to obtain an answer on the central question of this research, the central concepts are to be defined. Furthermore, contemporary research needs to be examined on existing knowledge that can be used to answer the question.
In this section the analytical model of this research is explained. The model can be found below as Figure 4. In it one can see one the right the research object: the
behaviour of cocoa and chocolate businesses. Certain actors and factors expectedly influence the behaviour. A division has been made between internal factors, depicted as ‘internal characteristics’ (of a company) and external factors. The external factors are subdivided into the different sectors in society and chain-related factors.

In the first section 3.1.1, business behaviour, the central object of research is discussed in a historical context. This is done because the companies involved have historical roots in the Netherlands (see Chapter 1). Therefore it is important to look into the cultural and historical setting in which these companies have developed. From this analysis, factors and actors that influence the cocoa and chocolate companies’ behaviour are determined.

Secondly contemporary research on business behaviour and CSR is discussed in section 3.1.2. From this analysis too, factors and actors of influence on the behaviour are determined. The analytical framework, which depicts the actors and factors, forms the base for the discussion of existing theories.

Figure 4: Analytical framework: actors and factors explaining business behaviour.

3.1.1 External factors

In this section, the external factors from the analytical framework are explained. This is done primary by looking at business behaviour in a historical context.

In the pre-Industrial era there was a tradition of distrust of economic life and moneymaking activity. Therefore the keeping apart of political power and economic activity was fundamental to the idea of different estates in society. Hereby it was attempted to keep decision-making power apart from business. However, patriarchal tradition that is typical for the European context implied that when a businessperson had gained resources, he was expected to give to the poor and contribute to the benefit of his town (de Geer, 2004). Hence, the traditional view on “good” business practices is to be placed in the philanthropical initiatives. A view that is still present in the business sector in the US. In this research on business behaviour, philanthropy will therefore considered (a weak form of) CSR.
As the Industrial era put societies in a position where social problems had risen that weren’t possible to solve within the patriarchal way, in most industrialised countries comprehensive and ambitious welfare programs were implemented. This newly taken state responsibility meant the allocation of resources administered by the state. The principle rule is that responsibility grows when power and resources grow (de Geer, 2004). But here one can see that the responsibilities and power of business and state could no longer be separate from each other and a tradition of cooperation between state and market begins.

“The State” in this context should be defined more elaborate, because it concerns governments of production countries as well as the Dutch government. Legislation of both parties, as well as EU legislation is considered relevant in this research. Governmental influence on companies specifically applicable to the cocoa channel is organised in the ICCO (see section 2.1.5) in which both mentioned governments are represented.

Contemporary initiatives of the Dutch government concerning improving the sustainability of business behaviour are discussed in section 2.2.3. It is not sufficient to only consider legislation as an influencing factor. The Dutch government also is a member of the ICCO, and has developed instruments for CSR. The influence of these state factors on business behaviour is to be investigated. In this respect it has to be mentioned that civil society sector also gained new responsibilities and often power, in NGOs, and more recently the (world) media. This sector is also expected to influence the cocoa and chocolate business’ behaviour today. Therefore labour and trade unions, NGOs and the media are incorporated in the analytical model as external influences.

The ongoing processes of globalisation have brought challenges for nation-states, who see their authority threatened by TNCs and international NGOs. From below, the position of states is effected by a newly defined individualism that prominently recognises the citizen as bearer of rights, independent from religious or national background. Citizens have organised themselves in consumer groups and NGOs have emerged. They put businesses under pressure to take responsibility for sustainability problems. Responsibilities for e.g. transboundary environmental problems but also for issues related to the international market and human rights are more and more dealt with by international bodies; the EU, the UN, the World Bank etcetera. Processes on the world market, consumers, civil society and International institutional factors are incorporated into the analytical framework.

Globalisation has brought challenges for business too. As consumers become more and more critical towards the actions of companies, this sector has become more occupied with the question how to use their power to show the public that they are indeed responsible, taking care not to obtain image problems. The questions that have to be answered in the new challenge have to do with the consistently conflicting interests between economic reasoning and social and ecological dilemmas.

Resuming on the historical context of business behaviour, one can see a shift taking place in the past century in the vision on responsibility for global environmental problems and social malpractice. Philanthropy alone is not good enough anymore. It is defendable that there are indeed large corporations that have exceedingly accumulated power and resources, making them more powerful than governments. An important notion is the perception of external actors of business responsibility and
how this perception is translated into imperatives for businesses. In Chapter 4, imperatives are investigated. First, internal characteristics from the analytical model are explained.

3.1.2 Internal characteristics and chain characteristics

In this Section, internal characteristics of companies (Figure 4) that expectedly influence the businesses behaviour are explained. Also the chain characteristics with an expected influence will be explained. Both are derived from contemporary research on CSR and business behaviour.

Cramer has written several articles and a book about CSR in the Netherlands (for example: Cramer, 2004 and Cramer et.al., 2005). She has participated as a researcher in the MVO Nederland-program called “Duurzaam ondernemen in internationale context” (CSR in international context). In this program, the efforts of twenty Dutch companies in the implementation of CSR were followed. A step-by-step plan was offered as a starting point for the companies. Step one consisted of a zero-assessment: What does the company already do; how does it perform currently on CSR? Step two was to involve a variety of people within the organisation, asking them for specific information and thereby making them conscious that their work is linked to CSR. Step three, finally, involved the definition of concrete actions that can improve the present performance.

These steps roughly overlap with other CSR implementation tools, such as the Plan-Do-Check cycle in ISO 14001 (described in Section 3.2.3) and the system of corporate responsibility of Wilenius (2005). It is deemed important to keep in mind that there are apparently succeeding steps of embeddedness of CSR into a company structure, or, as Cramer states: ”in the hearts and minds of every member of the company.” (Cramer et.al., 2004)

Internal characteristics of the company that revert to the notion of embeddedness are: What vision/philosophy does the company (management) express? Is the management motivated to take action? What is the mentality of the employees? What level of implementation of CSR has been achieved? CSR is defined more precisely in Chapter 4.

From the research on the program, one conclusion was that all companies have spent time and effort to define CSR. The first step for all companies was to ‘make sense of CSR’ which is no wonder, seeing the broadness of the concept. To make sense businesses make use of words and actions. Language is important; often a company has a collectively understood vocabulary as part of the company culture. The change that CSR implies has to be linguistically understood.

CSR is a buzzword, but making sense of the concept in a specific organisational context is a process that takes time. A company can only gradually develop a view of CSR, giving it meaning to all members. The meaning should provide (implicit) arguments and (boundary) values to be able to be adopted by every member of the company (Cramer et.al., 2004).

The following internal characteristics are expected to influence the actions of a company: (CSR in) Company Policy; Environmental Management System (EMS); Chain Management part of the company policy? An EMS, part of ISO14001 and Chain Management are two activities that a company can adopt in their business behaviour that are expected to have an influence on the companies’ behaviour.
Vermeulen and Ras (2005) have identified methods, tools and barriers for the greening of supply chains. Greening in this sense means enhancing the environmental performance of a company. The few reported cases have shown experienced barriers by companies. These are: motivation, knowledge and expertise, costs and benefits, power, trust and continuity of supplier relations, anonymous market, perception of consumer demand, lack of political support and institutional barriers in international trade. They partly overlap with factors that have been identified before (motivation and power). The other possible barriers are adopted into the analytical model. They are expected to be influencing factors on CSR as well as on greening products chains, mainly because chain management is quite an important aspect of CSR specifically in the cocoa channel.

Knowledge and expertise is a factor already referred to in the analytical model. It refers to the numerous initiatives that exist concerning improving sustainability. Vermeulen and Ras however refer to information about cleaner production techniques and material flows. This is deemed another kind of information to base decisions on. In this research, the more technical information meant by the authors has been delimited to the factors: ‘information about best practices’ and ‘product characteristics’.

In her identification of ‘potential sustainability indicators’ for the cocoa chain in Columbia, Triana (2003) has identified certain chain characteristics that may influence the sustainability of the chain. Although they are not specifically determined for the businesses in the chain by Triana, they can be expected to have an influence on business behaviour. Due to lack of organisational capacity on farmer level, farmers miss out on economic revenue on social benefits. Triana therefore argues for improvement of the level of organisation, which should prioritise transparency in the chain. Lack of transparency and institutional barriers can be expected to hamper initiatives of companies to improve the sustainability of the cocoa channel. Therefore, they have been adopted into the analytical model.

### 3.2 Conclusion

Contemporary research and placing business behaviour in a historical context have accumulated a number of actors and factors that are expected to influence companies’ behaviour. There are internal characteristics of a company that are relevant to this, and external actors and factors. Empirical research on the Dutch cocoa and chocolate channel will reveal if the factors have an influence in practice, and to what extent. But first, more attention should be paid to exactly what business behaviour is examined; the definition of Corporate Social Responsibility. This is done in the next Chapter.
Part of the central question of this research is the extent to which Dutch companies have made efforts to make the global cocoa chain more sustainable. It is therefore, that “business behaviour”, a central element of this research, should also be defined in terms of sustainable business practices. In order to define it more precisely, the choice is made to delimit sustainable business practices to Corporate Social Responsibility (CSR). The reason for this choice is that CSR can provide an extensive overview of issues that need to be taken in account when looking at sustainable business practices. Being a broad concept as it is, CSR needs more specification. How can one measure it and how does one find indicators for it?

The term ‘corporate responsibility’ dates back to a time before the Earth Summit, held in 1992 in Rio Janeiro. From the beginning, the economic and environmental dimensions of sustainability were at the top of the agenda, up until the middle of the 1990s. At that time, social issues came to the forefront. For instance, Nike was accused of the use and misuse of child labour in developing countries. On the environmental side, Shell was heavily attacked by NGOs for trying to dump an oilrig in the North Atlantic. Shell was also accused of supporting the oppressive regime of Nigeria. Enormous publicity around these cases pushed companies to reconsider their role as public citizens, a perspective that was alien to many transnational corporations at that time (Wilenius, 2005). The cocoa channel is no exception in this development. Scandals in the world media about forced child labour and trafficking of children have drawn much attention (see Chapter 1).

The scope of CSR becomes hard to define if simply is stated that it is concerned with economic, social and environmental aspects of sustainability. Therefore, the concept is narrowed down so that it covers three dimensions of corporate action: its economic performance, social accountability and environmental management. With respect to economic performance, responsibility can mean steady income for owners, reliable accountancy systems, increasing staff, donations for outside causes and paid taxes. Social accountability can imply issues like working conditions, amount of in-house education, or social quality control of purchases. With environmental management, we may refer to such issues as electricity consumption, CO2 emissions, or the amount of material flows inside corporations (Wilenius, 2005).

4.1 *Overlaps and gaps*

In this Section a selection of organisational possibilities that companies have to perform more sustainable is given. This is done to obtain a thorough overview of claims that are made from the international community towards businesses concerning how they can perform more sustainable. A model of the World Business Council on Sustainable Development (WBCSD) serves as a structuring tool for this Chapter. From a report on Strategic challenges for business in the use of corporate responsibility codes, standards, and frameworks (AccountAbility and WBCSD, 2004) the following Figure was taken.
Figure 4: dimensions and process steps covered by standards. (from AccountAbility and WBCSD, 2004)

Figure 4 depicts the dimensions of sustainability and the process steps that are covered by certain standards. On the Y-axis, the three dimensions of sustainability (the triple bottom line) are depicted. On the X-axis, one can see four process steps of business management: policy, accounting, assurance and reporting. This is the WBCSD’s (World Business Council on Sustainable Development) way of classifying the succeeding steps businesses can take in implementing sustainable business practices. In this report, a slightly different classification is made, which is used in the interview questions, described in Chapter 5.

Figure 4 gives a simple view on overlaps and gaps that exist. One can see for example that in Accounting and Assurance the full scale of dimensions is covered. In the policy process, one sees most gaps, especially concerning economic sustainability.

The model is used by first selecting various international standards in a manner in which the three dimensions of sustainability are covered. Furthermore, the various process steps of business management, which are depicted in the model, should be more or less covered by the selection of standards. The claims that these standards make towards companies are analysed and structured in Section 4.4.

The standard that consumes the largest part of Figure 1 is Sarbanes-Oxley. The AA 1000 Assurance Standard, SA 8000 and the Dow Jones Sustainability Index (DJSI) overlap totally with this very broad standard.

ISO 14001 and SA8000 have been selected for examination, because Sarbanes-Oxley applies only to the USA. They can represent the accounting and assuring sector of Figure 1. The OECD Guidelines for Multi National Enterprises (MNEs) and Global Compact will also be examined because they cover largely the three dimensions of sustainability in the policy area. The Global Reporting Initiative (GRI) is the crowning piece, covering the reporting Section for all three dimensions.

To sum up; the standards that will be examined in the succeeding Sections are Global Compact, ISO 14001, SA 8000, OECD Guidelines for MNEs and GRI. After this, more attention is paid to chain management in Section 3.2.8.

4.2 Global Compact

The Global Compact Programme is an initiative by former UN Secretary- General Kofi Anan. Any company may use this accounting model to create their own system of measuring corporate responsibility “so that the Global Compact and its principles become part of strategy, culture and day-to-day operations” (Global Compact Brochure, 2004, p.3).
The Programme has proven to create a network comprised of business parties and UN Agencies, labour and civil society. It seeks to advance responsible corporate citizenship and it does so by posing ten principles concerning all three dimensions of sustainability. The dimensions are structured under different headings; human rights; labour; environment and anti-corruption. The ten principles cover the same issues posed in the OECD Guidelines for MNEs (see Section 3.2.5), but they are far less comprehensive.

The ten Principles concerned are:
Principle 1  Businesses should support and respect the protection of international human rights within their sphere of influence; and
Principle 2  Make sure they are not complicit in human rights abuses.
Principle 3  Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4  The elimination of all forms of forced and compulsory labour;
Principle 5  The effective abolition of child labour; and
Principle 6  The elimination of discrimination in respect of employment and occupation.
Principle 7  Businesses should support a precautionary approach to environmental challenges;
Principle 8  Undertake initiatives to promote greater environmental responsibility; and
Principle 9  Encourage the development and diffusion of environmentally friendly technologies.
Principle 10  Businesses should work against corruption in all its forms, including extortion and bribery.

Since its official launch on 26 July 2000, the initiative has now grown to over 3,800 participants, including over 2,900 businesses in 100 countries around the world, of which only one is a cocoa company, based in the US (www.unglobalcompact.org/, 2007).

4.3 ISO 14001

International Standard Organisation (ISO) 14001 has the title “Environmental management systems-Requirements with guidance for use”. It is centred on the concept Environmental Management System (EMS) and it provides the requirements to fulfil, for organizations to certify themselves “ISO 14001”.

An EMS involves planning, implementing, checking and continually improving environmental policy that is to be designed by the organization itself. ISO 14001 provides precise requirements on these different steps.

According to the ISO 14001 itself, EMS is part of an organization's management system used to develop and implement its environmental policy and manage its environmental aspects. A management system, then, is a set of interrelated elements used to establish policy and objectives and to achieve those objectives. It also includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources. (ISO14001, 2004, p.2)

On the whole, the requirements for the EMS focus on:
a) its appropriateness to the nature, scale and environmental impacts of the company’s activities, products and services,
b) the inclusion of a commitment to continual improvement and prevention of pollution,
c) the inclusion of a commitment to comply with applicable legal requirements and with other requirements to which the organization subscribes which relate to its environmental aspects,
d) the provision of a framework for setting and reviewing environmental objectives and targets,
e) documentation, implementation and maintenance,
f) communication to all persons working for or on behalf of the organization, and
g) availability to the public.

Although not very specific, references are made to chain management. It is formulated like this:
“Consideration should be given to (…) environmental performance and practices of contractors and suppliers” but as also stated, the “control and influence over the environmental aspects of a product supplied to an organization can vary significantly” (ISO14001, 2004, p. 12).
ISO 14001 can be seen as an expedient to structure and improve an organisation’s environmental performance. It is a voluntary standard, which can positively influence to a company’s public image. Other ISOs, for example concerning safety are considered as indispensable part of a company’s management system, especially in certain business sectors that involve hazardous work. For this particular ISO, this is not (yet) the case.
At this moment in the Netherlands, there are 1165 organisations with an ISO 14001 certification, of which two chocolate products manufacturer (Delicia B.V. and de Ruyter B.V.) and one trading/processing company (Gerkens B.V.) (www.sccm.nl, 2007).

4.4 SA 8000

Social Accountability (SA) 8000 is a voluntary standard that focuses on the social dimension of sustainable business practices. The SA 8000 was developed by the Council on Economic Priorities Accreditation Agency (CEPAA), a subsidiary of the US based NGO Council on Economic Priorities (Oldenziel, 2000). It refers to as many as ten ILO Conventions concerning workers rights and safety, forced labour, child labour and discrimination of women and disabled persons. Next to that it refers to The Universal Declaration of Human Rights, The United Nations Convention on the Rights of the Child, The United Nations Convention to Eliminate All Forms of Discrimination Against Women. SA 8000 refers to these documents in such a way, that it is expected of a company that wants to participate to respect the principles of all documents. This is next to the expectation to comply with national and other applicable law, other requirements to which the company has subscribed, and the standard itself.

SA 8000 poses requirements for social policy in the management system on the following subjects:

a) Child labour
b) Forced labour
c) Health & Safety
d) Freedom of association & the right to collective bargaining
e) Discrimination
f) Disciplinary practices
g) Working hours, and
h) Remuneration

The management system intended to implement these requirements, needs to comply with instructions on the following organisational subjects: Policy; Management Review; Company Representatives; Planning & Implementation; the Control of Suppliers, Subcontractors & Sub suppliers.
The latest mentioned Section is the most interesting for this research because social problems that are investigated occur exclusively in the producer countries. On this matter the requirements are:
a) Procedures for selecting suppliers and subcontractors, based on their ability to comply with the standard.
b) Records are maintained of the commitment of suppliers, subcontractors and sub suppliers on:
   -the standard
   -participation on monitoring activities
   -prompt implementation of remedial and corrective action
   -informing the company of business relationships with other suppliers, subcontractors and sub suppliers
c) Evidence is maintained on if the requirements are met.
d) Home workers:
   -purchasing contract require minimum criteria based on the standard.
   -ensured is that the requirements are understood and implemented
   -comprehensive records are maintained on home workers.
   -monitoring takes place to ensure compliance with the contracts.

Furthermore SA 8000 requires, concerning this issue, to investigate concerns posed by third parties such as NGOs, implement adequate remedial and corrective measures in case of non-compliance, communicate regularly on the performance on the social policy with all interested parties and to provide information on request. For a more thorough insight in the requirements on the different sub-items, please see Appendix 2.

The design of SA 8000 reminds of ISO 14001 in the sense that one dimension of sustainability is defined in sub-items, which are prepared into requirements to be met. It is a surveyable whole, which may contribute to the transparency of a company, and even of the chain, considering the requirements on Control on Suppliers, etc.

4.5 OECD Guidelines for Multinational Enterprises

The OECD Guidelines has multiple chapters concerning issues that are not all relevant for this research. In the attempt to categorize the claims that are made on enterprises in order to perform more sustainable however, not all chapters have been used. In Appendix 3 an extensive overview can be found of the guidelines concerning the matters that have been selected as relevant for this research. These concern the three dimensions of sustainability.
The starting principle of the OECD Guidelines is that in all activities, Multinational Enterprises (MNEs) should respect the framework of laws, regulations and administrative practices in the countries in which they operate. Furthermore it gives a set of rules (do and don’ts) that need to be followed. Officially, all businesses in the OECD are expected to comply with these rules, also when they perform abroad. However, the guidelines are voluntary, there is no sanction system or controlling. The National Contact Points (NCPs) do have a task in monitoring, but the Dutch NCP is not very active (see Section 2.2.4). There is no control from the state and there are no sanctions if non-compliance occurs. Another disadvantage of this standard is that it only applies to companies based in the OECD countries. But, according to Bart Slob of SOMO (Stichting Onderzoek Multinationale Ondernemingen/ Research on MNOs), almost 90% of all multinationals are based there (personal communication with B. Slob, 2007).

4.6 Global Reporting Initiative

The Global Reporting Initiative (GRI) is a voluntary system for outward communication on the company’s sustainable business practices. How and what to report and how to communicate to public and stakeholders are main questions that intend to be answered by GRI. It provides guidance and principles for the Sustainable Report’s content, quality and scope. Furthermore it gives standard disclosures on the profile of the report, management approach and performance indicators. The reporting principles refer to sustainability topics raised by stakeholders, topics and challenges brought forward in sector reports by peers, law, regulations and agreements, reasonably estimable sustainability impacts, risks or opportunities (e.g., global warming, HIV-AIDS, poverty) identified through sound investigation by people or bodies with recognized expertise. Furthermore, a company should present its understanding, objectives and measures concerning sustainable development, its performance in reference to sectoral, local, regional and/or global publications in a manner that “reflects the magnitude of the efforts in the appropriate geographical context” (GRI, 2006, p.12). The report should also describe how sustainability topics relate to long-term organizational strategy, risks, and opportunities, including supply-chain topics.

There is some criticism on the GRI. Wilenius (2005) states: “That GRI has no national characteristics means, however, that it has to be customised for each company (and country) before it can be properly used. Thus, while GRI has certainly been an important step in providing a crucial platform for companies to approach corporate responsibility, in its present form it is not precise or progressive enough to provide clear-cut frameworks or procedures for companies to meet the challenge. Moreover, by hiding behind the relatively loose standards of GRI, a company may try to avoid making real changes in its activities. This all depends on the eventual motives of the company.“

4.7 Chain Management

In some standards, a reference is made towards chain management. An example is ISO 14001 that poses the preference to work towards certification of all locations of
the business. In SA 8000 there is a separate Section about expressing expectations on social issues to suppliers and sub-suppliers. Because these references were not deemed to be accurate enough to measure the degree of chain responsibility of a company, MVO Nederland (CSR the Netherlands) has been consulted. On their elaborate website, one Section is dedicated to CSR International, and provides a step-by-step plan to work towards chain responsibility (http://www.mvonederland.nl/mvointernationaal/eisentoeleveranciers/stappenplan.html). The steps in this plan are used in the interview questions about Chain Management.

4.8 Imperatives

In the previous Sections, various CSR instruments have been analysed. The findings concerning the imperatives that these instruments set are depicted in Table 4.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Global compact</th>
<th>ISO 14001</th>
<th>SA 8000</th>
<th>OECD Guidelines</th>
<th>GRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Forced labour</td>
<td>X</td>
<td>X</td>
<td>(X)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collective bargaining &amp; association</td>
<td>X</td>
<td></td>
<td></td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Working hours &amp; remuneration</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child labour</td>
<td>X</td>
<td>X</td>
<td></td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Corruption</td>
<td>X</td>
<td>(X)</td>
<td>(X)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discrimination</td>
<td>X</td>
<td>X</td>
<td></td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Environmental responsibility</td>
<td>X</td>
<td>X</td>
<td></td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Env. friendly technology</td>
<td>X</td>
<td>X</td>
<td></td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Chain management</td>
<td>X</td>
<td>X</td>
<td></td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Communication to 3rd parties</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Management responsible for CSR</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Management system</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Standards for sub-suppliers</td>
<td>(X)</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop knowledge/expertise</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>React on publications concerning SD issues</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Imperatives derived from CSR instruments

In Table 4, imperatives derived from the CSR instruments are organised in three groups of issues; Social/Economical issues, Ecological issues and Organisational issues. For the Chain Management issue, none of these groups applied. For each CSR instrument, an X represents the applicable issues.

4.9 Conclusion

Resuming from the previous Chapter, what strikes the attention is that the most of the standards are voluntary. Even compliance to the OECD Guidelines is more or less loosely dealt with, considering that its main controlling organ, the National Contact Point, seems to be inactive.
From the analysis of the various instruments of CSR in this Chapter we can see a list of imperatives emerge. These are presented in Table 4. It can be expected that companies that want to apply CSR can find enough guidance and possibilities in these instruments. However, without empirical evidence, such a conclusion is too soon. Therefore, an appropriate method of measuring the aspects identified in the past two Chapters should be formulated.

The results of this Chapter will be used to measure to what extent companies have taken action to improve the sustainability of the global cocoa channel. How this is done is explained in the next Chapter.
5 Method

In this Chapter, the way in which the central question of this research will be answered is elaborated. First, it is divided into three research questions, in Section 5.2. The methodology with which answers will be derived on these questions is explained in Section 5.2. Finally, in Section 5.3 central elements from the central question are made operational in Section 5.3.

5.1 Questions

The objective of this research is to find out what actors in the Dutch cocoa channel actually have done to make the cocoa channel more sustainable. In other words, this means to find out which sustainable practices businesses have developed. The second objective is more fundamental; it is to explain why the actors have developed certain business practices. What actors and what factors can be determined to have influenced the behaviour of the businesses?

The central question of this research is:

To what extent have actions concerning improving sustainability in the international cocoa channel been taken by businesses in the Dutch cocoa channel in the time period 2001-2006, and to what extent has this business behaviour been influenced by certain internal and external actors and factors?

The reason for the time frame is twofold. Prior to 2001 there was a lot of media attention on the global cocoa channel concerning bad business practices in production countries. Companies in the Western countries were in the spotlight: What responsibility were they going to take? The second reason is that institutionally, there were interesting agreements made in 2001; the ICA and the Harkin-Engel Protocol that are mentioned in a previous Section about institutional context. The reason that the Dutch channel will be investigated at is that this channel is quite comprehensive. For one, The Dutch processing industry produces about the same amount of semi-products as the whole US, making them the top two processors of the world. There is an extensive number of cocoa and chocolate related companies present in the Netherlands. The country has a history in cocoa processing and it has become an important and substantial part of the national economy.

Research Questions

The central question of this research is presented in the previous Section. Now the research questions are presented.

1 What developments concerning improving sustainability can be identified in the international cocoa channel and what are the consequences/imperatives for companies?

II What is the actual behaviour of businesses in the Dutch side of the cocoa channel concerning improving sustainability in the time period 2001-2006?

III To what extent do factors identified in theory explain this behaviour?
These questions harbour to an important extent the contents of the following Chapters. Question I is answered in Chapter 6; questions II and III in Chapter 7. The methods with which the questions are answered are described in the next Sections.

5.2 Methodology - Part 1
The questions posed above have led to a methodology that is described in this Section.
The research is comprised of two parts; first, the developments in the global cocoa channel since 2001 are to be sketched. The first research question covers what needs to be found out in this regard. Secondly, the behaviour of Dutch companies in the channel concerning improving sustainability needs to be researched and explained (Questions II and III). In this Section, Part one is described, for Part two, see Section 5.3.

Describing developments in the global cocoa channel
The first method used is screening the various sources on the Internet. WebPages of relevant organisations such as ICCO and ECA are consulted carefully and regularly for information about developments since 2001 and recent developments. Media reports about relevant activities and developments are gathered via Internet. Access is gained to foreign and national newspapers such as Volkskrant, Trouw, NRC Handelsblad, the London Times, the New York Times etc, as well as other informative magazines and newsgroups such as the magazine of the Ministry of foreign affairs Internationale Samenwerking, Food Production Daily.com, AGF.nl; the Dutch vegetables and fruits organisation website.
The sources described above are but a fraction of the internet sources that have contributed significantly in the accumulation of information and knowledge about the cocoa and chocolate chain, the actual problems and developments in the chain. Furthermore, the Internet has proven to be useful in gaining information about the companies that were interviewed in a latter part of the research.

5.3 Part 2: Empirical research
In Part 2 business behaviour is analysed on the level of Dutch cocoa and chocolate companies. Furthermore, explanations for this behaviour are sought. The identified organisational solutions for sustainability problems (see Chapter 4), and barriers and push factors to implement such solutions (see Chapter 3) are to be tested.
The empirical research deserves a good preparation. Therefore in the next Section the methodology concerned is worked out more elaborately. In Section 5.3.1 the development of the interview questions is described. Section 5.3.2 explains how respondents are selected and Section 5.3.3 how the interviews are set up. Finally, Section 5.3.4 describes how the gathered data will be analysed.

5.3.1 Designing the interview questions
The analysis described in the previous Section formed the base for the second part of the research, the empirical research. To achieve an answer to the research question actors from the cocoa and chocolate sector in the Netherlands were to be consulted. The developments in the global cocoa and chocolate channel have inevitably had impacts on the private actors in the Netherlands. Therefore, knowledge about and
action upon these sector specific developments is also tested in the interviews. Internal and external influencing factors concerning implementation of CSR were also tested with the questions. The complete interview questions list including excel sheet can be found in Appendix 4.

5.3.2 Selection of respondents

The selection of respondents started with a consultation of the Dutch Kamer van Koophandel (Chamber of Commerce) website. Here a list was made from all active companies in the cocoa and chocolate sectors (2 separate sectors). This provided the names and city of facility/establishment of 162 Dutch companies.

It was chosen to approach all companies located in the processors link in the chain, due to the expectation that the big companies have a significant amount of power to make changes in the chain. The activities of most of the processing companies involve, among others the trade in beans. Therefore, they are expected to be able to be informed about the working conditions and to set standards on environmental and social aspects. However some processing companies have outsourced the trade (for example ADM has outsourced to EDF Man). Another expectation was that bigger companies are more urged to take action concerning CSR, because they experience more public attention.

To make a random selection of the presented Dutch companies, a random list was made by an online list randomiser (http://www.random.org/lists/, 26 April 2007). From this list, the first 10 were approached. In Chapter 2 Figure 1 depicts the separate links in the cocoa chain. In the final list of respondents, the place the companies have concerning their activities is made clear (see Section 7.1).

In the first selection companies situated in the far outreaches of the Netherlands were excluded from the list due to practical reasoning (travelling hours for the interviews). This was done by drawing a circle on a map of the Netherlands with a radius of approximately 70 kilometres. Excluded also were the companies of which no address information could be found. In the end, 31 companies have been approached, of which the names can be found in Appendix 5.

In Table 5 below, one can see the results from the selection. One can see, that during the first selection, twelve companies dropped off. They were non applicable for the research, due to the reason that they were not related to cocoa or chocolate.

<table>
<thead>
<tr>
<th>Number of companies:</th>
<th>Chamber of Commerce</th>
<th>After 1st selection</th>
<th>Approached</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>162</td>
<td>12 cocoa and 150 chocolate related companies</td>
<td>112 declined, 50 remained</td>
<td>19 dropped off, 31 remained</td>
<td>Interviews: 9  Information via telephone: 3  Policy document: 1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason for decline:</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No info: 22</td>
<td>112</td>
</tr>
<tr>
<td>Distance: 78</td>
<td>19 dropped off</td>
</tr>
<tr>
<td>Other: 12</td>
<td>31 remained</td>
</tr>
</tbody>
</table>

Table 5: Information about company selection
From the 162 companies, 12 had activities in the cocoa-processing field, the remaining 150 were classified in “chocolate” by the Chamber of Commerce. In Table 5, one can see that from the 31 approached companies, 19 fell off. These companies were non applicable for research, they declared so themselves.

The primary objective was to interview actors from all links in the chain. More than once, respondents who were contacted by telephone after the letter was sent, made it clear that for a chocolate manufacturing company the subjects mentioned were far fetched. One respondent from a small scale manufacturing company, who is also ambassador at Callebaut (a large cocoa processor and chocolate producer in Belgium), also made this point. He urged only to consult the ‘chocolate industry’ meaning the processors. In his experience as ambassador, he found that even the big manufacturers didn’t occupy themselves with the social and environmental aspects of the origin of their products (personal contact, 11 May 2007). In later telephone contacts, contact persons from other chocolate production companies also gave notice that they didn’t find the subjects mentioned in the letter sent to them applicable to their business practices. In three telephone contacts, the persons did give some information about their reasoning on sustainability issues. These will be discussed in Chapter 7.

All companies were contacted primary by mail. A letter was sent to all companies, on personal note, explaining what the research was about. After a few days the person was contacted, asked if the letter was read, and if he/she would want to participate in the research. Then an appointment was made for a personal interview. Eventually, there were 9 interviews taken. One company sent a policy report per mail.

All the aspects of the analytical framework presented in Chapter 3 were used to design the interview questions. In Appendix 4 one can find the final list of questions, as used in the interviews.

5.3.3 Interview set-up

It was deemed wise to let the respondents first talk about themselves and their company according to open questions. In this initial talk, respondents could ask about what the interview was going to be about. Therefore, first questions were asked to gain more insight in the company structure, its activities and place in the market, and in the cocoa chain as seen in the simplified model (see Figure 1 in Section 2.1.1). After that, open questions about sustainable business behaviour were asked (see questions under headings II and III in Appendix x) in order to let the respondents explain their own perception on CSR. After this, a more systematic approach was taken. Questions specific about Chain Management were asked. These questions (see heading IV in Appendix 4) were designed according to the issues derived from MVO Nederland (see Section 4.7). Furthermore, the companies were asked about possible collaborations with other companies, NGOs, government and research institutes concerning Chain Management. The imperatives gained from CSR instruments were measured in the method described in the previous Section (5.4.1).

After a conception of the companies’ sustainable business practices has been formed, the influencing factors are to be measured. Knowledge about sector-specific and general sustainability initiatives is tested in multiple-choice questions. Under heading VII, possible barriers are tested in the same manner.
Heading VIII displays questions that are designed to measure to which extent factors and actors have contributed to the actions taken by the company to make the cocoa channel more sustainable. It concerns open questions exacerbated on if the company is addressed by third parties on social and environmental issues, and again, a multiple choice Table in which the (rest of the) list of preliminary determined factors from the analytical model (see Section 3.3) are tested for their significance on the business’ sustainable behaviour.

5.3.4 Analysis of data
The design of the interview questions provides a structure for the analysis of the data gathered. First, general information about the company’ is gathered. After this, information about activities concerning sustainable business practices and CSR was retrieved. Then there are questions testing the influencing factors on and the barriers experienced by the company to implement sustainable business practices. In Chapter 7 the gathered information is presented in this sequence. In the interview questions, there are open questions and multiple-choice questions. From these questions, a qualitative analysis is made. Because there were not enough respondents to make a statistical analysis, the multiple-choice questions were used to gain more in depth insight. Taking a more conversational approach, for example asking why certain questions were difficult to answer, more insight was gained in the reasons by which respondents came to a certain answer, this being possibly a non-reply. The interview time therefore extended from the initially planned hour to 1.5 to 2 hours.

5.4 Making operational of concepts
In this Section, the main concepts of this research are made operational. This has been done in view of the interviews that were to be held in the Dutch Cocoa and Chocolate industry. Therefore, the concepts are made operational in a way that they can be tested in interviews, as questions. The information gathered in Chapter 3 (theoretical framework) and 4 (Defining CSR) forms the base for this Section.

Business behaviour - Level of implementation
To make a more structural measurement of Sustainable business practices possible, Corporate Social Responsibility (CSR) instruments have been examined. From these, a framework of imperatives was derived.

In the analysis of business behaviour, it is assumed that a company has choices in the manner in which to allocate its resources. This can result in different levels of implementation of CSR. In this Section insight is given into the manner in which these levels of implementation are defined. Wilenius (2005), amongst others argues strongly that the motivation for CSR should come from inside the firm (internal values/motivation). Internal motivation will lead to a greater embeddedness of the CSR in the company than external pressures such as a better market share or PR concerns. Cramer also refers to the extent of embeddedness of CSR into the company structure, for example for CSR to surmount beyond philanthropical initiatives (Cramer, 2005-2, see also Section 3.1.2 Internal characteristics and chain characteristics). Therefore a critical attitude towards what companies claim to be doing for sustainability is healthy. It is important to measure the extent of embeddedness of
CSR in the company structure. This embeddedness will be measured according to the extent to which certain elements of CSR are incorporated into the company structure. The imperatives used for measuring the presence of CSR are described in Section 4.8. Figure 5 below is a model depicting five levels of implementation in corporate responsibility. It can be used to measure the level of implementation of CSR in the Dutch businesses.

1. Corporate value processes
   - Values, mission and vision

2. Corporate business strategy
   - Strategic objectives

3. Responsibility policy
   - Key perspectives and policies
   - Key indicators
   - Objectives
   - Organisation

4. Control, management and information systems for responsible operation
   - Environmental management systems
   - Social responsibility management systems
   - Systems for health and safety at work

5. Reporting and communications for responsible operations
   - Annual reporting
   - Applied Global Reporting Initiative (GRI) and sustainability guidelines

Figure 5: A system for corporate Responsibility (Wilienius, 2005)

The model is changed slightly to make it more useful for this research. Step one and two are combined into the first step. Values, missions and vision and the strategic vision of a company are therefore considered step one. After this, in step three in the model, key indicators and organisational measures need to be taken. This implies for a company to gather information specific for the sustainability problems. Gathering information and setting standards is seen in this research as step two in the order of CSR. The designed policy measures need to be implemented. This can be called the core of sustainable business behaviour, in this research step three. Finally, CSR is not complete without adequate controlling mechanism. Internal and external auditing is indispensable, and in this research designated step four.

The four steps described here will be used in the interviews to measure the extent to which CSR has been implemented into the business structure. In the Chapter 4, CSR imperatives were determined. The complete list of interview questions can be found in Appendix 4. Measuring the level of implementation of these CSR imperatives is a
structural way of finding out what the Dutch businesses in the cocoa channel have
done to make the chain more sustainable.
The four steps of policy implementation discussed in this Section are considered
relevant as a measuring instrument to distinguish to what extent a company has
implemented CSR. Therefore, the answering possibilities on the multiple-choice
interview questions on the CSR imperatives are adapted to these steps. For every
imperative, a respondent could choose from six options to the question:
-How are the following issues represented?
  • Not
  • Used in policy
  • Managerial means have been developed (organisatorische maatregelen
    ontwikkeld)
  • Managerial means have been implemented
  • Regular internal audits are performed
  • Regular external audits

5.5 Conclusion
In this Chapter, the methodology of this research is explained. First, the central
question is divided into three research questions. The first question will be answered
in the next Chapter about developments concerning sustainability in the global cocoa
channel. The other two questions will be answered on the basis of empirical research
on Dutch cocoa and chocolate businesses. Their Sustainable Business Practices and
the influence of the determined factors on this behaviour will be tested via interviews.
To test all the aspects of the analytical framework (see Chapter 3) a specific set of
interview questions was designed.
In the previous Chapter, the methodology used to gain answers on the central question was discussed. In this Chapter, an answer is sought to research question I:

What developments concerning improving sustainability can be identified in the international cocoa channel and what are the consequences/imperatives for companies?

In this Chapter first two agreements that have formed the starting point for many of these developments are described in Section 6.1. Both agreements have made a clear-cut appeal on the responsibility of the global cocoa industry’s responsibility concerning sustainable development. (Intersectoral) collaborations that have been started are described after that, in Section 6.2. Research as to how serious the problem actually is, is described in Section 6.2. And finally in Section 6.4 programmes intended to combat the sustainability problems in the cocoa channel are described.

6.1 Agreements

There have been various reactions from the industry to the media reports concerning malpractices on the cocoa plantations. According to the European Cocoa Association (ECA):” The chocolate and cocoa industries have been working for many years with farmers to assist them on safe growing and harvesting practices, integrated pest management and other farming techniques.” (ECA website, 2006-1) Their efforts were coordinated from the summer of 2001 by the Global Industry Group (GIG), of which ECA is a founding member and, through its Members, a major contributor. Despite the efforts that have apparently been made, consumers in the US and the UK, as well as in many other Western countries demanded more attention and responsibility paid to the scandalous practices in West Africa. The renewed attention for the problem of child labour has urged industry and other actors to give the subject more attention. Many of the initiatives take a broader approach, taking into account other sustainability problems as well.

Two agreements deem to be starting points of new developments concerning improving sustainability in the global cocoa channel. The first is the International Cocoa Agreement of 2001; the second is the Harkin-Engel Protocol. Both are described in this Section.

6.1.1 International Cocoa Agreement of 2001

International Cocoa Agreements (ICAs) are designed by International Cocoa Association (ICCO), on which more can be read in Section 2.1.5 about organisations in the cocoa channel. The last ICA, designed in 2001, has excluded economic clauses and put greater emphasis on the objective of a ‘sustainable world cocoa economy’. It also summons its members to encourage the greater participation of the private sector in achieving objectives. On 2 November 2005, four years after the design of ICA 2001, one last ratification by a country made the Agreement definitely enter into force. It was for the first time of more than thirty years of ICAs that an ICA has entered into force.
In this context, there were two incentives: the establishment of a Mandate on a Sustainable World Cocoa Economy and the founding of the Consultative Board on the World Cocoa Economy. The Consultative Board on the World Cocoa Economy represents all sectors of the cocoa economy. These sectors include: associations, national and regional cocoa producer organizations, cocoa exporter organizations, research institutes and any other private institutions with interests in the cocoa economy. Private entities from both Member and non-Member countries are welcome to participate in the work of the Consultative Board. The Board’s task is to collaborate with the private sector to work towards the achievement of the mandate. The mandate of the Consultative Board comprises the matters of economical nature, but also: “Contribute to the development of a sustainable cocoa economy”

On the website, this task is explained: to establish a broadly accepted and supported concept of "sustainable cocoa economy"; to establish the ways and means to measure and to achieve progress towards reaching sustainability. One of the functions of the Consultative Board is to review and make recommendations on the many ongoing and proposed projects within ICCO, on issues such as training on the use of pesticides and fumigation; custom tariffs on imports of semi-finished products and child labour.

6.1.2 The Harkin–Engel Protocol

In the US and the UK, there has been a raise in concern about child labour and malicious labour practices since the 90’s. In 1994, the U.S. Department of Labor released its first series of reports “By the Sweat & Toil of Children”. (http://www.cocoa initiative.org/, 2007) In June 2001 the plight of hundreds of thousands of child slaves toiling in cocoa plantations in West Africa was reported in a series by Knight Ridder, the second-largest newspaper publisher in the US. The report found that some of these children are sold or tricked into slavery. (http://harkin.senate.gov/news.cfm?id=240923, published 2005) Public indignation on this news has contributed to a cooperation of Iowa Senator Tom Harkin and New York Congressman Eliot Engel with the chocolate industry. In 2001, a Protocol to eliminate the worst forms of child labour in the growing and processing of cocoa beans and their derivate products in West Africa, shortly Harkin-Engel Protocol, was signed by various stakeholders from the cocoa-industry.

The industry wide Harkin-Engel Protocol has created binding time-specific tasks for the parties involved. These include:

1- A public statement from the industry, to be witnessed at the ILO, by December 1, 2001 in which the need to end the worst forms of child labour in West Africa and the need to identify positive developmental alternatives for the children removed from this labour are expressed. Also industry has to continually contribute “significant resources” to address the problem.

2- Formation of multisectoral advisory groups, of which one has to be created by October 1, 2001, bearing particular responsibility for the “on-going investigation of labor practices in West Africa.”

3- A broad consultative group with representatives of major stakeholders by December 1, 2001. This group would advise on the formulation of appropriate remedies for the occurrence of the worst forms of child labour.

4- A memorandum of cooperation by May 1, 2002 among the major stakeholders would establish:
   - a joint action program of research, information exchange
- action to enforce “internationally-recognized and mutually agreed upon standards to eliminate the worst forms of child labour
- independent means of monitoring and
- public reporting on compliance with those standards

The Memorandum has indeed been published in May, 2002. In it, the tasks and functioning of the Broad Consultative Group (Point 3) are specified. Also, plans are set up for the Joint Foundation and its governance, as required in point 5 below.

5- By July 1, 2002 industry would establish a joint international foundation to oversee and sustain efforts to eliminate the worst forms of child labour. A Board comprised of industry and other, non-governmental stakeholders would govern this private non-profit foundation. Industry will primarily support the foundation financially. The foundation’s purposes would include field projects and a clearinghouse on best practices to eliminate the worst forms of child labour.

The Foundation has indeed been established by the set date. It is called the International Cocoa Initiative.

6- By July 1, 2005, the industry in partnership with other major stakeholders would develop and implement credible mutually-acceptable, voluntary, industry-wide standards of public certification, consistent with applicable federal law, that cocoa beans and their derivate products have been grown and/or processed without any of the forms of the worst forms of child labour.

(CMA, 2001)

The Protocol was signed, among others, by the US Chocolate Manufacturers Association, the World Cocoa Foundation, the ILO, the NGO Free the Slaves, the National Consumers League and the Child Labour Coalition. It therefore can be denominated as intersectoral partnership.

It may be obvious from the tasks discerned above, that the industry has been attributed a large responsibility in tackling the problem. But this responsibility is shared with the “major stakeholders”, as referred to many times in the Protocol. These are discerned as governments, global industry (comprised of major manufacturers of cocoa and chocolate products as well as other major cocoa users), cocoa producers, organized labour, non-governmental organizations and consumers. A special role and responsibility is attributed to the ILO, whose expertise on the matter is valued. According to the protocol, it “must have … an active role in assessing, monitoring, reporting on, and remedying the worst forms of child labour in the growing and processing of cocoa beans and their derivate products.” (CMA, 2001)

### 6.2 Child Labour

An interim conclusion that can be made, is that a great deal of attention in the cocoa channel has gone to the child labour issue. Now wonder seeing the delicateness and the broad attention it received in the world media. However, it is important to know what we are talking about. What is considered child labour in international conceptions? What is child slavery?

The International Labour Organisation (ILO) is considered to be expert in this area. It states that there are ambivalences in the definitions. A child is a person under 18 years in most countries, but some civil rights for adults only apply from age 21 and up. Considering labour however, it is important to keep in mind that children need to be
protected from hazardous situations and labour that hazards their further development considering education.

In this context, child labour is defined as any economic activity performed by a person under the age of 15 years. Economic activity in this sense means: “employment or work to a level consistent with the fullest physical and mental development “(ILO, 1973).

For children older than 15 in any type of employment or work, child labour is defined as work that prevents children from attending and participating effectively in school or is performed by children under hazardous conditions that place their healthy physical, intellectual, or moral development at risk (ILO, 1973). From recent research in four West-African countries (Cameroon, Côte d'Ivoire, Ghana, and Nigeria), the occurrence of the former was evident. Large amounts of children, often without family-ties to the farmer, are using machetes to clear the fields and applying pesticides, which are both considered hazardous (IITA, 2002). More on this research is told in Section 6.4.

Child slavery as mentioned in the media refers to unpaid work performed by children, often lured away from their parents’ home by false promises of education and paid work. Trafficking of people is related to this form of child labour. This term refers to the illegal transporting of (groups of) people (across borders), with the intention to make profit of/exploit the person relocated (ILO, 2002). It is not certain to which extent this practice applies to the cocoa channel, but there have been media reports claiming so (for example: CBS, 2005).

### 6.3 Cooperation

In Section 6.1 two important agreements have been described. The agreements have led to certain action in the global cocoa industry. The cooperations that have been set up are described in this Section.

#### 6.3.1 World Cocoa Foundation

The World Cocoa Foundation (WCF) was founded in 2000 by cocoa using industries. Though one year prior to the agreements described in Section 4.2, it can be assumed that the founding of the WCF can be seen in the same context although with more attention to the economic sustainability of the cocoa channel. The WCF has played an extensive participating role in the developments sprouting from the agreements.

The WCF was founded to address the problems that the millions of smallholder cocoa farmers face worldwide. These problems include crop loss due to diseases and pests, limited access to the latest farming techniques. Its strategy is to conduct on-the-ground programs, raising funds and provide a forum for broad discussion on the cocoa farming sector’s needs.

The WCF website states: “… nearly sixty member companies support the WCF financially and through active participation. These efforts are enhanced through “public-private partnerships” organized between the WCF or its members and a range of interested institutions.” (www.worldcocoafoundation.org/, 2007) Among the member companies are ADM Cocoa and Cargill, both present in the Netherlands. Also on the website, one can find the programs mentioned above. In Africa, there seem to be project sites only in Côte d’Ivoire and Ghana. Projects are described in Section 6.5.
The WCF is also to promote and coordinate sustainable cocoa community development across the globe. Sustainable development in this context is defined by: “giving farmers the knowledge to utilize their lands more efficiently, to avoid the scourge of crop-destroying diseases and to better understand market systems that affect the price of their cocoa” (www.international-confectionery.com/, 2007). Prominent is a focus on the economical dimension on sustainability approach. But: “Sustainability also means incorporating environmental and social concerns into these teachings.” (www.international-confectionery.com/, 2007)

6.3.2 International Cocoa Initiative

In response to the fifth task put forward in the Harkin-Engel Protocol, to establish a joint international foundation, the International Cocoa Initiative (ICI) was founded in July 2002 with the aim of eliminating abusive child labour practices in cocoa farming. The main stakeholders who participate in the establishment of the ICI are:

A) The cocoa and chocolate Industry:
- Association of the Chocolate, Biscuit and Confectionery Industries of the EU (CAOBISCO)
- Chocolate Manufacturers Association of the USA (CMA) and the National Confectioners Association (of the USA)
- Confectionery Manufacturers Association of Canada (CMAC)
- International Confectionery Association (ICA)
- Cocoa Merchants Association of America (CMAA)
- The Federation of Cocoa Commerce, Ltd. (FCC)
- European Cocoa Association (ECA)
- World Cocoa Foundation (WCF)

B) NGOs/Unions:
- Child Labor Coalition
- Free the Slaves
- Global March Against Child Labour
- International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUF)
- National Consumers League

C) Advisors:
- International Labour Organization (ILO)

(ASI, 2004)

Two people with extensive NGO and other experience in Africa were appointed in 2003 to manage the initiative. It plans to carry out its goal through supporting field projects, developing joint action programme of research, information exchange and action against the worst forms of child labour and forced labour practices by enforcing ILO standards in the growing of cocoa. It is also in the ICI’s remit to help determine the most appropriate, practical and independent means of monitoring and public reporting in compliance with these labour standards.

6.4 Research

Point 4 of the Harkin-Engel Protocol prescribes a joint action program of research and knowledge exchange in order to enforce standards. In the context of the Harkin-Engel Protocol, the International Institute for Tropical Agriculture (IITA), through the
Sustainable Tree Crops Programme (STCP), commissioned and carried out research in Cameroon, Côte d’Ivoire, Ghana, Guinea and Nigeria on child labour on cocoa farms. The findings of the surveys were published in August 2002 on the IITA website (IITA, 2002) in the form of survey analysis/synthesis of findings, they have never been published in report form, nor has the statistical data been released. Since 2004, even the original survey syntheses have been withdrawn from the websites of IITA, USAID and the US Department of Labor.

Only via reports that refer to the research, can one gather information about the findings of the research program. Anti Slavery International, a British NGO has conducted an in-depth analysis of how cocoa is produced and how child and slave labour enter its chain of production. From this report, data can be gathered on the extent to which child labour is used in West Africa, and what sorts of child labour it concerns.

The remit of the IITA study was to look at a number of issues, including the prevalence of child labour on cocoa farms, the first task set by the Harkin-Engel Protocol. A USAID Technical Advisory Committee was established, made up of 16 independent experts from international research institutes, the World Bank, UN agencies, national research organizations, trade unions, and the NGO community. It was their role to ensure the methodology used was appropriate and rigorous.

In all of the countries the research took the form of baseline producer surveys, examining wider issues and constraints in both cocoa and coffee production. A part of these baseline studies focused on labour supply and utilization, within which child labour was specifically examined. In Côte d’Ivoire two further surveys were also carried out by IITA at the request of the Ivorian government, for an in-depth investigation of labour practices in the cocoa sector. The producers/workers survey collected quantitative data by using two separate structured questionnaires for farmers and workers.

The survey reported that 284,000 child labourers (under 18 years) work in hazardous conditions on cocoa farms in West Africa, 200,000 of which work in Côte d’Ivoire and most of whom work alongside their families. Such hazardous work includes spraying pesticides without personal protection and clearing undergrowth with machetes. The survey also produced evidence that up to 2,500 child workers may have been trafficked for cocoa work in Côte d’Ivoire and Nigeria and that around 12,000 children had no family ties with the owner of the farm on which they were employed.

Despite assurances that the data sets of the surveys were to be made available, this has never happened. Given the confusing nature of many of the findings drawn from the data, it is difficult to reach any conclusions about the state of child labour and child slavery on cocoa plantations in West Africa, but “it seems impossible to rule out the continuing existence of child slavery on cocoa farms in West Africa” (ASI, 2004, p.58).

What the actual consequence of this research was is hard to retrieve. But despite that the results were questioned, various other initiatives have been set up in the context of combating child labour. These are discussed in the next Section.

6.5 Projects/Programmes

Now that the agreements, cooperations and the research concerning a sustainable cocoa channel are described, two action programmes are introduced in this Section.
6.5.1 Sustainable Tree Crops Program

Beginning in 1998 a partnership emerged between the chocolate industry, development agencies, and concerned governments, focusing on the issue of sustainable rural development in cocoa-producing areas. In May 2000 the Sustainable Tree Crops Program (STCP) was launched in Accra, Ghana, to implement this partnership’s objectives. STCP aims to improve the well-being of smallholder farmers through the “development of sustainable tree crop systems that increase productivity, raise smallholders’ income, conserve biodiversity, use natural resources sustainably, and offer stable, socially responsible development prospects for farmers and their workers” (IITA, 2002, p.4). Among the STCP’s first activities was the conduct of baseline surveys in the major cocoa-producing regions of Cameroon, Côte d’Ivoire, Ghana, and Nigeria by IITA.

The programme involves USAID, US Department of Labour, IITA, Government of Ghana and the International Cocoa Industry, with the ILO/IPEC being responsible for the implementation of the child labour element of the programme through a broader ILO designed and managed programme, the West Africa Cocoa/ Commercial Agricultural Programme to Combat Hazardous and Exploitative Child Labour (WACAP).

The STCP alliance claims that the overall pilot programme takes a more holistic approach, having a broad focus on social economic and environmental concern, and not just the issue of child labour. The elements of the pilot programme carried out by the national networks of the STCP focus on the strengthening of farming communities. Specifically this includes the strengthening or creation of local community farmer organisations; the testing of different market information systems to increase efficiency and farmer control over timing of sales to take advantage of fluctuations; dissemination of technology; and radio education to both educate farmers on safe farming and responsible labour practices, and offer at home education to children.

However, the attention for malpractices concerning child labour may be questioned. “The industry has persistently reiterated that the issue of child labour is not one of slavery but that it must be understood in the context of family farming: “[child labour] was presented as slavery, but it was just the normal practice of families using children to run the family free holding” said a spokesman for Nestle Switzerland. Such a focus may preclude action on addressing the trafficking networks that supply child labour to many of these individual farms. “(ASI, 2004, p.59).

6.5.2 West Africa Cocoa/ Commercial Agricultural Programme to Combat Hazardous and Exploitative Child Labour (WACAP)

Following the focus on cocoa farming and its links with child labour and trafficking, ILO launched the West Africa Cocoa/ Commercial Agricultural Programme to Combat Hazardous and Exploitative Child Labour (WACAP) in 2003. The programme received a budget of $600,000 from the US Department of Labour and the chocolate industry. WACAP is responsible for the implementation of the child labour element in the STCP. The programme operates in five countries: Ghana, Côte d’Ivoire, Guinea, Cameroon and Nigeria.

Through social protection, capacity building, child labour monitoring, knowledge dissemination and awareness raising, the programme aims to achieve three main objectives:
• To establish a sustainable mechanism to withdraw and prevent children from hazardous child labour in the cocoa sector.
• Strengthening the capacity of national and community level agencies and organisations to plan, initiate, implement and evaluate action to prevent and progressively eliminate child labour.
• To remove all children involved in hazardous work in the cocoa sector, to prevent children at risk from entering such work, and to improve the income earning capacity of adult family members, particularly women, through social protection schemes.

By early 2004 the programme was well underway and new help and support is being provided to farmers across the region in the development of better farming practices and techniques and in providing them with more information about the international and national markets for cocoa.

6.6 Conclusion

In this Chapter the various initiatives in the cocoa channel concerning improving the sustainability have been described. Two agreements were made, the ICA 2001 and the Harkin-Engel Protocol. The first is designed by ICCO, in which governments participate. ICA 2001 has attributed a responsibility to the global cocoa and chocolate industry in the objective to achieve a sustainable cocoa economy. The Harkin-Engel Protocol is the result of collaboration between two US politicians with the US cocoa industry and NGOs. It has created binding time-specific tasks for the parties involved. From these tasks, a number of other developments have sprouted. Various cooperations were set up, between the industries in different parts of the world (the US, EU and Producing countries), government bodies, and NGOs.

In the next Chapter the consequences of these developments on companies in the Netherlands are described. The actual sustainable business practices and the influence of factors are described.
7 DUTCH FIRMS IN THE COCOA CHANNEL

In this Chapter, the empirical data gathered in the interviews is analysed. In Section 7.1 general information about the consulted companies is given. This is done anonymously, as agreed with all companies. After this, in Section 7.2, information gained about sustainable behaviour of the companies is analysed. In Section 7.3, the results on the questions more specific about CSR are analysed. And finally in Section 7.4, the results on the explaining factors and actors are investigated.

7.1 Information about the companies

Figure 6: Activities in the cocoa channel of the consulted companies.

Figure 6 above depicts the links of the cocoa chain that are covered by the activities of the companies that participated in the interviews.

Company A

Company A produces consumer products, under three famous brands. These three brands are owned by a mother company that sets the standards for all locations, including the chocolate manufacturing site. It sells the products in the Benelux. The chocolate production has recently been relocated. This has stirred up “business as usual” processes. It produces less than 1% of the total Dutch chocolate production. It has 70-100 employees.

Company B

Company B is an independent producer of a specific consumer product. It is the only supplier to an internationally operating company. Approximately 10 tonnes of end product are produced yearly, of which a small share is EKO certified end product. It has 15 to 25 employees, varying according to seasons’ demand.
**Company C**
Company C produces chocolate products for the hotel and catering industry. It employs 35-55 persons, dependent on the season. It is located in a residential area of a city since the beginning of the century. The facility has produced chocolate on this location since 1978.

**Company D**
Company D produces chocolate and consumer products under a famous old Dutch brand (300 tonnes yearly), and a B-brand consumer product (600 tonnes yearly), and sells these products in the Netherlands, and a large share (approximately 60-65%) internationally. 96 Persons are employed in the company. It has been taken over by a larger firm based in Germany in 1997.

**Company E**
Company E is an integrated processor/manufacturer that also has its roots in the production countries. It does not own agricultural land, but does own facilities in production countries, where cocoa is processed into semi-products. It also does part of the trading itself. It employs 350 people in the Netherlands, and approximately 2000 in total cocoa and chocolate facilities. The mother company, based in the US, is involved in the business practices, since the ‘80s. The company is present in the Netherlands since 1928.

**Company F**
Company F is an integrated trader/processor, employing more than 500 people. It has locations all over the world. It does part of its own sourcing and trading, partly boards it out. The cocoa processing company is part of a larger food processing multinational based in the US.

**Company G**
Company G is a specialised processor that processes approximately 100 tonnes of beans each day. It specialises in fine flavour cocoa and EKO and Fair Trade labelled cocoa. It has 90 employees. The company operates under a mother organisation since 2006, but this has no effect on the business policy.

**Company H**
Company H is a specialised trade company. It has specialised in special sorts of cocoa since 1908 and more recently adopted Fair Trade labelled cocoa. It employs 16 people. In the 90’s, it was taken over by a holding specialised in trade, which also owns Company I.

**Company I**
Company I is a specialised trader, employing 40 persons. It also owns drying facilities in production countries. It is a sister company of Company H; they have the same mother organisation.

In Table 5 in Section 5.3.2 information about the selection of companies was given. In this Section, the final respondents that were interviewed are introduced. In the Table, one can also find that three respondents have given information via telephone. It concerns three companies that produce end products of different size. One company
had less than 10 employees, one had 35 and one had 55 employees. The companies gave information about the reasons why they did not want to participate. This was relevant in the selection that was made in Section 5.3.2. Furthermore, one company has sent a policy document. The document is not discussed, because the company did not want to participate in further inquiries, therefore giving no grounds to compare it with other companies. It is considered to give no additional information about business behaviour and the explaining factors of it.

A classification of the consulted companies concerning their size can be found in Table 6 below.

<table>
<thead>
<tr>
<th>Size:</th>
<th>Company:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-25</td>
<td>B and H</td>
</tr>
<tr>
<td>26-50</td>
<td>I (and C)</td>
</tr>
<tr>
<td>51-100</td>
<td>A, C, D and G</td>
</tr>
<tr>
<td>101-500</td>
<td>E</td>
</tr>
<tr>
<td>500+</td>
<td>F</td>
</tr>
</tbody>
</table>

Table 6: Size of companies in number of employees.

In Table 6 one can see that two large companies were consulted, E and F; four medium sized companies, A, C, D and G and four small companies of which two with a very small staff, respectively I and C and B and H. An analysis of factors of influence will be made in Section 7.3. The data from this section will be analysed on its influence on business behaviour. First, in Section 7.2, the business behaviour of the consulted companies is analysed.

### 7.2 Business behaviour

In this Section, the behaviour of the nine consulted companies is analysed. Therefore, first the meaning that the respondents themselves attributed to CSR is described. This results in a spectrum of items. These items are structured in Table 6 presented at the conclusion of this Section.

Respondent A (Manager External Affairs)

Respondent A explains that the company for which he is Manager External Affairs, produces many products, alongside chocolate products. It is therefore difficult to gain information specific for the chocolate production side of this company. The standards on quality are set by the mother organisation. These include social and environmental standards.

In this company parts of ISO 14001 and EMAS are adopted in the quality management system and have sometimes been externally monitored. Respondent of Company A also refers to the Global Operating Principles of the mother organisation. This provides a quite extensive list of ‘commitments’ on conditions of employment, occupational health and safety, environment, safety, communication, charity and monitoring and compliance. These principles are based on international standards such as Global Compact and ILO conventions. One striking example is the commitment for all facilities to implement an Environmental Management System according to ISO 14001 requirements. The Principles are to be met on all facilities of the company. The control on implementation, however, may be questioned. The chocolate facility has recently moved to another location and is still under construction. According to the respondent of Company A, it is therefore not expected
to meet all principles, even within a few years. Prior to the move, it was not ISO
14001 certified.

Respondent B (Director of company)
Concerning environmental care, this company complies with legislation. This
concerns separation of waste (paper, cardboard and plastics) and waste water. From
the start, the production was EKO-certified, but due to explosive growth in demand,
the suppliers could not keep up in deliverance of products. Therefore, the main part
of the production has become non organic. An EKO certified product line of less then 10
% of the total production, has remained until now however and will be produced in
the future. The company that is supplied with the product of company B has certain
demands, concerning the ingredients used (no synthetic additives) and recyclable
packaging. Company B complies with these demands.

Respondent C (Director of company)
Concerning environmental care, this respondent refers to the environmental license
and the packaging Covenant. For the environmental license, an energy plan and
groundwater policy was developed.
Part of the production is EKO-certified, for which sourcing the company perceives
itself responsible. It cooperated with its suppliers to assure good sources.
Respondent participates in an initiative of the Dutch Ministry of Social Affairs; called
“Wet SAMEN” (Wet Stimuleren Arbeidsdeelname Minderheden/ law to stimulate
labour participation of minorities) Therefore it has set goals for the percentage of
people employed with a foreign origin. This can be viewed as CSR activity, because
these people in the Netherlands have a disadvantaged position on the labour market.

Respondent D (Coordinator production and technique)
This company itself wants to do as much as possible concerning environmental care
and CSR, but it is said that the employees can’t find a structure for it to implement
actions. This is mainly due to the fact that the new owner of the company has decided
top-down that no attention was to be paid to these subjects. Meetings on quality,
labour and environment that were held at factory level since 1992 were prohibited.
The focus was to be made on improving production, due to bad economical prospects.
In the meetings, priorities were set on environmental issues, such as noise hindrance,
dust production. The company does participate in the Packaging Covenant; the
packaging was changed from PVC to polypropylene, which is less polluting and
recyclable.
The wish to incorporate chain management into company policy was erased by the
dismissal of a buyer that had a good sight on the chain. The initial view on chain
management was focused on responding on the input from the consumer side. The
buyer communicated concerns of consumers concerning environmental and social
issues.
Yearly a report including BIM (Bedrijfsinterne Milieuzorg, company intern
environmental care) is provided to the city council with statements concerning
environment and CSR, stemming from the old management, but it is not the priority
of the new management to do anything to uphold the statements.

Respondent E1 (Manager Purchasing)
When asked about public information about environmental and social policy, which is
mentioned on the website, the spokesperson was surprised. He did not know what was
meant by the phrase: “Our environment, health and safety policy is available to the public and authorities on request” which can be found on the website. After consultation with the quality department, however, a digital version of the policy statement was sent. This is one page applying for the whole (mother) company on which a few statements are made concerning environment, safety and health, signed by the President and Chief Operating Officer and the Managing Director.

In a succeeding interview with the same Company E, three respondents were consulted. Respondent E2 (Marketing Executive), E3 (Advisor regulatory and mechanical affairs) and E4 (Quality Assurance Coordinator) provided elaborate documentation about corporate citizenship policy (including responsible business practices) and report (facts and Figures), applying for the whole mother company, the business practices specific for their cocoa and chocolate facilities and investments in sustainable and responsible cocoa sourcing (projects). Referred is to the webpage were even more information is to be found.

In their policy, first a statement of concern is made on the situation of children in West Africa. After this it is explained how the company takes its responsibility; through participation in the ICI, and the WCF. Also own programs are described; these ‘farmer training seminars’ in the bush promote better working practices, such as using sticks to open the cocoa pods, instead of machetes, using pesticides prudently and never when children are around, and also pays attention to the importance of school attendance for children. Goal is to reach 10.000 farmers per year in Ivory Coast. Quality improvement training sessions, without attention to other issues reach 1.600 farmers in Vietnam.

Additionally, the sponsorship of CARE (a US based NGO) International's Rural Education Program is improving educational opportunities for out-of-school children in 30 cocoa growing communities in Ghana.

Company E requires that all direct suppliers of cocoa beans in West Africa– both private buyers and cooperatives – sign a statement acknowledging that they understand the commitment to the elimination of the worst forms of child labour in the cocoa supply chain. It wasn’t said in this many words, but seeing the phrasing this statement is expected to be retrieved from the Harkin-Engel Protocol. This can be founded further by the fact that the company states to have been a partner in the Industry wide Declaration that followed from the Protocol. If suppliers are found to be employing such practices their contracts are subject to termination. In the interview, the aim to buy as much as possible via farmer cooperation was expressed. This desire is explained by the greater influence that can be conducted via cooperations. In the business practices for cocoa and chocolate is stated that in Ivory Coast, almost 50 % is bought directly from these coops. More on the subject of farmer cooperations can be found in Section 7.4 about explaining factors and actors.

The company contributes together with the Dutch Ministry of Agriculture to the establishment of forty new family farm schools in Ivory Coast with the aim to train teenagers in (sustainable) agriculture and literacy. This is a project of the European Institute for Cooperation and Development (IECD), a French non profit organization for international solidarity.

Furthermore, the company has invested in the improvement of the transport sector of Ivory Coast by financing trucks, thereby preventing the costs of transport being averted to the farmers. It supports the immunisation of children, funds the World Food Program; preventing and treating intestinal parasites in children, and promotes the education and screening of employees for HIV/Aids.
It has supported orphanages, the building of houses, schools and medical facilities in production countries in West Africa, Vietnam, Indonesia and Brazil. In Brazil, participation in a CARE micro-credit program enhances the economic situation of rural workers that suffered from a downturn in cocoa bean production. Through buying stations, the company wants to provide transparent information about international cocoa prices, in order to help farmers get the best price for their beans. Furthermore, farmers (through the cooperation) are paid instantly, and, through quality checks, farmers that deliver good quality are rewarded. A note must be made here: in West-African countries, it is prohibited by law to buy directly from the farmer. Therefore farmers have the options of selling to a private collector, or via farmer cooperation. As has been said before, the company stimulates trade via cooperations.

Three of the four facilities in the Netherlands are ISO 14001 certified, since 2004. Furthermore, the company participates in the Covenant on energy efficiency. CSR is defined more broadly by Citizenship by the mother organisation. This term comprises “responsible business practices, promoting a sustainable environment, engaging our workforce and ensuring their safety and providing a measurable positive impact in our communities.” CSR is promoted by managers, employees have to sign ‘guiding principles’ (concerning behaviour towards customers and suppliers) yearly. The Dutch cocoa facility has a citizenship Projects department, from which philanthropic projects are coordinated and communicated. Environmental goals mentioned in policy are energy efficiency, renewable energy, greenhouse gas reduction and freshwater efficiency. Sustainable and responsible cocoa sourcing is one of the “current issues” of the mother organisation. Specific data on CSR will be described in more detail in Section 7.3.

Respondent F
This respondent of Company F is responsible for environmental care on both Dutch facilities of Company F. Because he does not have much knowledge about it, the answers are focussed more on environmental care than on CSR. Company F has participated in the Energy efficiency Covenant, and subsequently it is striving beyond compliance to the Dutch environmental legislation. The respondent sees two factors influencing this development to go beyond strictly complying; Dutch and European legislation is getting stricter and the central management (in the US) is stimulating it. The Company’s size has resulted in obligations concerning CO2 and NOx reductions in the context of the agreements of the Kyoto Protocol. The Integrated Pollution Prevention and Control Directive (IPPC) has created the obligation for the company to install the Best Available Techniques available, to reduce pollution. Concerning Chain responsibility, the company performs the following activities: it stimulates education of children in production countries, among other things via food supply programmes on school, to stimulate school attendance. Company F furthermore supports health care in production countries in which it participates. It supports vaccination programmes. Furthermore it takes a stand against the preventive gassing of cocoa beans. It strives to buy only non-gassed beans and it has financially supported a research programme on sustainable cocoa in Wageningen University.

Respondent G A (production manager) and G B (plant manager)
On a voluntary base and in cooperation with the Dutch government efforts are being made by this company on the field of energy savings. In a Covenant (Meerjarenafspraak) since 1998, designed sector-wise by the Dutch Ministry of Economical Affairs targets were set and were met easily. The company is currently implementing ISO14001, which it intends to finish in November this year. CSR is adopted in the company vision statement, in the sense of personnel and the direct environment. There was a reference to a “Project Sustainable” conducted in collaboration with the mother company. Its objective is to be able to trace the origins of 100% of the processed beans back to the origin in the chain. Not much information could be provided on the project, considering the sensitivity on competitiveness.

In Section 7.1 one could read, that this company is a specialised processor that processes Fair Trade and EKO cocoa. In fact, it can be stated that it is one of the largest processors of these products in Europe. There doesn’t seem to be a consideration concerning sustainability in this regard, it is not mentioned in the interview in this sense. Therefore, in the results it is considered to be a market consideration of Company G to process these products.

Respondent H (director cocoa)
The company has participated in a packaging Covenant since fifteen years. But, seen the manner in which cocoa is transported internationally, there is not much gain to be made in this respect. On the question if these actions (concerning environmental care) include the implementation of ISO 14001 or EMAS, the respondents answers that these instruments are not applicable on such a small company (of 16 employees). He is, however, enthusiastic on the implementation of the HACCP norm. This is a quality assurance norm, for which every link in the chain of activities of a company is investigated.

In this Company, Fair Trade labelled cocoa is distributed to buyers. This is however not because of sustainability considerations, so it is not deemed sustainable behaviour in the results.

Respondent I (commercial director)
Company I only engages itself in environmental care and CSR indirectly, via the World Cocoa Foundation (WCF) and the European Cocoa Association (ECA). The contributions made in this context are, financially donating to the organisations, attending the meetings, and sharing experience (the spokesperson visits Africa regularly and the company has employees established there). The respondent of Company I is therefore aware of the activities: raising the traceability of cocoa beans and field schools to educate farmers, and endorses them. After discussing more about the company’s activities, the following became clear:
The company does have an urge to improve the situation of the farmers, especially in West African countries. It is aware of the problems, all employees are aware of the financial problems farmers face. The extent of influence, however, is small. One thing that the company does do, however, is making a selection in farmer cooperations. There is a division made between ‘good’ cooperations and ‘bad’ ones. This selection is highly based on the quality of the beans they offer, but there is also attention for the extent to which a cooperation is a real cooperation, i.e. if it has members, and if it invests in the interest of the farmers. In the case of a ‘good’ cooperation, aimed is at a lasting relationship. These cooperations are financed with extra money, but only after delivering good quality product. This money they can invest in new trucks, or other services for the farmers, according to their own needs. Efforts are being made to
create fixed chains of commerce, i.e. to set up contracts between the ‘good’ cooperations and the (western) consumer, chocolate companies such as Ferrero. These efforts are hindered however by certain economical factors, on which more will be said in Section 7.3.

Respondent of Company I raised the following concern; in the 90’s the World Bank and the International Monetary Fund (IMF) have urged the cocoa producing countries of West Africa to liberalise their cocoa trade. All countries except for Ghana have done so, leading to a decline in quality of the beans and an overall decline in the price the farmers receive. The beans are also not dried sufficiently by the farmers anymore, who do this in the sun. Therefore, company I has opened drying facilities, driven on gas. This is obviously a loss for the environment. Respondent of Company I is of the opinion that these liberalisations have not been implemented accurately: with attention for possible drawbacks.

**Conclusion**

Looking back at the information gained from the respondents on the (sustainable) business behaviour of their company, one can see a very diverse picture. As has been explained, the interviews started with open questions about CSR to give the companies chance to explain their own interpretation of CSR. This part of the interviews have indeed have led to diverting answers. Some respondents had their answers ready instantly, in other interviews, the actions concerning CSR were discovered during the course of the interview.

Table 7 below depicts and summarises the findings that have been described in the previous Section. The activities that were mentioned by the respondents are grouped into Sections; ecological sustainability activities, economical sustainability activities, chain management, CSR policy and other activities.

<table>
<thead>
<tr>
<th>Company- issue:</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Policy</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Formal EMS</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Partial EMS</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Energy Efficiency Covenant</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Packaging Covenant/ other packaging initiative</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>EKO(organic cocoa)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Farmer rewarded for quality</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fair Trade cocoa</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Improving traceability</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Social standards for suppliers</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Environmental standards for suppliers</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>SD in Management System (of mother org.)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Policy Statement</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>CSR Policy</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Participation ICI/WCF</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Dutch Personnel</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Table 7: CSR activities brought up by the companies.
It is possible to make a distinction in approach of respondents towards CSR. First there are companies that promptly refer to environmental care. Mostly they refer to Covenants on energy and packaging, and some refer to (implementation of) the ISO 14001 norm. Examples of companies with an environmental approach to CSR are Company B, D, F, G and H. In this sub-group, there is variation in the extent of action taken to improve performances. Companies B and H can be said only to comply with legislation and are not involved in voluntary action to improve the cocoa channel. For Company D the same applies, but, as will be made clear in the next Section, there are a few steps taken that are not obligatory.

Regarding the information gained from Company C, D, F and G closely, however, one can see an awareness about Chain Management too. Company G refers to a project to improve the traceability of the cocoa beans they process, project “Sustainable”, and Company D has tried, be it in the past to incorporate chain management into company policy, in reaction to consumer concerns. The new management, however, does not allow this anymore, hence a decline in CSR and no scores on Chain Management issues. Company F has referred to a presentation held internally about CSR. Indeed the respondent showed a power point presentation that covered the problems in the global cocoa channel comprehensively. Company C showed interest in the problems in the global cocoa channel, but doesn’t see a responsibility for itself to improve it. It does, however have an environmental policy and it produces EKO certified products, with a special care for the sourcing.

The other respondents, of Companies A, E and I have replied in a manner that reflects an approach more focused at chain problems, and that show an awareness of chain management. Company E is an exceptional case in this context, because of the extensiveness of issues that are dealt with and methods used in CSR. Respondent I refers to the same area of problems: the position of farmers in production countries but has only one approach to these problems. Company A has shown awareness about chain management, but uses the excuse of a small market share in cocoa to participate only in a philanthropic approach towards these issues. The mother organisation of this company however, does stimulate a more serious CSR approach via “Global Operating Principles” and “Supplier Guiding Principles”.

To resume, a distinction can be made concerning CSR. It is based on approach to the theme; there are companies who apply a strict focus on the environment; the others have an approach based more on awareness about the global cocoa chain.

Apart from this distinction, a rough classification can be made based on the extent to which efforts are made to improve the sustainability of the cocoa channel. To do this, however, more specific information is needed, which will be explored in the next Section about Corporate Responsibility.

7.3 CSR

In this Section, the results concerning the imperatives that were derived from the CSR initiatives in Chapter 4 are analysed. The CSR Initiatives that were used are: ISO 14001, OECD Guidelines for MNEs, Global Compact and SA 8000. To what extent have the Companies implemented the imperatives of these initiatives? First a note: Company G has not answered any of the questions regarding CSR imperatives due to lack of time.
7.3.1 Environmental Management System

Table 8 below represents the results for imperatives derived from ISO 14001 about the (partial) implementation of an Environmental Monitoring System (EMS). What can be concluded from this data concerning the behaviour of cocoa businesses?

<table>
<thead>
<tr>
<th>ISO 14001 Imperative</th>
<th>How are the following issues represented?</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td>An environmental statement?</td>
<td>b, c, H, I</td>
<td>A, D, F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Management System?</td>
<td>b, c, d, H, I,</td>
<td>A</td>
<td>F</td>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental expertise in the company?</td>
<td>b, c, d, F, H, I</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring system (waste/pollution/energy use)?</td>
<td>b, H, I</td>
<td>A</td>
<td>C, D, F</td>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management review system?</td>
<td>b, c, d, F, H, I</td>
<td>A</td>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A system for continual improvement?</td>
<td>b, c, d, H, I, F</td>
<td>A</td>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attention for env. Performance and practices of suppliers</td>
<td>b, c, d, F, H, I</td>
<td>F</td>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The actual env. Policy is available to interested parties</td>
<td>b, c, d, F, H, I</td>
<td>A</td>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Answers of companies for Environmental Management System

The first thing that strikes the attention is that only one company has implemented ISO 14001 fully. Company E is indeed ISO 14001 certified for three locations in the Netherlands.

Furthermore one can see that point 5 (monitoring system) has a better score than the other points; a monitoring system for waste, pollution and/or energy use has been implemented by four more companies. Perhaps an explanation for this can be found in the requirements of Dutch environmental (licensing) legislation that often requires regularly measured data about these themes of companies.

An Environmental Managements System (EMS, point 2), environmental procedures in product development (point 3) and attention for the environmental performance of suppliers has been organised by company F (point 8).

Environmental expertise (point 4), a management review system (point 6) and a system for continual improvement (point 7) have been incorporated by Company A.

Company A claimed to have incorporated parts of ISO in the Global Operating Principles (see Section 7.2), in which indeed the commitment to certify each manufacturing location with ISO 14001. From the answers one can conclude, however, that this has not been done. None of the questions are answered with internal or external audits. There is no procedure in product development and no attention for the environmental performance of suppliers.

Most of the imperatives derived from ISO 14001, however, were “not represented” by a large share (5 out of 8) of the companies. Respondent B declared bluntly from the beginning not to perform on CSR and declared that nothing applied for his company. For Company H the same thing happened.

7.3.2 OECD Guidelines for MNEs

Table 9 depicts the results on the imperatives of the OECD Guidelines for MNEs. What can be learned from these results on CSR in the consulted companies? Companies C, F and G have not answered the questions concerning the OECD Guidelines. Company G has not answered any of the questions concerning the CSR Imperatives, the respondent of Company F found its knowledge about this CSR instrument insufficient and Company C didn’t answer for the reason that the
Guidelines are developed for Multinational Enterprises, and therefore are not applicable for the Company.

On first sight, it seems that the OECD Guidelines score better than ISO 14001 in the previous Section, but one should not be biased by the double answer by Company E. During the interview with Company E, we filled in the answers to the OECD Guidelines questions, of which the answers are marked ‘E’ in Table 9. The same questions were filled in again afterwards together with the remaining questions due to lack of time, hence the answers E1, but now different answers were given. In fact now all answers had changed to the maximum score of “external audits”. This is done for all questions except for the ones that were not replied on. Finding this remarkable, afterwards the question was asked who performed these external audits, if there were auditing reports available and if the same auditing agencies performed in Europe and in Africa.

The questions were answered by that the audits are performed by a number of companies and that they perform in Europe as well as abroad. It is not possible to verify these answers because no auditing reports were delivered. It remains remarkable that all questions were answered on the maximum score.

Another remark on the results on questions on the OECD Guidelines concerns Companies A, B, C and D, seeing that those companies only have a chocolate activities in the Netherlands and the Guidelines are designed for Multinational companies. In some companies the mother organisation does have globally applicable principles, but attention should be paid to what extent these are applicable for cocoa and/or chocolate. Company C has therefore not answered the questions.

This matter was also discussed during the interview with respondent from Company A. The respondent declared that only those food chains that are processed in large quantities by the mother company are involved in chain management/CSR. The reason that the spokesperson gave is that it doesn’t seem logical to make efforts in chains on which little knowledge is available in the company. From this, it must be concluded, that the answers of Company A are most likely not applicable for cocoa, but for other product chains.

Looking at Table 9, on can see the majority of the points are not represented in the companies. Points 5 (environmental impact assessed prior to activity) and 7 (emergency plan in case of environmental or health damage) have slightly better scores. Companies A and E score better on most points, Company I and D have little activity.
7.3.3 Global Compact

Table 10 depicts the results for the imperatives derived from Global Compact. What can be learned from these results on CSR in the companies?

Table 10: Answers of companies on Global Compact questions.

<table>
<thead>
<tr>
<th>Global Compact</th>
<th>How are the following issues represented?</th>
<th>not</th>
<th>in policy</th>
<th>managerial means developed</th>
<th>managerial means implemented</th>
<th>internal audits</th>
<th>external audits</th>
<th>N.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. non complicity in human rights abuse</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. freedom of association/right to collective bargaining</td>
<td>B, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. elimination of forced and compulsory labour</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. abolition of child labour</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. elimination of discrimination in respect of employment and occupation</td>
<td>B, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. precautionary approach to environmental challenges</td>
<td>B, H, I</td>
<td>A, D</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. initiatives to promote greater environmental responsibility</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. encourage the development and diffusion of environmentally friendly technologies</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. work against corruption, extortion and bribery</td>
<td>B, C, H</td>
<td>A, D</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 10 shows a comparable picture with the previous two Tables; most of the imperatives are “not represented”. Exceptions are the answers of Company E and Company C and Company A. Respectively, E scores exceptionally high, with “external audits” on all points (except for those marked Non Applicable), C has managerial means implemented for point 2, 5 and 6 and Company A has all the imperatives adopted in policy.

Points 6 (precautionary approach on environmental challenges) and 9 (work against corruption and bribery) seem to deserve a little more attention from the companies.

7.3.4 Social Accountability 8000

In Table 11, the results on the imperatives of SA 8000 are represented. What can be learned from these results on CSR in the consulted companies?

Table 11: Answers of companies on questions about SA 8000.

<table>
<thead>
<tr>
<th>SA8000</th>
<th>Does the company have social policy in the management system?</th>
<th>not</th>
<th>in policy</th>
<th>managerial means developed</th>
<th>managerial means implemented</th>
<th>internal audits</th>
<th>external audits</th>
<th>N.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concerning:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Disciplinary practices</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Working hours and</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Remuneration</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The social policy on these issues is equal on all facilities</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. My company has procedures on which suppliers are selected based on complying with the social policy</td>
<td>B, C, H, I</td>
<td>A, D</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. My company maintains records of the commitment of suppliers compliance with the social standards of my company</td>
<td>B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. For farmers and homeworkers the social standards are monitored</td>
<td>A, B, C, D, H, I</td>
<td>A</td>
<td>E1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SA 8000 is a CSR instrument that is very badly represented in the consulted companies. Company A has included all points in policy except for point 8 (monitoring of social standards for homeworkers and farmers). This applies for the mother organisation however, not specifically for the chocolate company in the Netherlands. Company D has adopted two points.

Company E has answered not applicable for all the imperatives. It commented: “it is difficult to answer this for the whole area (of West –Africa). It concerns 1.5 million farmers on a very large area and the attainability is often very bad in those area’s.”

There was no time for discussion on this matter, but it can be concluded that the company did not feel comfortable by the issues raised by SA 8000. This is remarkable, considering the extensive social policy this company has incorporated into their practices. An expectation is that the policy was developed following a company specific selection of issues, and that this comprehensive external list of issues triggered a defensive reaction because the company is used to having a pro-
reactive role. In Section 7.2 this role is explained; the company intends to have an answer ready before questions are asked, a “best of the class” attitude.

From the results on this CSR instrument it is clear that SA 8000 is not an instrument very well known or used by the consulted cocoa and chocolate companies in the Netherlands. Only two companies have incorporated part of the imperatives in their policy.

### 7.3.5 Conclusion about CSR

What can be said about the CSR behaviour of these companies? In Section 7.2, a conclusion was made about the differences in approach of companies on CSR. With the information from the previous Section and Section 7.2, the following can be stated:

Companies B and H do not perform any action concerning improving the sustainability of the global cocoa channel. Companies D and I undertake marginal action to improve sustainability. As can be read in Section 7.2, there were meetings about environmental care prior to the take-over, but after this, these meetings were prohibited. Company D provided varying results on the CSR imperatives. While answering the questions, respondent of Company D had remarks like: “yes, we were looking at that (issue)” and “this was our wish”. One can see that certain issues have been adopted in policy, such as the Environmental statement of senior management, the environmental procedure in product development, the precautionary approach on environmental problems, working against corruption, extortion and bribery, social standards on health and safety and procedures to select suppliers based on the social standards. Furthermore the monitoring system on waste pollution and energy usage is internally monitored (question 5 on EMS, see Section 7.3.1), and managerial means have been implemented for the emergency plan in case of environmental or health damage (OECD question 7). It is deemed that these results reflect the story of respondent, that a beginning was made on implementing environmental care and CSR related measures, but that the development was hindered by the adoption of a new management and top-down decision making. More about influencing factors can be found in the next Section.

Company I has filled in a few questions concerning CSR. The following are the results: managerial means are implemented on question 4 of the OECD Guidelines; Local personnel is acquired and trained on every facility and on the work against corruption; extortion and bribery (question 9 of the global compact) Although not much, this is more than Company H, the other trade company and sister organisation, has implemented. Company C is perceived to be in the same class concerning their efforts on CSR. Although it performs meagrely, it does have some imperatives implemented into their business practices.

Companies A and G can be said to undertake a comparable share of action, be it in very different forms. Company G focuses on a problem very specific to the cocoa chain: traceability. Company A is deemed to participate only in philanthropy and the applicability of the statements on cocoa related activities is questionable. Company F may be classified in the same group as the previous two, but there is lack of information to base this on. The respondent of Company F has only filled in the part about ISO 14001, due to his expertise. One can see a spectrum of implementation concerning the issues of ISO 14001. Three of the imperatives are not represented. Two points are fixed in policy and managerial means are developed on three other
imperatives. Internal auditing takes place on one imperative. The presentation shown in the interview, as mentioned in Section 7.2, shows extensive knowledge present in the company about the problems in the cocoa channel, but there is little information about the action undertaken to improve this. It might be that the company F performs comparable amount of effort as Company E that is considered in this respect to undertake the most action of all companies. Although one remark had to be made on the diverging answers during the interview and those given afterwards.

In order to explain businesses’ behaviour a classification should be made in the extent to which efforts have actually been made to make the chain more sustainable. The information of Sections 7.2 and 7.3 is combined to make this classification. This resulted in the following order (from high to low efforts concerning CSR):

Class 1: Company E (and F)
Class 2: Company A and G (and F)
Class 3: Company C, D and I
Class 4: Company B and H

When these results are placed in the model of the cocoa channel, one sees the following picture appear:

At first sight of Figure 7, it looks like that the best performing companies have their activity located more towards the production side of the cocoa channel. Companies I and H, however counter this finding. Also, the level of integration in the chain (number of links in the chain covered by the business’ activities) seems to have effect on the extent of CSR activity. Company E and F perform activity on more than two links. Company D however, with three links, but a bad classification on CSR, counters this expectation. In the next section, more explanations are sought for the sustainability of business behaviour.

7.4 Explaining Factors

In this Section, a number of issues are relevant. First, results on the measuring of the knowledge of respondents on initiatives on sustainability are analysed in Section 7.4.1. Then in Section 7.4.2, the results on the questions about barriers are analysed, and the external influence of being addressed by third parties on social and
environmental issues is analysed in 7.4.3. Other external and internal influences are discussed in Section 7.4.4.

7.4.1 Knowledge

Prior to the analysis of the results, a comment should be made on representation. It was often remarked in the interviews, that the spokesperson could not provide the extent of knowledge of the whole company, or of senior management on the issues. It should be kept in mind, that the answers given are often a representation of the knowledge of one person in the company about sustainability initiatives.

Table 12: Results on knowledge about Sustainability Initiatives

<table>
<thead>
<tr>
<th>Sector specific Initiatives</th>
<th>Not known</th>
<th>Heard of it, not in detail</th>
<th>Has been studied</th>
<th>Used in policy</th>
<th>Participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICA 2001 (ICCO)</td>
<td>B, D</td>
<td>A, C, F, I</td>
<td>E, H</td>
<td></td>
<td>G</td>
</tr>
<tr>
<td>Industry wide declaration (CMA/ECA)</td>
<td>B, F</td>
<td>C, D</td>
<td>A, I</td>
<td>H</td>
<td>E, G</td>
</tr>
<tr>
<td>International Cocoa Initiative</td>
<td>B</td>
<td>C, D, F, G</td>
<td>A, E, H</td>
<td>I</td>
<td></td>
</tr>
<tr>
<td>World Cocoa Foundation</td>
<td>B, F</td>
<td>C, D, G</td>
<td>A, H</td>
<td>E, I</td>
<td></td>
</tr>
</tbody>
</table>

Table 12 above shows the results on the questions about knowledge on Sustainability Initiatives. The first conclusion that can be made is that on the average, more knowledge is present in the companies about sector-specific initiatives than on the general initiatives. ISO 14001 and MVO Nederland are exceptions on the lack of knowledge generally found on the general initiatives.

The second thing that strikes the attention, is that although there is on average little knowledge on general Sustainability Initiatives, ISO 14001 is better known than the others. Companies D, F and G have very little knowledge at all about the initiatives, but they do know ISO 14001. This is apparently an initiative that is more than averagely known. Furthermore, prominent is that Company E has the most knowledge on initiatives, and Company B the least.

Company E has extensive knowledge on the sector specific initiatives, and above average knowledge on the general ones. Company F has little knowledge on sector specific and on the general ones, but it did study ISO 14001.

Company G has variable knowledge on the sector specific initiatives, much on ICA 2001 and Industry wide declaration, little on the others. On the general ones it has
little knowledge but it used ISO 14001 in their policy. For Company A, the same applies, be it that they have a little more knowledge on the sector specific initiatives.

Company C has little knowledge on sector specific initiatives, and on the general ones. Company D has little knowledge on both groups of initiatives, but it has studied ISO 14001. Company I has knowledge little above average on the sector specific initiatives, but it has no knowledge on general initiatives at all!

Company B has no knowledge on any of the initiatives. Company H does have average knowledge on the sector specific initiatives, but little on the general ones. Companies A, G and H score equally on knowledge: average on sector specific initiatives, and low on the general ones. Companies A and G are also in the same category on CSR, but Company H is two categories below this. The reason for this is probably that Company H only participates indirectly via funding WCF and ECA in CSR, but it attends to all meetings of these organisations. Therefore, the knowledge on initiatives is above expectation for the extent of CSR.

The results on knowledge are now analysed per group of initiatives, the sector specific ones and the general ones. A broad analysis is made in which the extent of knowledge is big or small, dependent on if more answers are given on the left side (not known/ heard of it) of the middle or on the right side (studied/ used in policy/ participant). For knowledge on Sustainability initiatives, the results are summarised by Table 13 below. After the company name, the ranking on the CSR categorisation is represented.

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector specific initiatives</th>
<th>General initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>F</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>A</td>
<td>O</td>
<td>-</td>
</tr>
<tr>
<td>G</td>
<td>O</td>
<td>-</td>
</tr>
<tr>
<td>C</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>H</td>
<td>O</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 13: Knowledge on CSR Initiatives per Company
Legend: - = little knowledge -- = very little/no knowledge o = average knowledge + = above average knowledge ++ = very much knowledge

In Table 13 one can see that Companies C, D, F and especially B have little knowledge on sustainability initiatives. Although Companies B and D are low in the classification on CSR, from which a correspondence with knowledge on initiatives could be determined, Company F proves otherwise. However, this exception can be
contradicted by the fact that the respondent did not have much knowledge on the CSR of his company altogether, only on the environmental side of it. The results may therefore be biased.

Company E has very much knowledge. For this company, one could conclude that there is congruence between the extent of knowledge and the extent to which action is undertaken concerning CSR.

All in all, we can see a correspondence between knowledge on initiatives and CSR. This is especially clear for Company E in class 1, Company B in class 4 and for sector specific knowledge of the companies in class 2. A generalisation like “more knowledge equals higher extent of CSR in the Dutch cocoa channel”, however, cannot be made due to too little respondents.

One expectation that evolved during the analysis of potentially explaining factors, was that the size of the company might be of influence on CSR behaviour. Table 14 below shows the size in numbers of employees.

<table>
<thead>
<tr>
<th>Class</th>
<th>Company</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>E</td>
<td>101-500 in Neth. internationally: 500+</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>500+</td>
</tr>
<tr>
<td>2</td>
<td>A</td>
<td>51-100</td>
</tr>
<tr>
<td></td>
<td>G</td>
<td>51-100</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>Seasonal: 1-50/ 51-100</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>51-100</td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>26-50</td>
</tr>
<tr>
<td>4</td>
<td>B</td>
<td>1-25</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>1-25</td>
</tr>
</tbody>
</table>

Table 14: Size of companies in number of employees.

Table 14 shows a clear congruence between size in number of employees and the classification on CSR. The top scoring companies are the largest and the lowest scoring companies are the smallest. This gives a more striking result than the factor of knowledge does. Concluding: the size of the company, measured in number of employees contributes more to CSR positive behaviour than knowledge about CSR initiatives does.

7.4.2 Barriers

Table 15 below shows the multiple-choice question posed on the companies to measure the extent to which certain barriers were experienced in the implementation of CSR. Company B has not answered the questions, because the respondent experienced himself to have lack of knowledge about it.
From Table 15 can be derived that uncertainty about costs/benefits is an issue most perceived as a clear barrier, by a majority of companies. Knowledge/expertise, the anonymous market and the perception of consumer demand of social products are perceived as possible barriers by a majority of respondents. Lack of political support was not perceived a barrier by almost all companies. Motivation and the relationship with suppliers are not an issue for a majority of the respondents. It is striking that even companies that score badly on CSR do not perceive barriers concerning these issues (C and H on motivation and D and I on supplier relationships). This might be explained by the satisfaction respondents experience about their behaviour. They defined their (small) position and influence by factors of size and power in the chain and were not urged to behave more sustainable.

Company E, that scored the best on CSR, only sees the consumer demand on both social and environmental products as a barrier. Institutional barriers are a considered a possible barrier.

Company F, considered second best on CSR, sees motivation and uncertainty about costs/benefits as clear barriers. Furthermore, the others are all perceived as possible barriers, except for political support.

The companies that were in the second best category on CSR were A and G. Company A perceives clear barriers concerning uncertainty about the costs/benefits of CSR, the consumer demand for social products and institutional barriers. Possible barriers are motivation, knowledge, power, anonymity of the market and consumer demand of environmental products.

Company G sees as clear barriers: power, relationship with suppliers and the anonymous market. The respondents remark that they see a clear relation between those barriers. Furthermore, a remark is made about Ghana, a production country, in which the institutional barrier is very clear. Knowledge is seen as possible barrier.
Companies C, D and I follow next in the order of CSR scores. Company C sees power, suppliers and anonymous market as clear barriers. Four more possible barriers are indicated.

Company D sees clear barriers in the motivation within the company, uncertainty about costs/benefits, and institutional barriers. Possible barriers are knowledge, power, anonymity of the market and perception of consumer demand (both).

Company I perceives uncertainty about costs/benefits and consumer demand for environmental and social products as clear barriers. Possible barriers are motivation, knowledge, power and lack of political support.

Companies B and H are the lowest on the CSR categorisation. They scored the lowest on CSR activities. Concerning possible barriers Company B has not answered the questions because it does not engage in CSR at all.

Company H perceives the power of the company a clear barrier to implement CSR. The relationship with suppliers, the anonymous market and consumer demand for social products are possible barriers.

There doesn’t seem to be one or more barriers important in explaining the extent to which a company participates in CSR. The number of perceived barriers also doesn’t seem relevant to explain this. Every company experiences different barriers, but some are experienced more and some less. On the average, knowledge/expertise, the anonymous market and the perception of consumer demand of social products are experienced more, and lack of political support is experienced less.

### 7.4.3 External actors

In this Section the influence of the company getting addressed by external parties on social and environmental issues is discussed. If so, by whom, on what issues, and how has the company reacted on this? The results are discussed in the hierarchic order of efforts on CSR (made in Section 7.3.5). Table 16 below shows to what extent companies get addressed, and by whom.

<table>
<thead>
<tr>
<th>Class</th>
<th>Company</th>
<th>Addressed?</th>
<th>By whom?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>E</td>
<td>++</td>
<td>Customers, NGOs, students</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>- (?)</td>
<td>Government control</td>
</tr>
<tr>
<td>2</td>
<td>A</td>
<td>+</td>
<td>Media, NGO</td>
</tr>
<tr>
<td></td>
<td>G</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>+</td>
<td>Consumers</td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>o</td>
<td>One customer</td>
</tr>
<tr>
<td>4</td>
<td>B</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>+</td>
<td>Schools and citizens</td>
</tr>
</tbody>
</table>

Table 16: To what extent and by whom do companies get addressed by external actors?

As can be seen in Table 16, Company E gets addressed most comprehensively. This is done mostly by its customers, the chocolate producers. These are mostly concerned because of media reports, especially about child labour. Company E always has a well-prepared answer on what it is doing to prevent such practices in producer countries. Furthermore costumers send questionnaires they receive about waste management and quality to their supplier, Company E. The reaction on customers is
mostly participatory. NGOs also address the company very often, as well as students. From these, a selection is made on which is participated. Company F is only controlled regularly by government agencies on compliance with regulations. This has never led to problems. It might be due to the position of the respondent of Company F that no further information about third parties addressing the company could be given. The respondent might not be aware that the company does get addressed. This is to be expected, because it is a very large multinational food processing company.

Company A produces very visible brands, and is therefore sometimes in the media attention. The company follows this closely, but has not experienced problems with it. It has received a questionnaire from Fairfood, a Dutch NGO, about ethical aspects for some of its products, including seven chocolate products. It has not replied the questionnaire, due to irritation on the method. Company G never gets addressed.

Company C also never gets addressed on sustainability issues. Company D is only addressed by consumers. This happens regularly because it produces a famous brand and has a consumer information facility. When questioned about subjects as child labour, an “avoiding” answer is given. There is no addressing on environmental issues.

Company I has only got addressed by one of its customers, Nestle. Nestle is busy designing ethical policy standards, and therefore consults its supplier. Experience on the production countries’ practices and means to implement change there is exchanged.

Company B never gets addressed. Company H is addressed by schools and citizens, because they are a visible company in a small town. The requests are mostly informative, due to the association and expertise the company has with Fair Trade cocoa (see Page 53). This was also the reason for a television program and a magazine to contact the company. The company has participated up to a certain point, at which it found that facts were not properly represented.

Concluding from this Section, one can see that being addressed by external actors might have an influence on business behaviour. The companies that are most active in CSR are Companies E, F A and G. Companies E and A are so to say “in the picture” therefore the influence is clear, as it is for the companies themselves. For Company F it is not certain whether it gets addressed on sustainability issues. Company G does not, for the activity on CSR there has to be another explaining factor. Company H that is not active in CSR whatsoever, does get addressed. But it is mostly information requests that this company receives. Its reaction is to provide this expertise. It might be concluded that this is another kind of addressing, that doesn’t influence the behaviour of a company concerning CSR.

7.4.4 Other explaining factors
In the previous Sections, the influence of knowledge, size of the company, experienced barriers and being addressed by external actors was analysed. In this Section, the data gathered about the remaining influencing factors concerning CSR from the analytical model of Section 3.1 is analysed. Table 17 depicts the results on
the questions asked in this respect. What can these results tell about to what extent internal and external factors influence business behaviour? Company F has not replied on the questions, because the respondent considered that he did not have sufficient knowledge on the matter.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Negative influence</th>
<th>Small negative influence</th>
<th>No influence</th>
<th>Small positive influence</th>
<th>Positive influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company vision/philosophy</td>
<td>D</td>
<td>I</td>
<td>C, G</td>
<td>A, B, E, H</td>
<td></td>
</tr>
<tr>
<td>Company culture</td>
<td>B, D, G</td>
<td>A, C, I</td>
<td>E, H</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presence of expertise</td>
<td>C</td>
<td>D</td>
<td>A, B, G</td>
<td>E, H, I</td>
<td></td>
</tr>
<tr>
<td>Information on best practices</td>
<td>I</td>
<td>B, C</td>
<td>D, G</td>
<td>A, E, H</td>
<td></td>
</tr>
<tr>
<td>Employees’ influence</td>
<td>G</td>
<td>B, C, D, H</td>
<td>E, A, I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector initiatives (VI/2/ECA)</td>
<td>A, B, D, G</td>
<td>C, I</td>
<td>E, H</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICCO influence</td>
<td>B, D</td>
<td>C, G, I</td>
<td>E, H</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailers</td>
<td>I, G</td>
<td>A, B, C, H</td>
<td>D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier input</td>
<td>B, I</td>
<td>A, B, H</td>
<td>C, D, G</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders influence</td>
<td>D</td>
<td>B, C, H, I</td>
<td>A</td>
<td>G</td>
<td>E, H</td>
</tr>
<tr>
<td>World market developments</td>
<td>D</td>
<td>A, B</td>
<td>C, I</td>
<td>G</td>
<td>E, H</td>
</tr>
<tr>
<td>Producer countries legislation</td>
<td>D, G</td>
<td>A, B, C</td>
<td>E, H, I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National/EU legislation</td>
<td>A, B, C, G</td>
<td>D, E</td>
<td>H, I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media reports</td>
<td>B, G</td>
<td>A, C, D, E, H</td>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer pressure</td>
<td>G, H</td>
<td>A, C, D, E, I</td>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NGOs</td>
<td>G</td>
<td>A, B, C, D, E, H</td>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour Unions</td>
<td>D</td>
<td>A, B, C</td>
<td>G, H, I</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 17: Results about influencing factors

One thing that strikes the attention is that mostly, the companies experience more positive than negative influences. Employees’ influence, media reports, consumer pressure and NGOs are perceived positive influence by a majority. On the other issues, there is more dissimilarity and no further conclusions can be made.

Company E has indicated all issues as positive influences, except for supermarkets, supplier input and shareholders, because these are all not applicable. One comment was made concerning ‘producer countries legislation: the absence of legislation should be seen as a stimulant to undertake action.
Company A has indicated company philosophy, information about best practices and employees’ influence as positive influence. Company G has indicated shareholders as a positive influence.

Company C has indicated one negative influence: the presence of expertise. Company D experiences a negative influence from the company philosophy, the shareholders, labour unions and world market developments.
Company I has indicated the presence of expertise, national/EU legislation, media reports, and NGOs as positive influences. Supermarkets are considered a negative influence.

Company B has indicated company philosophy and consumer pressure as positive influences. As can be read in Section 7.2, this company does not perform in CSR. However, it does produce EKO-certified products and its packaging is recyclable, two issues that have been determined as CSR to base the answers on these questions on. Company H considers the first seven issues positive influence (see Figure 9), and furthermore the National/EU legislation and the world market developments. It is striking that this company does not perform anything concerning CSR but does experience positive influences.

Possibly the number of positively or negatively experienced influences is of effects business behaviour. Table 18 shows this experience per company.

<table>
<thead>
<tr>
<th>Company</th>
<th>-</th>
<th>-</th>
<th>o</th>
<th>+</th>
<th>++</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>5</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>1</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>2</td>
<td>8</td>
<td>6</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>1</td>
<td></td>
<td>7</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td>11</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td></td>
<td>5</td>
<td>4</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

Table 18: Number of experienced positive/ negative influences

In Table 18 one can see that Company E, that has scored the best on CSR activities experiences the most positive influences. Hence, the number of positively experienced influences positively influences the CSR of this company. In Class 3 one can find more negatively experienced influences. It appears from this that the more negative influences, the less CSR activity. Class 4, however, shows a diversion from this trend. This might be explained by the fact that these companies have little knowledge on the possibilities of CSR. This applies for Company B, but to a less extent for Company H (see Section 7.4.1).

### 7.5 Conclusion

Page 23 shows the analytical framework of this research. In it internal and external factors of influence on Business Behaviour are distinguished. In this Section findings concerning these factors in relation to the businesses’ behaviour are discussed. This is done according to the classification that was made of the sustainability of businesses’ behaviour.

This is again the order of the companies:
Class 1: Company E (and F)
Class 2: Company A and G (and F)
Class 3: Company C, D and I
Class 4: Company B and H

Figure 7 of Section 7.3.5 showed how the companies are integrated in the cocoa channel according to this classification.

Figure 7: Classification of companies, placed according to links in the cocoa channel.

From this figure it appeared that the companies whose activities are situated more to the production side of the channel, perform better on CSR. However, companies H and I counter that expectation. Furthermore, the level of integration of the companies in the channel (the number of links that the business’ activities cover), seemed to play a role. Companies E and F cover more than two links and perform best. However, company D also covers three links, but performs badly on CSR.

It seems that the two factors mentioned above influence the sustainability of business behaviour combined with a third factor: company size. In Table 13 in Section 7.4.1 the size of the consulted companies in numbers of employees was given. From this, a congruence was found; the bigger the company, the better it performs on CSR.

From this the following conclusions are formulated: Whenever the activities of a chocolate company lie more towards the production side of the channel and the size of the company is bigger, the company performs better on CSR.

The second conclusion is: whenever a company has a larger embeddedness in the channel and the company size is bigger, the company performs better on CSR.

Now the findings on other influencing factors that have been discussed in the previous Sections are analysed once more in total for every company. This is done in order to find out whether conclusions can be made on the question to what extent factors influence business behaviour. The companies will be discussed corresponding with the order that is depicted above.

Class 1:
Company E only sees the consumer demand on both social and environmental products as a clear barrier. It is clear that this company does not experience much counterforce in exercising CSR. This is in line with the expectation, seeing that they perform the most actions concerning CSR. Company E gets addressed most comprehensively, and reacts in the most comprehensive manner, via communication
internally and externally about the project induced to improve sustainability. Company E experiences a large amount of positive factors. The amount of positive influences might explain the extent of action concerning CSR. One conclusion might be that for Company E, being addressed comprehensively about sustainability issues has stimulated their efforts to communicate clearly about what its efforts are to improve the situation. This presumption is enhanced by the fact that it concerns a very big company for which a good image is often very important.

The results on Company F are biased; the respondent was expert on environmental activities in his company, but could not provide much information about CSR policy or influencing factors. Data is missing due to not being able to answer certain questions. From the information that was provided, however, it was concluded that the company is reasonably active on CSR activities and is placed second best on the order list.

Company F has little knowledge on sector specific and on the general Sustainability Initiatives, but it did study ISO 14001. It is not known to ever get addressed seriously on Sustainability issues. Company F sees motivation and uncertainty about costs/benefits as clear barriers. No further information was given on influencing factors.

Class 2:
Company A perceives clear barriers concerning uncertainty about the costs/benefits of CSR, the consumer demand for social products and institutional barriers. These companies experience more extensive counterforce. The content of the barriers, however, varies between the two companies. Company A does get addressed but perceives no problems from this. Participating or giving an avoiding answer deals with the issue. Company A has indicated company philosophy, information about best practices and employees’ influence as positive influence. Company A is perceived as performing quite well on CSR, but conclusions for the explaining factors are hard to make. It is questionable to what extent information about best practices is actually present. The knowledge about Sustainability Initiatives was quite low (see Section 7.4.1), and in the interview it became clear that the chocolate facility would not comply with ISO 14001, or the other Operating Principles (described in Section 7.2) within a few years.

Therefore, company philosophy and employees’ influence might be considered important explanations for the CSR of this company. This presumption can be supported by the fact that the CSR of this company consists mainly of philanthropical projects, for which employees have to be motivated, and the company willing to participate. The existence of a special department and fund for philanthropy proves the company philosophy on this matter. Also the fact that the mother company of Company A is based (highly visible) in the US, where philanthropy is more common practice is an explanation for this behaviour.

Company G sees as clear barriers: power, relationship with suppliers and the anonymous market and see a clear relation between those barriers. Company G never gets addressed by external actors on Sustainability, but it does engage in CSR. This must be explained by other factors. It is a relatively independent corporation; the mother organisation doesn’t influence business practices, the company is not in the public attention. Company G has indicated shareholders as (only) positive influence. From this, the explanation sought can be derived.

Class 3:
Company C, not particularly active in CSR, is a small chocolate producing company in an urban area. It does produce a small share of its products with EKO certified cocoa, but it declared itself that this is only a business driven decision. Therefore, it is not considered CSR. It has little knowledge on sector specific initiatives and on the general ones. Company C sees power, suppliers and anonymous market as clear barriers. Four more possible barriers are indicated. Company C never gets addressed on sustainability issues. Company C has indicated one negative influence: the presence of expertise.

Company D sees clear barriers in the motivation within the company, uncertainty about costs/benefits, and institutional barriers. Company D does get addressed, but perceives no problems from this. Participating or giving an avoiding answer is the reaction of this company. Company D experiences more negative influences than the other companies. This can be explained by the expressed company-internal wish to perform better on environmental matters and chain management, and the hindrance of this development by top management (see Section 7.2). Indeed, the factors that are indicated negative are: the company philosophy and shareholders (which are in this case also the senior management).

Company I perceives uncertainty about costs/benefits and consumer demand for environmental and social products as clear barriers. These are the same barriers as Company A experiences. This latter company, however, performs better on CSR. This must be explained by other factors. The last three companies perceive uncertainty about costs/benefits important. It might be concluded to be an important barrier in the cocoa sector.

Company I does get addressed, but perceives no problems from this. Participating or giving an avoiding answer deals with the issue. Company I has indicated the presence of expertise, national/EU legislation, media reports, and NGOs as positive influences. These might be positive influences on the mentality and the knowledge amongst employees about the problems in the chain. The activity that the company undertakes to improve these problems, however, is so marginal, that these factors are deemed to be not relevant. Supermarkets are perceived a negative influence due to their urge to lower prices constantly. Company I is a trading company, it has nothing to do with supermarkets. This answer is not logical, perhaps it is a mistake.

Class 4:
Company B has not answered the questions about barriers and never gets addressed by external actors. Company B has indicated company philosophy and consumer pressure as positive influences. As can be read in Section 7.2, this company does not perform in CSR.

Company H perceives the power of the company a clear barrier to implement CSR. Seeing that Company H is in the lowest category on CSR, a presumption arises that (the perception of) power of a company might be a very important barrier. Company G has also indicated power as a barrier. Another presumption is that this barrier is important for companies that are relatively small: Company H is a trader with 19 employees, and Company G a processor with 90 employees. These numbers are relatively small, concerning the extent of their activities and compared with other companies in the same sector. Company H only gets addressed for information, on which it participates.
In this research, answers were sought to the question:

*To what extent have actions concerning improving sustainability in the international cocoa channel been taken by businesses in the Dutch cocoa channel in the time period 2001-2006, and to what extent has this business behaviour been influenced by internal and external actors and factors?*

The concepts in this question were unravelled into elements that were measured in interviews performed in the Dutch side of the cocoa channel. Also, general developments concerning the improvement of the global cocoa channel have been explored. These are described in Chapter 5. Important in this respect are the agreements made, between actors in the industry, governments and other parties, to make real efforts to improve the sustainability in the channel. ICA 2001 and the Harkin-Engel Protocol are two starting point for a series of initiatives, of which some are still in progress. A global certification scheme that aims to prevent the occurrence of (the worst forms of) child labour and forced labour is in gestation. Cooperations have started between intersectoral parties. The World Cocoa Foundation, the International Cocoa Initiative are examples of cooperating organisation with the objective to improve sustainability. They are often referred to by companies when questioned about their efforts to improve the cocoa channel.

Companies have their own way of looking at problems. Most of the consulted companies have to a certain extent taken on responsibility to make the cocoa channel more sustainable. There are some exceptions. The two trading companies (H and I) consulted perform very little concerning Sustainable business practices. The only action that has potential to improve practices in producing countries is motivated by quality considerations. Another company, that produces end product, is driven only by consumer demand, to produce EKO certified products. Other companies have roots deeper into Corporate Social Responsibility (E and F). Company E even has their own name for it, Citizenship. This is a company that has the most extensive CSR policy, being part of a large multinational that is in the spotlights and image to think of. Communication about the companies’ activities concerning CSR, internally and externally, is considered very important by this company.

Then there are companies that take on an approach based mainly on environmental care. Complying with national and EU legislation concerning this matter seems to create enough of a challenge. But some companies have taken their efforts some steps further, to become in front of the developments. This applies for the three grinders in the research. This might be explained by the range of the activities in the chain of these companies: this inclines towards the production of beans. Traceability seems an important issue for these companies. Two of the three are well known companies, but one is not. Here, an explaining factor for the high CSR activity could well be shareholders influence and motivation of the management, as it has indicated itself.

One other company that was classified higher on CSR than the rest was a chocolate company (Company A). It produces highly visible brands. This could be an explaining factor on itself. However, the activities described by the company might not all be relevant specifically for the chocolate related activities. CSR was elaborated on by the respondent as policy of a bigger mother organisation.
Discussion and Recommendations

The last remark of the previous Section brings an unexpected factor in the discussion about business behaviour: a development can be distinguished by most consulted companies of take-overs. Traditionally Dutch companies have been taken over by other organisations based in the US, Germany and other countries. To some companies, this has brought only more financial certainty, but for others it has a serious impact on the CSR activities. This can work out positively (Company E, F) or negatively (Company D).

Other factors of influence not distinguished from theory are the size of the company, and the range of activities and the place of these activities in the chain. However, these factors should be seen combined. This research cannot conclude that a company that has a wide range of activities performs better on CSR (see Company D). Nor can it be said that is activities are located closely to the production side of the chain, CSR is performed (see Companies H and I, two trading companies) But it may be expected that if company activities incline more to the production side of the chain and the company occupies a wide range with its activities, this might effects the activity on CSR positively. This notion could be investigated more thoroughly though. Other product channels such as coffee, tropical fruits etc. could be suitable for research on this matter.

It was a pity that not more companies could be found willing to cooperate with the research. Not much generalisations could be made due to this. The lack of cooperation can be explained by the complexity of the issue of research: CSR. Many of the smaller companies reacted instantly on this subject by replying that CSR is not meant for smaller companies. This is a notion that is known in research by the Dutch government and other organisations concerned with CSR. For the sector of smaller companies CSR activity does not grow. MVO Nederland has investigated the reason for this, and found out that the smaller companies often are not aware of the possibilities of CSR. They experience a dependency on bigger companies in the chain and consumer demands.

We can see that there are some encouraging developments on international channel level. Research to the seriousness of the problem and the implementation of initiatives and programmes are staring points for the improvement of sustainability in the cocoa channel. The larger companies attribute responsibilities concerning sustainability to themselves. Hereby they set an example for other companies. They are influenced positively by the international developments and the organisations that were set up in the past 5 years (the WCF and ICI). But it seems however that the hampering of CSR at middle and small companies in general applies for the cocoa and chocolate sector as well.

The main hampering factors that were found were chain characteristics and perceived power to influence the chain. The smaller companies were inclined to think they couldn’t influence the channel in a way sufficient to solve problems. The reaction on this was to do nothing at all, which is a pity, because the number of small chocolate companies is large. A combined effort might be successful. Coordination by the Dutch sector organisation VBZ could provide the necessary input to implement initiatives concerning improving sustainability.

Other opportunities can be found in companies that are steered by mother companies that are visible in the public arena. Large multinational are inclined to be addressed
firmly by civil society on their social and environmental performance. This can lead to a more ambitious level of CSR activity than a company by itself would have. A backside of the situation of a take over is seen as well: employees of company D want to perform more than the Central Management does. Thereby it misses many opportunities on enhancing their CSR behaviour. It should be noted however, that the central management of this company is not highly visible in the public, and it is expected that the mother organisation is not addressed very often on sustainability issues.
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http://www.unglobalcompact.org/ParticipantsAndStakeholders/search_participant.htm
consulted: 7 June 2007.


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MVO Nederland website, url:

Senternovem website, url:
(http://www.senternovem.nl/senternovem/over_senternovem/index.asp.)
Appendix 1: Scheme of processes in the cocoa chain.

source: www.icco.org/questions/process.htm
Appendix 2: Additional on SA 8000.

SA 8000 requires a management system that comprises an extensive social policy. The management system has to comply with certain organisational and substantive requirements, which are presented below. The organisational requirements are presented first, the substantive requirements secondly.

Organisational requirement

Policy
Top management defines social accountability policy and ensures that it includes:
- A commitment to conform to all requirements from SA 8000 (from now on ‘the standard’).
- A commitment to comply with national and other applicable law and other applicable requirements as well as to respect international instruments...
- A commitment to continual improvement.
Furthermore it is ensured that the policy is effectively documented, implemented, maintained, communicated, accessible to all personnel and publicly available.

Management Review
Top management periodically reviews the adequacy, suitability and continuing effectiveness of the company’s policy, procedures and performance results.

Company Representatives
A senior management representative ensures that the requirements from the standards are met.
Personnel representatives communicate with senior management on matters related to the standard.

Planning and Implementation
Required measures:
- A clear definition of roles and responsibilities.
- Training for new employees to ensure knowledge on the social policy.
- Periodic training and awareness programs for existing employees.
- Continuous monitoring of activities and results.

Control of Suppliers, subcontracters and subsuppliers
- Procedures to select suppliers, subcontracters and subsuppliers based on their ability to comply with the standard
- Records are maintained of the commitment of suppliers, subcontracters and subsuppliers on:
  - strict compliance with the standard
  - participation on monitoring activities
  - prompt implementation of remedial and corrective action
  - informing the company of business relationships with other suppliers, subcontracters and subsuppliers
- Evidence is maintained on if the requirements are met.
- Homeworkers:
  - purchasing contract require minimum criteria based on the standard.
  - ensured is that the requirements are understood and implemented
-comprehensive records are maintained on homeworkers.
-monitoring takes place to ensure compliance with the contracts.

Additional Requirements
- The company is to investigate concerns posed by personnel or third parties.
- The company is to implement remedial and corrective action and allocate adequate resources in case of non-conformance to the standard.
- The company is to communicate regularly on the social policy with stakeholders.
- The company is to provide information on request.

**Substantive requirements**

**Child Labour**
- Remediation measures are designed and implemented in case of child labour.
- ILO 146: Promote education and means to prevent work during school hours and to ensure a maximum of 10 working hours a day.
- Hazardous work for children is prohibited.

**Forced Labour**

**Health and Safety**
- Hazard inherent to the business sector are to be minimized
- A senior management representative is appointed to be responsible for health and safety.
- Health and safety trainings are held.
- A detection and avoidance system is designed and implemented.
- Safe sanitary and dormitory facilities are offered to employees.

**Freedom of Association and the Right to Collective Bargaining**
- Employees are free to form and join trade unions.
- Parallel means are designed when these rights are restricted under national law.
- Representatives of trade unions are not discriminated and are provided access to member employees.

**Discrimination**
- No discrimination in hiring, remuneration, access to training, promotion, termination or retirement.
- No interference with observing tenets, practices or meeting the needs considering race, religion, political affection etc.
- No sexual harassment, in gestures, behaviour, language and physical contact.

**Disciplinary Practices**
- No corporal punishment
- No mental or physical coercion
- No verbal abuse

**Working hours**
- Applicable law is obided, but:
- Maximum of 48 working hours a week.
- Overtime work maximum 12 hours a week

Remuneration
Appendix 3: Additional on OECD Guidelines for MNEs.

**Social dimension:**
Concerning working conditions and right to organise:
- right to be represented in trade unions and labour organisations.
- provide facilities for the development of collective agreements on employment conditions.
- provide information to make negotiation on the former meaningful.
- not threaten to move entities or employers to other countries in negotiations about employment conditions.

Other issues that are prompted in the Guidelines:
- contribute to the elimination of child labour
- contribute to the elimination of forced or compulsory labour
- not to discriminate with respect to employment on basis of race, colour, sex, religion, political opinion, national extraction or social origin
- standards of employment should not be less favourable than those observed in the host country.
- employ local personnel and provide training to improve skill levels.

**Ecological dimension:**
- Establish and maintain a system of environmental management appropriate to the enterprise, including:
  - Collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of activities.
  - Formulate objectives and targets for improved environmental performance
  - Regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.
- Provide public information on potential environment, health and safety impacts of the activities, which could include improvement of performance on these matters.
- Engage in communication and consultation with communities affected by the impacts.
- Assess and address in decision-making the impacts and where needed prepare an Environmental Impact Assessment (EIA).
- In case of lack of scientific certainty, do take cost-effective measurements to prevent environmental damage.
- Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from operations.
- Improve environmental corporate performance continuously by:

---

1 ... unless selectivity concerning employee characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job. (OECD, 2000, p.21)
- adopting technologies that reflect the best performing part of the enterprise
- development and provision of products or services that have no undue environmental impacts; are safe in their intended use; are efficient in their consumption of energy and natural resources; can be reused, recycled, or disposed of safely.
- promoting awareness among consumers using products of the enterprise
- conduct research on ways to enhance the environmental performance

- Provide education for employees on environmental matters such as handling dangerous substances and prevention of environmental accidents, but also general matter such as EIA procedure, public relations and cleaner technologies.
- Contribute to the development of environmentally meaningful and economically efficient public policy, i.e. partnerships or awareness raising initiatives.

**Economic Dimension**

- Combat bribery
Appendix 4: Interview Questions

Company Name:  
Department:  
Name Respondent:  
Function:  

I. Characterisation of the company:  

1- How many employees does the company have?  
2- What are the main actions of the company? What part of the market does it involve in?  
3- Which links in the chain are covered by the activities of the company?

Cocoa bean production → Trade → Processing to semi-products → Processing to chocolate → Manufacturing chocolate products → Sales

4- Can you briefly explain the history of the company?  
5- How is the economical situation of the company today?

II. Environmental Care

6- Does the company apply environmental care (in the broad sense)?  
7- Since when did it do this?  
8- How does it apply environmental care?  
9- Does the company have (parts of) ISO 14001 or EMAS implemented as part of environmental care?

III. Corporate Social Responsibility:

10- Does the company have CSR policy? And a CSR Report?  
11- What meaning does the company attribute to CSR? Triple P/ three dimension of Sustainability?  
12- What place does CSR have in the company’s structure? Does the company have a department for CSR?  
13- What (other) departments are involved in CSR? Whose responsibility is CSR?  
14- What aspects of the production process does the CSR involve?  
15- Is chain management part of the company’s policy?

IV. Chain Management:

16- Is an analysis of the social impact of an activity made beforehand?  
17- And an analysis of the environmental impact?  
18- Has the company developed social standards?
19- Has the company developed environmental standards?
20- For which links in the chain does the company take responsibility?
21- Are suppliers involved in the standards, e.g. by letting them sign the standards?
22- Does the company cooperate with other companies concerning Chain Management? How?
23- And with NGOs? How?
24- With the government? How?
25- With research institutes? How?

V. CSR Initiatives:
26- In the examination of initiatives concerning Sustainable Development in the cocoa and chocolate world, certain agreements and organisations have drawn attention. To what extent is the following known by the company/spokesperson?

<table>
<thead>
<tr>
<th>Sector specific Initiatives:</th>
<th>Not known</th>
<th>Heard of it</th>
<th>Is known</th>
<th>Used in policy</th>
<th>Participant</th>
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<tbody>
<tr>
<td>ICA 2001</td>
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<td>Harkin-Engel Protocol</td>
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<td>Industry wide declaration</td>
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<td>International Cocoa Initiative</td>
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<td>World Cocoa Foundation</td>
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<td>General Initiatives:</td>
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<tr>
<td>ISO 14001</td>
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<td>OECD Guidelines for MNEs</td>
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<td>Global Compact</td>
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<td>SA 8000</td>
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<td>MVO Nederland-Chain Management</td>
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</table>

27- Does the company pay attention to the activities concerning Sustainable Development and CSR of sector organisations, such as ECA and the VBZ?

VI. Company activities concerning CSR:

28- Does the company have a CSR Report?
29- Does the company publish following the Global Reporting Initiative Guidelines?
30- I would now like to go though a list of CSR incentives and check with you whether the company has implemented the various components from these incentives. ➔ go through excell sheet

VII. Barriers
31- What barriers does the company face when trying to pursue CSR/sustainable business practices? Go through the Checklist Barriers.

<table>
<thead>
<tr>
<th>Possible barrier</th>
<th>Not an issue</th>
<th>Might be barrier</th>
<th>Clear barrier</th>
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</thead>
<tbody>
<tr>
<td>Motivation</td>
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<tr>
<td>Knowledge/expertise</td>
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<td>Uncertainty costs/benefits</td>
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<tr>
<td>Power</td>
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<tr>
<td>Relationship suppliers (trust&amp;continuity)</td>
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<tr>
<td>Anonymous market</td>
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<tr>
<td>Perception of consumer demand social produce</td>
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<tr>
<td>Perception of consumer demand environmentally friendly produce</td>
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<tr>
<td>Lack of political support</td>
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<td>Institutional barriers in international trade</td>
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</table>

32- How does the company try to solve these barriers?

VIII. External Influences:

33- Is the company being addressed on social and environmental issues considering imports?

34- Who is addressing you on what issues?
- Local NGOs? Which?
- International NGOs? Which?
- Consumer groups?
- Media?
- Government bodies?
- International industry?
- Others?

35- What actions have been taken as (an indirect) consequence of these messages?
By which persons/departments?

36- What factors can be said to have contributed most in the investment in the identified sustainable business practices? Go through checklist.

<table>
<thead>
<tr>
<th>Negative influence</th>
<th>Small negative influence</th>
<th>No influence</th>
<th>Small positive influence</th>
<th>Positive influence</th>
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<tbody>
<tr>
<td>Company vision/philosophy</td>
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<td>Company culture</td>
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<td>Presence of expertise</td>
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<td>Information on best practices</td>
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<tr>
<td>Employees’ influence</td>
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<td>Sector initiatives (VBZ/ECA)</td>
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<td>ICCO influence</td>
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<td>Retailers</td>
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<td>Supplier input</td>
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<td>Shareholders influence</td>
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<td>Producer countries legal.</td>
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<td>National/EU legislation</td>
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<td>Media reports</td>
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<td>Consumer pressure</td>
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<td>NGOs</td>
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<td>Labour Unions</td>
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<td>World market developments</td>
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</tbody>
</table>
Appendix 5: List of contacted companies.

Union Edel Chocolade B.V.
Baronie-de Heer B.V.
Kraft
Cocoawarehousing Zaanstad B.V.
Ridam-Sweets B.V.
Rademaker B.V.
Koninklijke De Ruijter B.V.
Tulip Cocoa B.V.
Dutch Cocoa B.V
Hoogenboom Benelux
Da Vinci Bonbons & Chocolade V.O.F.
Australian Homemade
Firma Caro Produktie
Delfi Cocoa (Europe) B.V.
Chocolade- en Suikerwerkenfabriek Eljo B.V.
A.F.Stam B.V.
Martinez Chocolade B.V.
Unima B.V.
The Real Chocolate Company B.V.
Continental Chocolate B.V.
Koninklijke Verkade NV
Daarnhouwer & Co B.V.
Chocolaterie Lugano
La Fabrique
Continaf B.V.
Schoemaker B.V., Jan
Droste B.V.
Fennema B.V.