Sustainable trading

Traders as agents of sustainability in coffee and cocoa supply chains

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dutch sustainable
trade initiative

Foreword

President Obama recently said that there are only two kinds of car companies: those that sell hybrid cars and those that will sell hybrid cars in the near future. The same is true for sustainability in supply chains. There are companies that source and sell more sustainable products and there are those that will do so in the near future. With a world soon populated by nine billion people and over two billion new middle-class citizens, traditional sourcing and selling will simply be a no. You are either on the pathway to sustainable development or you are out of business.

The challenge of sustainability is reshaping the relation ship between business and society. Industry needs to better manage natural resources and significantly lower its global ecological footprint. And companies need to engage much better with suppliers and workers in the emerging and developing economies.

The mission of the Dutch Sustainable Trade Initiative (IDH) is to upscale and accelerate the mainstreaming of sustainability in international commodity chains. IDH joins the forces of business, non-governmental organisations, labour unions and governments. We bring diverse stakeholders together in focused and result-oriented sectoral coalitions that implement ambitious improvement programmes. These programmes tackle social, ecological and economical bottlenecks in the countries of origin of raw materials, while at the same time creating value for more sustainable products in developed countries.

IDH acts as a knowledge broker, capturing and sharing best practices in sustainable business. This will help frontrunners to move even faster, while supporting others to overcome thresholds. To mark its first-year anniversary, IDH is publishing a series of six booklets on current practices in sustainability in mainstream business:

- Sustainable Marketing: The positioning of sustainable products in mainstream markets, with cases of Lipton (tea), FSC (timber) and Nespresso (coffee).
- Sustainable Sourcing: Advanced strategies and cutting-edge practices in sustainable procurement, with case studies of AkzoNobel (chemicals), Mars (cocoa) and IKEA (cotton).
- **Sustainable Trading: Why and how traders have become key agents for sustainability in the coffee supply chain and how this is being replicated in cocoa, with case studies of Ecom (coffee) and Olam (cocoa).**
- Sustainable SMEs: Best practices in sustainable sourcing among small and medium-sized enterprises, with case studies of Wijma (timber), Fair Wear Foundation (garments), and RMP Grafmonumenten (natural stone).
- Sustainable Retail: Why and how retailers incorporate sustainability into their business strategy, with case studies of Ahold, Asda/Wal-Mart, and Carrefour.
- Labour Standards beyond Auditing: Best practices in going beyond auditing to achieve genuine social impact, and the business case for doing so, with a dozen cases in the garments, electronics, and sportswear industries.

We hope you enjoy reading these booklets and that they may inspire you with actionable ideas to further embed sustainability within your own organisation.

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Chapter 1
The changing role of commodity traders

‘As evidence of this change, take a look at the range of traders who are represented on the various sustainability round tables that have emerged in recent years. These companies are not there for the conversation!’

Compared to the highly visible brands that bring us coffee and chocolate, commodity traders are largely invisible to consumers and to policy makers. Yet these traders are often closest to the producers (farmers) and have first-hand experience of the environmental and social impacts of trade and agriculture. In many cases, the ground work in sustainability is carried out or facilitated, by traders.

1.1 Introduction

Traders today face increasing market volatility and financial risk, increasing expectations in relation to environmental and social issues, and increasing demands from their clients to address sustainability in production countries.

This booklet explores how some traders view sustainable trade and how some are making sustainability part of their strategy.

As concern about sustainability and demand for certified products from clients has become more explicit, the challenge that traders face is to move from a business model based on price and volume, to one that is based on price, volume and sustainability. And, they must make this transition when many sustainability attributes are still in a state of flux, remain ill-defined, and are difficult to ‘price’.

1.2 The economic function of commodity traders

Traders of agricultural commodities are the link between producers and consumers. The timing, location, quantity and quality of production more often than not do not match those of consumption. A commodity trader offers a service to both sellers and buyers, providing the integrated logistics and distribution required for purchase and delivery of the right product at the right time, and managing the risks involved. The trader buys from the producers when they need to sell, finances the stocks as required, processes and/or classifies the commodity as needed, and delivers to, and collects from, the customers, according to their requirements.

To simplify and standardise trade in commodities, buyers and sellers have over many years agreed on broad definitions of standard tradable commodities, which may have a range of physical and other attributes that fall within a defined range, such as ‘number 2 yellow corn’. Standardisation has facilitated the trade, enabling substitution, efficiencies of scale, and the establishment of markets, where both buyers and sellers can find prices and manage their risks.

1.3 Creating common definitions

While intrinsic quality differences such as taste can be priced differently in markets, the extrinsic attributes of products (i.e. how they are made) can also pose challenges. Until relatively recently, the definition and pricing of most commodities did not even begin to consider sustainability aspects of their production, such as environmental impacts of farming, labour conditions, or newer concepts such as carbon or water footprint. But this has begun to change in recent years.

Sustainability attributes are now an increasingly important aspect of many traders' business models. This is emerging as concern and demand from downstream clients has become more explicit, and as many traders have become 'supply chain managers' through integration forward and backward in supply chains. As evidence of this embryonic change, take a look at the range of traders who are represented on the various sustainability round tables that have emerged in recent years. These companies are not there for the conversation! They are there to understand new market trends and how best they can service these markets and secure better and stronger relationships with key clients. This may mean that they see strategic sense in moving upstream into supply or production management to ensure the flow of supply of sustainably-grown products. While the volumes of 'sustainable' products are still relatively small in most commodities, the focus of the dialogue has changed, from a narrow focus on niche products to broad aims for entire sectors.

1.4 The changing playing field for traders

The challenge that traders face in this transition is to move from a business model based on price and volume, to one that is based on price, volume and sustainability. And, they must make this transition when many sustainability attributes are still in a state of flux, remain ill-defined, and are difficult to 'price'. The complexity of this transition is compounded by subtler business drivers that underpin specific commodities. For example, client expectations may drive the trade in 'sustainable' coffee and cocoa, but for palm oil, the expectations of investors are equally significant, while for soy the challenge may be to secure and maintain a 'social license to operate'. As in many businesses that are competing for financing or staff, sustainability is also an increasingly important aspect for improving banking relationships or attracting staff. Understanding and managing these drivers is now an important aspect of several traders' near-term strategies. Key elements to embedding and credibly delivering 'sustainable' products include:

- production practices based on defined principles (i.e. from roundtables)
- credible metric-based standards against which purchases can be made
- cost efficient certification
- trustworthy chain-of-custody assurance

This booklet focuses on two global commodity traders and their experiences with sustainable sourcing: Ecom Agroindustrial Corp, a privately-held merchant in coffee, cocoa and cotton; and Olam, a publicly-traded merchant in a diverse range of products.

Chapter 2
What does sustainability mean for agricultural products?

'Certification is an attempt to define production criteria for a traded product. Certification schemes hold the potential to fulfil the market need to "commodify" sustainability attributes into products.'

Sustainability has many meanings for different people in different contexts. For some, sustainability means managing specific issues in production, for others it represents a broad vision of sustainable agriculture.

2.1 Defining sustainability is no easy task

Sustainable agriculture is hotly debated. Roundtables for defining sustainability and common approaches to it have emerged in nearly every commodity. Resources for insight into sustainable agriculture range from NGOs (non-governmental organisations) and company efforts, to the UN's FAO, to independent certification schemes, to commodity specific roundtables themselves. An incomplete but indicative list would include:

- WWF-International [1]
- Sustainable Agriculture Initiative [2],
- The Food and Agriculture Organization of the UN (FAO) [3]
- certification schemes such as Rainforest Alliance [4], UTZ Certified [5]
- crop specific 'round tables' such as Common Code for the Coffee Community (4C) [6]
- Roundtable on Sustainable Palm Oil (RSPO) [7], Roundtable on Responsible Soy (RTRS) [8], and the Better Cotton Initiative (BCI) [9]

The common denominator in all of the discussions and definitions of sustainable agriculture – the basis for sustainable commodities – includes:

- good agricultural practices: managed/ responsible/optimal/reduced use of agricultural inputs such as crop protection and fertilisers. This is often called 'integrated crop management'
- good post-harvest handling (to protect product quality and minimise losses)
- soil and water conservation
- carbon and greenhouse gas (GHG) issues
- biodiversity conservation
- integrated waste and crop by-product management
- energy conservation
- social sustainability, including labour practices and training

2.2 The promise of certification

'Certification' is frequently used interchangeably with sustainability in the discussions about coffee, cocoa and other products and in the context of sustainable trading. Indeed certification was the first attempt to define production criteria for a traded product. Certification itself is not new. Organic and 'Fair Trade' certification schemes have existed since the 1980s or earlier for some organic products. It is only in the last ten years that certification has become a widespread concept, with the emergence of many new schemes that aspire to be relevant to large shares of 'industrial' crop production and marketing.

Certification schemes hold the potential to fulfil the market need to 'commodify' sustainability attributes into products that can be 'priced' and traded.

1 www.panda.org/what_we_do/how_we_work/businesses/transforming_markets
2 www.SAI-Platform.org
3 www.fao.org
4 www.rainforestalliance.org
5 www.UTZcertified.org
6 www.sustainable-coffee.net
7 www.rspo.org
8 www.responsiblesoy.org
9 www.bettercotton.org

Chapter 3
Sustainable coffee and Ecom

‘We get farmers onto an improvement process that has many benefits that we hadn’t even imagined in the beginning. This has enabled Ecom to grow together with the farmers.’

Borne out of a urgency to ensure the sustainability of its own business, Ecom developed a strategy to support coffee farmers that includes training, certification, and services that add to the profitability of the farmer’s business. Sustainability is a means to de-commodify the commodity, serving the needs of both manufacturing and farmer clients.

3.1 About Ecom

ECOM Agroindustrial Corp. Ltd. (Ecom) is a global commodity trading and processing company focusing on cocoa, coffee, and cotton in major producing and consuming countries, with ancillary agricultural operations in oilseeds and hogs (pigs). Ecom prides itself on being an ‘origin-based’ company, with coffee, cocoa and cotton origination operations around the world. The company was founded in 1849 as a cotton trading business by Jose Esteve in Spain. Following the progression of cotton farming, the Esteve family established itself in the US in 1885, in Brazil in 1935, and in Mexico in 1948 and thereafter established Ecom to combine all commodity originating and merchandising operations. Ecom entered the coffee trade in 1951 and the cocoa industry in 1991. Today Ecom operates in over 30 countries, sourcing and processing cocoa, coffee and cotton. Ecom is one of the top three merchants in coffee, and is one of the largest coffee millers in the world, and is among the top five or six merchants in both cocoa and cotton.

3.2 History and drivers of change in the coffee sector

Sustainability is now a well-recognised theme that seems to make good business sense, particularly in the coffee industry, where certification of good agricultural practices is a widespread and growing practice. Ten years ago certification was not commonplace, and in fact it was borne out of a change in the structure of the coffee industry after an emerging crisis. The language used today is about lowering costs and improving the productivity and incomes of farmers. The language of the late 1990s was more dramatic, as farmers faced bankruptcy and hunger, even during periods of high prices.

In the 1990s, market changes made poor farmers visible
Prior to 1989, coffee production was governed by the International Coffee Agreement’s quota system. For decades, producers and buyers of coffee enjoyed relatively stable prices and production. Coffee was generally viewed by farmers in developing countries as a source of prosperity and wealth creation.

After the International Coffee Agreement ended in 1989, prices began to fluctuate considerably, first spiking in 1997 to 180 US cents/lb, up from the historical average of about 120 US cents/lb and then crashing to prices as low as 40 US cents/lb, the lowest level in real terms for 100 years[10].

10 Source: *‘Lessons from the World Coffee Crisis: A serious problem for sustainable development’*, Nestor Osorio, Executive Director, ICO, Submission to UNCTAD XI, June 2004.

The decline in market prices was caused by a substantial increase in production in Brazil and Vietnam, which led to a significant imbalance between supply and demand, and a fundamental restructuring of the coffee industry. By the late 1990s, coffee farming could only be profitable in countries with low costs of production, well-developed technologies, and favourable exchange rates. It seemed that the only viable producers were large-scale mechanised producers in Brazil and low-cost producers in Vietnam. Producers who had previously been competitive and prosperous elsewhere in the world found that they were now indebted, forced to abandon their farms, or switch to growing alternative crops, (in many cases illicit drugs such as coca). The social, environmental and economic impacts in countries around the world were significant. The impact of fluctuating prices and market changes had made the situation of many marginal farmers visible and relevant to buyers, NGOs and policy makers alike.

Meanwhile, the quality coffee market was emerging

Changes in the production market were matched by changes in the opposite direction in the consumption market. The rise of Starbucks and other specialty coffee retailers created new demand for quality coffees. Starbucks and Nespresso in particular were interested in improving growing practices to ensure a growing supply of higher quality coffee. The higher quality market was an opportunity – to de-commoditise the commodity and trade into higher value markets – but it required improvements from farmers, at a time when many farmers were not making money.

ECOM evolved from being a miller to engaging with growers

Ecom's business model is to be an 'originator' of coffee which means buying coffee, usually in its raw form in producing countries, processing it into exportable beans, and marketing it to clients in coffee-consuming countries around the world. Ecom had been the owner and operator of coffee mills in coffee producing countries since 1976 and considered its strong local presence to be a key strategic advantage when compared to its competitors who did not have local operations.

Ironically, it was during a year of high prices that Ecom first began focusing its efforts on what we now call sustainability i.e. better growing practices, traceability, and certification. Many coffee growers, particularly in the poor regions of Mexico and throughout Central America (where Ecom-owned mills) had for years been making marginal subsistence incomes from low-input, low-investment, low-yield farming, but never enough to rise out of poverty. As global market dynamics changed, many more Mexican and Central American growers found that their coffee was uncompetitive and their living standards were actually declining. Teddy Esteve, CEO of Ecom Coffee says:
'…It was clear to us that if we wanted our mills to keep on milling coffee in the future, we needed to help our suppliers become competitive.'

If growers could not make money when the market was at 3 US dollars/lb, what would happen when the market dropped again? The first projects were born based on the legitimate concern of the sustainability of our business.

By the late 1990s, it was also becoming clear that simply owning mills at source was not sufficient as a point of differentiation. Teddy Esteve again:
'Our mills at origin were no longer a long-term competitive advantage. Our competitors had also purchased mills. We realised that we had to engage with the growers who supplied our mills, look for ways to make them more profitable so they would invest in better coffee and prefer to sell to us. We saw that we needed to understand the needs of farmers better, and help them to both grow coffee better and grow better coffee.'

3.3 Approaches to sustainability

Several business models for certification emerged in the late 1990s, reflecting a range of operating conditions and became increasingly sophisticated as Ecom, its clients, and NGO donors evolved in the certification world.

Each certification model aims to be a service provider to smallholder farmers in order to produce more and better coffee, and to build goodwill to position Ecom as their preferred buyer. The services provided are geared to improving yields and quality, lowering costs, and improving farmers' income levels. Certification is the 'common language' that enables communication and transfer of value throughout the supply chain. It is merely a tool; the real goal is to improve the competitiveness of farmers by improving yields and quality, and reducing their costs. The route to improvement is first through better practices (behaviour), better inputs (better access to and financing of, the right fertilisers and crop protection), and eventually better genetic material (planting better quality trees). Certification, and the training and traceability systems that it requires, is the vehicle which drives these improvements.

Mexico: First steps to connect with growers formed the basis for many different models

Starting in 1997, Ecom began to focus its outreach efforts on how to increase yields and quality while also reducing the costs of coffee growing. The first challenge was how to reach the growers. Ecom, like most exporters, purchased coffee mostly from intermediaries or middlemen, known disparagingly as 'coyotes'. This was, and remains, normal practice that serves the basic function of aggregating small quantities of coffee from widely dispersed smallholder farmers. Ecom provided financing to those intermediaries so they could purchase coffee at harvest time. If Ecom wanted to reach growers and improve farming practices, it had to create a direct path to growers. Teddy Esteve says:
'Prior to 1997, we didn't really have many direct relationships with growers. We bought through middlemen. The first experiences with traceability and certification showed us the path to a direct relationship with farmers. Not only did farmers improve their income from the certification and over time from improved quality and yields, but they avoided the middlemen which had previously taken away a big piece of the pie.'

Here was the first major strategic step in Ecom's strategy: cutting out the middlemen. According to Esteve:
'Many of those middlemen are now our buying agents, no longer on unpredictable commissions but salaries and bonuses based on performance. We used to finance them to buy coffee. They took risks with our money. If they lost money, we probably did too. We never knew if they were excusive to us. Defaults were common in volatile markets. I can't say we had a plan to cut out middlemen as such, but we could not service our farmers directly with middlemen. By employing them, we eliminated a lot of the risk and uncertainty which used to cost us and the farmers money.'

Ecom's first project was in Mexico but it quickly took the concept to Nicaragua and Uganda. Where previously farmers had received knowledge and guidance about farming from public extension services, Ecom began hiring its own agronomists to work directly with the growers. Teddy Esteve describes the process:
'We get farmers onto an improvement process that has many benefits. By doing their homework the farmers eventually become profitable and become worthy of credit. Here too they eliminate an important expense (very high interest rates). The virtuous cycle of sustainability is endless. This has enabled Ecom to grow together with the farmers. Many benefits emerged that we hadn't even imagined in the beginning.'

Nicaragua: building on quality differentiation
Ecom entered the Nicaraguan market as an exporter in 1996. Coffee production had been disrupted by civil war and intrusive government policies. It was difficult to enter and win market share of the industry because the competitive environment was highly price-driven, undifferentiated and crowded with both local and international exporters.

Ecom's strategy was to build its reputation by providing better service than the competition and positioning Ecom's local exporting company, Ecom Atlantic, as the exporter of choice. This meant providing free training seminars on quality improvement to growers of all sizes—large and medium-sized growers who were relatively easy to reach, and smallholders via co-operatives. Atlantic also set out to create a reputation for providing timely and accurate market information, which was a point of differentiation over less transparent and reliable competitors.

Eric Poncon, Managing Director of Ecom Atlantic Nicaragua:
'We specifically dedicated more management time to strengthen the direct grower relationships, helping growers to increase their survival potential. Their business was our business, and this was a new paradigm in the industry.'

Poncon's strategy was purposefully based on partnerships. The farm management seminars were conducted with a variety of other service providers, such as banks. Fertiliser distributors were brought in to provide training as well as to leverage the economies of scale of group purchasing. Risk management and market review seminars were held, emphasising and explaining the cyclical nature of the coffee market, in part to give confidence to growers to continue to invest in their farms. And, Poncon, Esteve, and other leaders at Ecom consistently reiterated the importance of 'better coffee', acknowledging the efforts by farmers in terms of quality, social and environmental improvement.

While the focus was on product quality and the business of farming, Atlantic also worked to develop opportunities that arose from partnering with development assistance agencies. Ecom Atlantic partnered with Care, Common Fund for Commodities, the EU, USAID, World Bank, World Relief. Poncon says:
'We were knocking on all doors. This was and is a business necessity, not a luxury.'

Poncon was convinced that sustainability should not be a separate part of the business but should be intimately integrated in the core business. He says: 'I don't want sustainability staff running around telling the business to do things differently. I want everyone to have a stake in it.'

Ecom Atlantic built a team of agronomists to work with growers on farming improvement and their function was always seen as integral to the business of buying coffee. In addition to training, they collect data, and administer the credit that Ecom Atlantic provides to growers for inputs and working capital.

This model was used in each Ecom operating company around the world. In 2009 Ecom employs 175 agronomists in its global operations, which is equivalent to more than 15% of the total fulltime staff in Ecom's origin operation. Teddy Esteve: 'Many things are easy to copy in our business, but the hundreds of agronomists worldwide – that is an advantage that will take others years to replicate.'

Further, building on the agronomy infrastructure that has been developed, Ecom has partnered with research organisations to test new technologies, such as drip-irrigation, and together have built nurseries for new hybrid coffee trees with improved drought resistance, critical for adapting to a warming climate.

Uganda: reaching thousands of smallholder farmers
Kawacom, Ecom's subsidiary in Uganda, began implementing a sustainable agriculture strategy in the late 1990s, following similar initiatives in Nicaragua and Mexico. Kawacom's leadership was asking the same kinds of questions as their colleagues in Latin America: how can we can leverage our know-how and expertise to improve livelihoods and generate goodwill among our producers, and in turn create a source of competitive advantage? How can we address the problem of declining production? And, how do we pay for it?

The situation in Uganda was similar to operations elsewhere. There were many poor smallholder coffee growers in the country but the quality of Ugandan coffee wasn't considered to be good enough for the specialty market. While the 'aid' community was increasingly concerned with the plight of coffee farmers, and there was mounting pressure on multinationals to address these concerns, the demand from Ecom's buyers was not yet significant. Ecom's Andrew Falconer, at the time General Manager of Kawacom:
'We could see the writing on the wall and believed that the demand would come, and if it did, we wanted to be there. We could also see that without doing something to improve grower's incomes, Ugandan coffee was going to see continued declining soil fertility and coffee production.'

The solution was again to access 'value-added' markets (organic and 'Fair Trade' were the only options at the time) that benefit producers and exporters alike. However, as in Mexico, producers were not organised and the cost implication of reaching thousands of smallholder farmers was prohibitive. Co-opting middlemen would not work in the African context because of the lack of other social infrastructure. NGOs and aid agencies were viewed as possible partners.

Kawacom found a partner in a project known as Export Promotion of Organic Produce from Africa (EPOPA). This was established in 1994 by SIDA (Swedish International Development Agency). EPOPA provided field staff to start organising growers, which enabled a direct buying relationship, similar to that in the Latin American examples; only in this case the organisation was an Kawacom-organised associative structure. The direct relation between farmer and exporter cuts out the margin of the middleman and resulted in a better overall 'service' to the producer (cash in hand, know-how transfer, extension services provided by the project, all leading to long-term improvements in quality).

The development expertise and co-funding supplied by EPOPA was critical to the success of the project in its riskiest start-up phase: a three-year support package to assist Kawacom with initial start-up and running costs. The support covered consultancy costs for training, developing of an internal control system, and implementation and monitoring, and a share of the certification fees. The skill sets needed for this development work were at the time simply not the skill set of an exporter. Roy Lugone, current General Manager of Kawacom and Project Manager at the time for certification: 'We didn't know how to run these kinds of training and certification projects. We certainly do now. It has become the essence of our business here.'

In 2002 Kawacom was well positioned to adopt the newly emerging Utz Kapeh programme, now known as UTZ Certified. Many of the organic certified farmers were merged into the UTZ programme, providing an additional range of value-added markets for these farmers. As large clients such as Ahold and Sara Lee committed to higher volumes of UTZ Certified coffee, more co-funding was obtained and the programme expanded. By 2008, more than 15,000 farmers were members of Kawacom's programmes, and at least half of their coffee was selling into higher value markets.

In order to effectively reach and organise individual small farmers, Kawacom needed a field structure which provides one-to-one contact with farmers. Kawacom created regional 'pyramids' of field staff and farmer trainers who transmit information to growers on better farming practices and collect the data necessary to track progress and verify practices to obtain certification. This starts with the village chiefs and local council leaders, building on the established local community structure as the most effective way of reaching growers.

What changed with certification? Roy Lugone, General Manager of Kawacom says:
'With certification, we identified the farmers, got them into a system, and provided things they needed. At one point we provided them with tarps – not for free, but at cost – so they could properly dry their coffee. The results were many: they had better, cleaner coffee, for which we could justify paying a higher price. They had less risk of moisture damage. We lowered our milling costs because the coffee was cleaner. And, we offered a better, certified, traceable product to our client. We used to wait at the mill in Kampala for trucks to arrive with coffee from the bush. Now we drive upcountry and get it, because it is more valuable coffee. Again, by cutting out the transporter, we eliminated costs and risks and assure that we get the right beans.'

Lugone goes on to point out that it is not a panacea: 'We always have to pay the best price on the day. We've built a lot of goodwill among our growers, but we have to keep innovating and reaching out to them. If we don't have the best price, all that is easily forgotten.'

Honduras: Bringing better inputs to growers
By 2003, when Ecom's Honduran operation, Sogimex, began implementing a certification and traceability programme, buyers were explicitly demanding more certified product and more funding from donors.

Sogimex started working with 114 producers on the Starbucks preferred supplier programme. A year later in 2004, the first UTZ project was started with 51 producers. By 2009, more than 1,500 farmers were in the certification programmes with Sogimex.

Rather than incorporating the training and certification staff directly into its commercial operations, as had been done in Nicaragua and Uganda, Sogimex chose to establish a not-for-profit foundation outside of the company. This was done to facilitate the transfer of donor funding to the grower projects rather than transferring those monies through Sogimex's own accounting system. The Alliance for Sustainable Production became Sogimex's vehicle for channelling funding to growers for training and certification.

Farmers saw significant improvements in production thanks to the training and certification programme. One of the breakthroughs in reducing costs came from a soil and leaf analysis system to optimise fertiliser use. Normally, the cost of soil testing for an individual small farmer is prohibitive. Using the infrastructure of the training and data collection system, Sogimex was able to collect soil samples from many of its farmer clients and process these at a discounted bulk rate, leveraging the economies of scale. As a result, rather than distributing one formulation of fertilisers to all farmers regardless of the soil needs, Sogimex was able to offer more than 40 fertiliser formulations to the hundreds of producer members. The cost of fertilisers dropped by 25% because of the agreements with fertiliser companies put in place by Sogimex, and actual use dropped on average by 50% due to the success of the soil and leaf analysis. And, with appropriate fertilisation, yields increased significantly.

3.4 Impacts and results

Total coffee sector
At the end of the 1990s, when Ecom started looking to programmes to add value to farming, there were only two programmes and they represented but a tiny share of world coffee trade: Organic and Fair Trade. Today many certification options are available to farmers. As well as Organic and Fair Trade there are a range of others such as UTZ Certified, Rainforest Alliance, 4C, Starbucks Café Practices, and Nespresso AAA. These various certifications schemes are now estimated to account for nearly 10% of global coffee demand.

Ecom's results
How has this worked out for Ecom? In 2008, 'sustainable sales' of coffee with these certifications made up more than 15% of Ecom's total coffee sales, an increase of more than 30% over the previous year. The sustainable sales represented a bigger share of the sustainable market than Ecom's share of the conventional market. According to Sue Garnett, Ecom's director of sustainable coffee programmes:
'We've added new clients and won market share with our existing clients. Perhaps most important, the discussion that we have with our clients has changed. With sustainable coffee, we look longer-term with them.'

Nowadays, there is a lot of discussion about premiums: why are they needed and who gets them? The initial costs of certification programmes are high, primarily in establishing training programmes, with significant investments in labour and transportation to get agronomists to farmers in the field, and in setting up internal control systems to collect data and to monitor compliance. Typically, premiums have been split between producer incentives (price premium to farmers) and the costs of these programmes. Over time, as volumes have increased and experience has been gained, economies of scale have made an impact and the extra costs of certification programmes have declined, with corresponding declines in premiums. According to Garnett:
'The premiums are important to get the programmes going and to keep them going, but there are no windfall profits. This is the cost of doing business in this new way.'

Poncon says:
'There will be winners and losers. Those who focus on price, and premium, will probably be losers. The certification premiums go down over time, but the certification remains as a requirement to access the market. The more you do it (certification), the less it costs, and the more it becomes part of the business and competitive advantage when our competitors are sceptical of it.'

In the field, the benefits of sustainable coffee to Ecom's business are large but more difficult to quantify. In Eric Poncon's view:
'Certified growers pay their debts. We have lower risk, and tend to get a higher share if not all of our farmer's coffee. Frankly, I don't have an interest in calculating what that's worth. It spills over into other stuff. All of our business now starts having sustainability questions built into it. Water, labour issues, and the like, provide us with red flags.'

3.5 Key lessons and advice to others

Three critical factors stand out in Ecom's journey with sustainability:

1. Integrating sustainability into the business rather than viewing it as charity on the side
2. Leadership from the top to overcome short term-ism and internal resistance
3. Partnering with unconventional partners to leverage their skills and resources

Integrating sustainability into the business
Teddy Esteve again:
'There is an adage at Ecom that 'volume is vanity, profit is sanity.' That has evolved to 'charity is vanity, sustainability is sanity'. We've been successful with certified coffee because it fits with our goal of differentiation and segmentation. And the services we provide services to growers add value for him and increase his loyalty to us. If it doesn't work for our business and his, it won't work. So everyone has to keep that focus.'

According to Eric Poncon:
'It is important not to be penny-wise, pound-foolish. You can justify our investment in sustainable services in many ways. Are our field staff in Nicaragua doing sustainable agriculture or credit? That's why it is critical to build it into the business and not have it separate.'

Leadership from the top
One might conclude from hearing the good news stories about sustainable coffees that it was an easy process. On the contrary, along the way, many experienced traders needed to be convinced of the merits of investing in this segment. Traders are rewarded for their profitability and have a natural short-term disincentive to investments that don't have a clear return. Teddy Esteve and Eric Poncon's leadership on this point is critical. Esteve:
'Before our buyers were really serious about this, there was a leap of faith about whether this would be profitable. Sometimes we had to assure the sceptics that these investments would not detract from their bonus potential. We promised to cover losses that were incurred due to these investments, but frankly, they never materialised.'

Partnerships
In 2008 Ecom had around 40 projects running in 13 countries, reaching more than an estimated 50,000 farmers. The company's in-house expertise has been complimented by significant investments in expertise from banks, consultants and NGO partners. Ongoing projects are co-financed with more than 12.5 million dollars. These projects include certification, as well as a range of other activities: nurseries and experimentation with better coffee varieties, mill rehabilitation, quality improvement, reforestation, water management, renewable energy, diversification, road maintenance, soil conservation and climate change mitigation.

In Teddy Esteve's view:
'We will continue to try to be in front in this space, because it's how we want to run the business and because we've seen how much it brings. But I can't overstate the importance of these partnerships. With our narrow margins and high market risk, co-funding for this kind of work is critical.'

Ecom's carbon finance project in Kenya is a good example of innovation that has grown out of this work. It was one of the first of its kind to develop a methodology to measure carbon sequestration in soils as a result of adopting better farming practices. Ecom's collaboration with IFC and Nestle in Central America and Southern Mexico to strengthen the value chain for sustainable coffee is providing technical assistance and finance for small growers on an ever larger scale.

Sue Garnett outlines how the company has developed over the years:
'To achieve commercial success with sustainability, we've knocked on a lot of doors, been vocal on committees, and befriended corporate social responsibility (CSR) departments at our client companies. We do a lot of things today that were not part of our job in the past. And, thanks to these relationships, we do much more in the field than we had imagined. Now we are able to credibly marry these projects with buyers who are looking for additional marketing tools or good commercial value from their involvement.'

3.6 Challenges and outlook

The motivations today for companies throughout the supply chain to purchase sustainable coffee are clearer than they were at the start of this journey:

- transparency and traceability
- independent proof of ethical purchase
- strengthening of supply chain relationship
- consumer demand and awareness
- reduced producer costs and increased yields

However, the challenges to their participation are significant, and play out in both production and consumption markets, in terms of demand and supply.

In production markets, Ecom highlights three key challenges:

1. Retaining grower loyalty: Farmers are always going to be looking for the best price, even those in the best sustainability programmes. Esteve says:
   'What have you done for me lately? We have to keep producing innovations in the programmes so we can deliver more value to farmers. That's what we've built our name on. But buying coffee is competitive and loyalty is often simply the best price on the day. As long as they keep getting more than their neighbour, farmers are loyal. With these programmes though, farmers may not switch buyers for a few pennies.'

2. Funding programmes: The costs of reaching growers and maintaining training and data systems are not trivial, and the returns from sales are not assured. With narrow margins and market risk, the importance of co-funding these programmes is important. The co-funding is often well justified – public private partnerships to address public and private goods – but co-funding is limited and at some point, donors will move on from coffee as a 'problem solved'.

3. Long-term finance: The certification programmes aim to increase productivity at three levels, with good practices, better inputs, and ultimately better genetic material (higher yielding varieties). So far, certification programmes have tackled good practices and in some markets better inputs, but the big win in sustainability will be improved genetic material. Investing in farmers' trees requires long-term financing, which raises questions of who finances this and who bears the risk? The big challenge, according to Poncon, is 'how to create long-term shared visions with buyers and bankers to make investment and co-investment possible?'

In consumption markets, there has been strong growth in the demand for certified coffees, but both the path to an initial company commitment and the actual purchasing thereafter, is long. Some of the limiting factors are as follows:

- lack of communication between CSR/ Marketing and purchasing departments
- lack of commitment and focus from management
- fear of association of 3rd party logo with own brand
- budget allocation

Sue Garnett's advice is clear and emphatic:
'We've learned some things along the way that have helped us and help our clients. Keep it real: link your company philosophy with your sourcing policy and commercial reality. Make it part of your business, not an add-on. Be modest about the claims and attainable goals. Be prepared to pay-up and make long-term commitments. And, it requires a leap of faith.'

Teddy Esteve adds:
'One big challenge is to continue to foster demand. Here we face the same loyalty issue as with our producer clients: continuously innovating to make sure we are offering what they need, profitably.'

In recent years, increasing consumer demands has stimulated mainstream retailers to devote more space to sustainable products. Some, but not all, certification schemes are gaining credibility, and in the short-term are generating substantial revenues for producers. Highly visible retail food service chains, such as Starbucks and McDonalds, as well as airlines, and mainstream supermarkets such as Albert Hein, Kroger, Marks & Spencer's, Safeway, Sainsbury's and Wal-mart, are the drivers for the fast-growing consumption of certified products, but the numbers of committed buyers remain relatively small.

We have yet to see whether the effect of the current economic climate will stifle consumer goodwill towards producers, and if CSR departments will cut their investments. However, sustainable supply is now part of the language of the coffee industry and is significant enough for importing authorities and governments to look towards certification as a means of auditing imports. The Dutch government commitment to sustainable sourcing is one example. The conventional coffee market, on the other hand, is relatively flat and even shrinking in the US and other developed markets.

While Ecom's sustainable sales volume speaks for itself, the next few years may well prove to be even more challenging for Ecom. It must keep its sustainability certification programme commercially focused in order to ensure the long-term viability of its supply chains. It must also keep ahead of the competition, and try to ensure that sustainable certificates are not just a fad, but a way of allowing generations of coffee farmers to continue to make a living on their farms.

Chapter 4
Sustainable cocoa and Olam

'Strategic partnerships are an important way to share responsibilities, and leverage influence and impact.'

Certification for sustainable growing practices is taking hold in the cocoa sector as a positive approach to addressing declining productivity and pervasive poverty. Olam's sees its role evolving to be a promoter of farmer associations and catalyst for community development programmes.

4.1 About Olam

Olam International[11] is an integrated supply chain manager of agricultural products and food ingredients, sourcing 20 products, with a direct presence in 60 countries and supplying them to over 6,500 customers. With direct sourcing and processing in most major producing countries for its various products, Olam has built a leading position in many of its businesses, including cashew, cocoa, coffee, cotton, rice, sesame, and wood products. Headquartered in Singapore and listed on the Singapore Exchange on February 11, 2005, Olam currently ranks among the top 40 largest listed companies in Singapore, in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index.

Olam's business model has been somewhat different from other traders, with a deliberate effort to provide a 'farm to factory floor' chain of supply that plays well to emerging sustainability expectations (i.e. supply chain managers, rather than traders). Lessons learnt over the course of Olam's 20 years as a global commodity supply chain manager illustrate how sustainability, through investment in all of the components of the supply chain, including farmer production support, has always been a central element.

4.2 Drivers of change in the cocoa sector

Although cocoa is grown in tropical countries around the world, 70% of global production comes from West Africa, led by Ghana and Ivory Coast. The vast majority of cocoa production worldwide is by smallholder farmers. Unlike coffee, cocoa has not been a source of wealth creation for farmers. Cocoa is typically a cash crop for subsistence farmers who cultivate relatively small plots of cocoa alongside other food staples grown for their own consumption.

11 http://www.olamonline.com/home/home.asp

Crop yields and farmer incomes are much lower for West African farmers than for producers in Indonesia and Malaysia. Farmers have limited support from extension services and lack knowledge of basic husbandry techniques, such as pruning and shading. There is limited use of fertiliser and of improved varieties of cocoa in Ghana and Ivory Coast due to cost and lack of access to inputs and finance.[12] Additionally, due to high taxes, government intervention, and limited number of farmers' co-operatives, farmers receive a relatively low share of the traded price.[13] In West Africa, the unwillingness or inability of farmers to invest in new trees has led to aging tree stocks with declining yields. Further, changing regional climate and weather conditions make the production of cocoa highly vulnerable in many areas.

In addition to these production concerns, civil society organisations, food producers, retailers and governments have signalled concern about labour practices – child labour, forced or indentured labour – particularly in the West African cocoa industry.

Meanwhile, global demand for cocoa is large and growing, with 5.5 billion dollars spent on in cocoa annually. In fact, chocolate manufacturers are concerned about supplies of cocoa for chocolate production in the near future.

It is therefore not surprising that in recent years, here have been many initiatives to address sustainability issues in cocoa, and significant pressure and opportunities for the leading cocoa exporting companies to play a role.

4.3 Approaches to sustainability

Understanding new risks and opportunities: Sustainability issues change and evolve quickly and are complex to predict. Access to cocoa markets has been constrained in the past decade by the emergence of child labour practices in Ivory Coast as a significant issue. Early understanding of the scope and scale of the issue, and the sensitivity and reputational risks that were being transmitted through the value chain, allowed Olam to take a proactive approach. It worked within industry associations, such as the World Cocoa Foundation, to build formalised partnerships and develop a shared business approach to socio-economic and environmental impacts, with key customers such as Blommer Chocolate, Mars and Nestle. As part of a strategic review, Olam prioritised the environmental and social risks associated with each of its commodity businesses so that it could track these issues and their potential impact. The top three issues identified were child labour, sustainable farmer income (based on increasing returns that are linked – and higher than inflation) and chemical inputs (particularly pesticides). These are the issues that carry a risk of damage to the reputation of the company. They also represent an opportunity for the company and this is where Olam initially focused its efforts. This approach (i.e. development of a shortlist) enabled company staff to tackle these particular risk areas through development of a series of long-term initiatives, as opposed to a long list of issues that may appear daunting and could confuse staff who have a number of other business issues and needs to deal with.

12 Source: WCF-Gates policy study, January 2008.
13 Source: ICCO, from WCF-Gates policy study, January 2008.

Defining standards: Olam has developed, implemented and monitored internal policies, principles and requirements that define sustainability across health and safety, social impact and environmental performance. These are increasingly aligned to the standards that are emerging from the various roundtables (Roundtable on Sustainable Palm Oil (RSPO)[14], Better Sugarcane Initiative (BSI)[15], etc) that define credible and acceptable performance (in terms of both the International Social and Environmental Accreditation and Labelling Alliance (ISEAL)[16] requirements and the needs of others – such as the international financial services (IFC) / financial sector). This is important since it reduces transaction costs and creates a common playing field within which 'sustainable commodities' can be traded at high volumes and with consistency, (in effect creating a new class of commodities that have a range of bundled sustainability values). As financial institutions, buyers and clients begin to align their financing and purchasing requirements around these standards, there are obvious economies and efficiencies to be generated, which help to increase the acceptance of new standards in the market.

Accountability: Both country and commodity teams in Olam have particular roles and responsibilities when it comes to ensuring that sustainability impacts are achieved. This level of accountability is important in a diverse and global company. It would be impractical to directly manage sustainability impacts from a central office or cost centre. The role of the central office is to support the commodity teams through guidance of policy implementation, monitoring and applying lessons learnt and best practices across commodities. An important part of building this model is to create a compelling business case for country and commodity teams.

Vertical integration to secure supply and volume: This has underpinned Olam's business model from the outset and has allowed them to develop long-term relationships with small-scale cocoa farmers in areas that other traders have not been able to access. Partly as a result, Olam is now one of the three largest cocoa suppliers worldwide.

14 www.rspo.org
15 www.bettersugarcane.org
16 www.isealalliance.org

Role and influence: Understanding what Olam can (and should) achieve in terms of its sustainability impact is critical. The company has a high level of control over its own operations, but is less able to demand third party compliance. Thus strategic partnerships with regulators, development agencies, NGOs and financial institutions are an important and useful way of sharing responsibilities, leveraging influence and creating broader sustainability impact (Box 1). Partnerships have both up and down sides though. They can have high transaction costs and can delay projects and activities on the ground. Olam has had to learn how to deal with differing agendas and timelines, as well as capacity constraints with partners (particularly for emerging market partnerships).

Box 1. The Gates Partnership – The Cocoa Livelihoods Programme

Both Olam and Ecom are companies that have formed a major partnership with the Bill & Melinda Gates Foundation, NGOs and development agencies to deliver a range of economic, social and environmental benefits to cocoa farmers in West Africa. The Partnership, known as the Cocoa Livelihoods Programme, was launched in February 2009 with a current funding of 40 million dollars, of which 23 million dollars is a direct contribution from the Foundation

The Partnership aims to increase farming household incomes through improved farmer knowledge and productivity, better cocoa quality, crop diversification, and improved supply chain efficiencies. This five-year project will reach approximately 200,000 smallholder cocoa farming households in Cameroon, Ghana, Ivory Coast, Liberia, and Nigeria and aims to help farmers to effectively double their incomes. Farmer associations will play a significant role in leading training and knowledge sharing. 'Making real progress against global hunger and poverty starts with small farmers,' said Dr. Rajiv Shah, director of Agricultural Development at the Bill & Melinda Gates Foundation. 'Creative partnerships like these bring together the knowledge of locally-based NGOs and governments with the technical knowhow and market expertise of private-sector firms, and have the potential to help millions of farmers boost their yields and incomes so they can improve their lives.'

Approximately 2 million West African smallholder farming households rely on cocoa production for a significant portion of their income. Administered by the World Cocoa Foundation, the cocoa project will be implemented by a number of NGOs and other partners, including ACDI/VOCA, GTZ, the International Institute of Tropical Agriculture IITA)/Sustainable Tree Crops Programme, SOCODEVI, and TechnoServe. Financial and in-kind contributions for the cocoa project come from major branded manufacturers such as The Hershey Company, Kraft Foods, and Mars, Incorporated; cocoa processors Archer Daniels Midland Company, Barry Callebaut, Blommer Chocolate Company, and Cargill; and supply chain managers and allied industries Armajaro, Ecom-Agrocacao, Olam International Ltd., and Starbucks Coffee Company.

Box 2 Olam's CIFOB Cocoa Programme

Originally in 2005, the South Asia Farmer Olam and Blommer Chocolate (SAFOB) Programme was initiated in Indonesia (supported through the USAID funded AMARTA programme). Both companies saw mutual benefit in repeating the initiative in Ivory Coast to specifically address the issues of low farm productivity and declining yields. The tripartite agreement between Ivorian Farmers, Blommer Chocolate and Olam International, formed the CIFOB cocoa programme, which has provided specialised training in enhanced agronomical practices and post-harvest technology, as well as raising child labour and AIDS awareness to over 1,600 Ivorian cocoa farmers. It has enabled these farmers to produce fully traceable solar-dried premium quality cocoa, directly improving the livelihoods of 25 Ivorian farmer communities. In summary

- 1,600 farmers have received specialised training in improving crop productivity and quality
- 42 solar dryers have been constructed in partnership with farming communities
- 4,400 metric tonnes (mt) of fully traceable, solar dried, socially responsible premium quality cocoa has been exported to Blommer
- Over 2,000 farmers have received a total of 250,000 dollars of distributed premium. Part of this income enabled the farmers' community of Niable to improve the medical equipment of the local health clinic, other farmers purchased increasingly rarely utilised inputs; fertiliser and insecticide, school fees and farm tools have also been common expenditures
- Two farmer associations, totalling 830 farmers, are expected to obtain Rainforest Alliance certification in 2009, with an objective of 2,000 mt certified cocoa for next season. The programme will focus increasingly on co-operative capacity building and sustainability, both economically and environmentally, with the Rainforest Alliance commitment to establish shade tree nurseries being widely adopted
- Child labour and HIV/AIDS awareness campaigns have reinforced traditional family values, elevating the importance of women in participating communities. An increasing number of female farmers have benefited from equal opportunity training and have increased their participation in post-harvest activities to add value via quality improvement
- There has been specific focus on enhancing farmer community livelihoods through improved cocoa quality. AISA and Child labour awareness have also been raised. The concurrent project in IVC ; ECHOES ; Empowering Cocoa Households by Opportunities and Educational solutions also sponsored by Olam under the WCF and USAID has provided specific focus on education; 1,300 youths and adults have received literacy classes.

Farmer level investment in cocoa has increased as a result of this programme. This has led to better rural opportunities and incomes for cocoa-based communities, as well as directly contributing to an increasing cocoa supply to Olam and its customers.

Mainstreaming sustainability

Given the organisational structure and commitments described above, how has Olam delivered sustainability across cocoa business lines?

Improving crop yield and quality is one of the biggest challenges facing the cocoa sector, yet improvements can be made relatively easily and often at small cost. What is needed is better informed farmers which Olam helps to leverage via its global experience in cocoa production, sharing better management practices across regions and countries. Most of the sustainability initiatives being implemented are structured around three key objectives:

1. to improve management practices supported by inputs and capacity building
2. to improve market access to reduce farmer level transaction costs
3. to diversify farmer incomes to ensure there is not an over-reliance on incomes from cocoa

Olam has established 200 model farms in Nigeria for cocoa farmers and is jointly running a scheme in collaboration with the Department of Agriculture and Forestry and a development agency to improve the quality of cocoa beans, impacting over 4,000 farmers in Indonesia. Other programmes that are delivered via partnerships focus on direct farm inputs, microfinance in Cameroon, Ghana and Ivory Coast, and farmer field schools. In Cameroon, Olam initiated a programme to make eight farmer associations (or about 20,000 farmers) commercially viable, and elsewhere has active programmes relating to women in business and gender (see box 2).

Capacity building and community development. Rural communities, who are often remote and economically weak, need help to maintain cohesion, and reduce migration and loss of rural workers. Health education and infrastructure are critical, and helping to develop community capacity is a key role for Olam. But only in partnership with others – so as to avoid dependency, the disenfranchising of local agencies that have a formal mandate to deliver public services, and to leverage the support and assistance of development agencies (such as GtZ) Foundations (such as Gates) and NGOs (such as Care). An example of this type of development partnership is the work with Ivorian cocoa co-operatives (with 1,200 farmers) to upgrade their cocoa handling and post-harvest storage skills). In addition, Olam has trained over 500 delegates from co-operatives to improve awareness on the worst forms of child labour.

Discouraging the use of child labour in cocoa (and cotton). This programme focuses on Africa and Asia and includes:

- microfinancing by providing additional wages to parents to cover the cost of educating their children
- investing in training of women to take up work in different areas
- school-to-work apprenticeship programmes aimed at providing vocational training to youth, with a focus on agricultural techniques
- mentoring programmes to assist in developing entrepreneurial skills amongst the youth

Some might question Olam's role in facilitating development, the company sees it as a critical element of its social licence to operate. This approach is part of its ongoing and consistent community engagement (i.e. not being present during production and harvesting peaktimes only) and as part of a long-term strategy to secure the volume and quality of supplies it needs, and to maintain access to markets which are now extremely sensitised to child labour issues. Not so much philanthropy, as long-term vested interest.

Traceability, certification and supply chain assurance Olam supports organic farming practices based on the recognition that a healthy, vibrant ecosystem significantly benefits crops, improves farmer incomes and provides the consumer with a healthy lifestyle option. In the past year there has been no growth in the organic commodity sector so organic initiatives will not be further scaled-up. Certification and demand for products within schemes such as Rainforest Alliance and UTZ Certified have significantly increased and the challenge is to work with producer groups to meet this demand. The company runs a variety of traceability programmes to track and certify the history of a product, going as far as identifying the specific farms, regions and listing the processes that the raw material has undergone. Olam believes that it is important to build a sustainable future based on the producers' own abilities and comparative advantage.

4.4 Advice to others

Soft commodity trade will become more complex, and sustainability more important as a result of structural factors such as population growth and changing diet, climate change (and attendant impacts on water) and fuel and input costs. Actively reviewing the implications of these changes in Olam's business has provided them with early insights into trends and issues that have allowed them to integrate sustainability offers in their supply chain management:

Bundling these sustainability values (i.e. incorporating an agreed set of sustainability performance measures – relating to biodiversity, carbon performance, labour and water within the attributes traded in a commodity) allows large-scale trade. But to be effective, these programmes must focus on material issues, rather than on all potential issues and impacts. Certification is one way in which sustainability values can be demonstrated and delivered at scale. The emerging standards and principles, such as the round tables for palm oil, soy and sugarcane, as well third party certification schemes developed by Rainforest Alliance and UTZ Certified provide an important way of credibly and effectively demonstrating commitments to more sustainable production and processing systems.

Partnerships are an important way of leveraging impact across the supply chain and increasing influence, but require careful planning, management and monitoring throughout implementation.

Delivery of capacity building (directly and via partnerships) is important – it improves quality, builds supply chain fidelity, and can be the most efficient way to achieve long-term sustainable development impact. Leveraging existing 'good agricultural practices' is an effective way of increasing production efficiency, quality and profitability, whilst reducing environmental impacts, with reduced transaction cost to Olam and other companies.

These efforts will take time and will require mandated input from senior management and operational staff, as well as from CSR/ Sustainability teams. Acknowledging these costs and recognising the efforts that staff make is important. Recognising internal change agenda and building internal capacity and commitment are important, as is aligning sustainability goals to core (traditional) business drivers.

Acknowledgements

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