

BEHIND THE BRANDS

METHODOLOGY

SUMMARY

THE SCORECARD

The Behind the Brands Scorecard (“the Scorecard”) assesses the agricultural sourcing policies¹ of the world’s 10 largest food and beverage (F&B) companies. It exclusively focuses on publicly available information that relates to the policies of these companies on their sourcing of agricultural commodities from developing countries². The ten companies (“the Big 10”) assessed in the Scorecard are, in order of company size:

1. Nestle
2. Pepsico
3. Unilever
4. Mondelez (Kraft)
5. Coca-Cola
6. Mars
7. Danone
8. Associated British Foods (ABF)
9. General Mills
10. Kellogg’s



¹ Policies could entail commitments, projects and statements by the companies

² Defined as non-OECD countries plus Chile and Mexico

HOW THE COMPANIES WERE SELECTED

The ten companies assessed by Oxfam (“the Big 10”) in the Scorecard are the ten leading F&B companies³ in the world. These are primarily companies that link both to consumers – via their brands – and to developing country agriculture – through their sourcing.

We based our selection on the largest overall revenues globally, as well as their position in the Forbes 2000 annual ranking, which measures companies on the basis of composite sales, assets, profits and market value.

We have employed the Forbes 2000 ranking (rather than revenues only) since it reflects important aspects of market power beyond revenues. However, since the Forbes 2000 ranking does not include private companies, we have examined overall revenues to determine whether any privately held companies should be included in relation to their revenue. On this basis, we decided to include Mars, the world’s largest privately held F&B company.

Company	Annual total revenues	Forbes 2000 ranking (F&B brands, April 2012)	Annual F&B revenues
Nestle	90.3 billion USD	1	90.3 billion USD
PepsiCo	66.5 billion USD	2	66.5 billion USD
Unilever	60.2 billion USD	4	60.2 billion USD
Mondelez (Kraft)	55.4 billion USD	5 (combined firm)	55.4 billion USD
Coca-Cola	44.3 billion USD	3	44.3 billion USD
Mars	30 billion USD	Not ranked	30 billion USD
Danone	25 billion USD	6	25 billion USD
ABF	17.2 billion USD	8	8.9 billion USD
General Mills	15 billion USD	7	15 billion USD
Kellogg’s	13.2 billion USD	9	13.2 billion USD

³ Those with the majority of their business comprising of processed food and beverage sales. We did not include breweries.

THE THEMES

The Scorecard looks at seven themes, weighing each theme equally. The seven themes are:

1. **Transparency** at a corporate level
2. **Women** farm workers and small-scale producers in the supply chain
3. **Workers** on farms in the supply chain
4. **Farmers** (small-scale) growing the commodities
5. **Land**, both rights and access to land and sustainable use of it
6. **Water**, both rights and access to water resources and sustainable use of it
7. **Climate**, both relating to reducing green house gas emissions and helping farmers adapt to climate change



Within each theme, the Scorecard assesses companies on the degree to which their agricultural sourcing policies:

- (a) directly affect the lives of people in communities in developing countries that the company sources from;
- (b) indirectly affect the lives of people in these communities by enabling or facilitating positive impacts; or
- (c) are indicative of, or correlate with, the kinds of practices that would have a positive impact.

INDICATOR CATEGORIES

The Scorecard approaches six of the seven themes (all except transparency) in a similar way. Within these six themes, the indicators are grouped into four indicator categories (each worth one quarter of the score available for that theme): (i) awareness; (ii) knowledge; (iii) commitments; and (iv) supply chain management. These indicator categories address the following questions:

1. **Awareness:** Does the company demonstrate general awareness of key issues relating to that theme and does it conduct projects to understand and address these key issues? This assesses whether the company has at least thought about key challenges. We value awareness because often identifying key issues is a necessary step before the company can address them. We also include projects here as they can demonstrate awareness and engagement on key issues.
2. **Knowledge:** Does the company demonstrate it measures, assesses and reports key issues and facts specifically in its supply chains that relate to that theme? This assesses whether the company knows relevant details of its supply chains and is aware of key risks. A company that tracks information in its supply chain will be better able to customize its policies to address these problems.

3. **Commitments:** Does the company commit to addressing the key issues relating to that theme in its supply chains? We assess commitments because they can demonstrate the company intends to address problems. Across the themes, the nature and impact of the commitments vary (some more quantitative and target-like than others), but we chose the most relevant of these commitments for each theme.
4. **Supply chain management:** Does the company require its suppliers to meet relevant standards related to that theme? We assess how the Big 10 deal with their suppliers mostly through their supplier codes and guidelines. These supplier codes and guidelines contain the list of principles and standards that they ask their suppliers to meet. Where relevant and reasonable, we also included indicator questions on audits, which is the mechanism for enforcing supplier codes.

The **transparency theme** is structured differently. It has a broader focus and rewards companies for disclosure on cross-cutting and corporate level issues. While the entire Scorecard rewards companies for being transparent (as only publicly disclosed information is considered), the transparency theme assesses whether the Big 10 disclose some critical aspects of their agricultural sourcing (such as volumes, countries sourced from and key suppliers) as well as key aspects of disclosure around selected corporate level transparency issues. These capture disclosure around some key broader corporate level issues that are not captured in thematic areas but are linked to the practices that are relevant (directly or indirectly) to the lives of those in rural communities in developing countries.

THE INDICATORS

In constructing the Scorecard, Oxfam used widely-accepted best-practice where possible. For instance, we included indicators used in the Carbon Disclosure Project (CDP) under the climate and water themes. However, with some issues in certain themes, no single global norm exists that is also meaningful enough to be used as an indicator in the Scorecard. So in a few themes (particularly in land, gender and farmers), in order to assess the issues Oxfam felt were critical, it was necessary to come up with indicators. In such cases, we consulted experts within and outside Oxfam to develop new indicators and consulted with the Big 10 on the draft indicator framework.

The indicators often breakdown into several subindicators that together assess the issue captured in the indicator. Each subindicator may itself be made up of several questions or criteria. The questions making up each indicator are binary, for which a company either get a “yes” or a “no”.

One exception was made - for ABF - but only for the commitments and supply chain management indicator categories. Here we allowed a third answer of “partial yes”. This was developed to reflect the fact that unlike the other 9 companies, ABF is managed in a disaggregated manner. This means that some of its policies apply to some but not all of its companies. Where this is the case (ie; where one or more, but not all of its businesses have a particular policy) the company was given a “partial yes” score.

The overall Scorecard is based on 100s of these “yes or no” questions, which are aggregated to provide a score (described in more detail below). No single indicator or subindicator should be isolated to paint a complete image of a company, as only the aggregate score on a theme or indicator category provides a useful picture.

ASSESSING SOURCING POLICY

The Scorecard does not distinguish between direct and indirect sourcing. We focused on assessing company-wide sourcing policies that apply to commodities that are sourced both directly and indirectly (i.e. through intermediaries). We recognize that for certain commodities (like coffee, tea, dairy and sugar cane) some companies source directly from their own plantations or source directly from farms. In other commodities (like palm oil, soy, wheat and maize) most companies source only indirectly through intermediaries such as large processors or traders. While companies that source directly have greater control over impacts and conditions on farms, we believe that all companies should set the same standards for the commodities they source. All ten are among the most powerful players in the food system and should be using their power to improve impacts and conditions on farms. For that reason we do not apply separate standards for companies with more direct sourcing (like for example Nestle) and companies with almost only indirect sourcing (like for example General Mills).

The Climate Change theme, through inclusion of company-wide greenhouse gas emissions, is the only theme where we assess policies and commitments that do not relate to sourcing and include operations in developed countries. This is because greenhouse gas emission, wherever they may originate, impacts agriculture in developing countries.

WHAT WE DID NOT ASSESS

Across the Scorecard, some important issues that relate to the sustainability policies and practices of companies are not assessed. The scorecard is focused on the sourcing operations of the Big 10 companies so issues that do not relate to these “upstream” activities were not included. This includes critical issues such as nutrition.

There are many organizations working on these issues already, including ranking and scoring companies for their policies and practices. Oxfam agrees that food and beverage companies can have serious questions to answer about their significant impact upon nutrition, through the products they manufacture, the public policy standards they support or block and their marketing strategies. But Behind the Brands aims to leverage Oxfam's own experience in agricultural value chains and fill what Oxfam believes is a gap in the current campaigning focused on companies. Oxfam hopes to collaborate with other organizations and institutions such as the Access to Nutrition Index (<http://www.accesstonutrition.org/>), that seek to improve these practices. Other issues we could not assess include actual practices on farms and exactly how the Big 10, in practice, use their power to shape the behavior of their suppliers. Such issues were not included for the following reasons:

- a) we decided that a particular issue was not linked closely enough to the lives of small-scale farmers, farm workers and communities in the supply chains of the Big 10;
- b) we were unable to find indicators that could assess the issue adequately through use of publically available information; or
- c) public information available was not of adequate quality and accuracy for us to assess companies.

The Scorecard does not directly assess actual conditions on farms and whether the policies of the Big 10 are implemented and enforced. Driven partly by the lack of transparency on which farms supply the Big 10 and partly due to the large numbers of farms the Big 10 source from (many of which they deal with indirectly), it was simply not practicable to measure whether company sourcing policies have an impact on particular practices at farm level in an accurate and comprehensive manner. As a result, the Scorecard does not directly assess key issues of actual on the ground practices in the supply chains of the companies (while it does cover some policies relating to this) and could not directly score the companies practices on important issues such as:

- wages in the field;
- working conditions;
- actual treatment of women;
- whether small-scale farmers are treated fairly; and
- incidences of land grabs.

The Scorecard also does not directly assess whether, in practice, the Big 10 use their power to make their suppliers do the right thing (while it does covers some policies relating to this). We know very little about how these companies engage with their suppliers and, after assessing information in the public-realm, several issues are left out of the Scorecard that relate to how the Big 10 use their power with their suppliers, including:

- How much emphasis do they put on social and environmental issues when negotiating contracts?
- Do they know how much it would cost for their suppliers to do business responsibly and do they pay enough to allow this to happen?
- How much information do they provide their suppliers in terms of advance notice of upcoming orders and quality requirements?
- Who bears risks relating to transport and weather-related disruption and fluctuating demand?

HOW WE ASSESSED PROJECTS

Across the themes, often the most visible aspect of the Big 10's activities on a theme relate to projects in the communities they source from. These projects, based on public information, are rewarded in the Scorecard as part of the 'awareness' indicator category, but only if:

1. The projects address the core issues in that theme (such as farmer productivity, women's empowerment, wages, land rights, resilience to climate change, access to water etc).
2. The projects directly work to improve conditions or address issues in the company's supply chains. Oxfam believes that a company's impacts are best measured by the way it does business and manages its supply chain, so we did not reward companies for purely philanthropic projects (e.g. building a local school).
3. Under some themes, the company needs to work with a relevant local organization, such as a farmers' organization, in implementing projects.



Many projects conducted or funded by the Big 10 failed to meet our criteria either because, based on public information, they do not work with a relevant local organization or the project is not linked to improving conditions in a supply chain. As information on the specifics of projects (e.g. number of beneficiaries, monetary value of the project, project impact) was not comparable, we could only score the projects by assessing whether a company has any projects that meet the above three points and not on the relative quality or impact of the projects.

WHERE THE INFORMATION CAME FROM

Only publicly available information was used. Most of this information was found in reports and documents on the websites of the companies. Under the Climate and Water themes, significant amounts of information came from company submissions to the CDP. We engaged companies over the period of six months to obtain additional publicly available documents or references to publicly available material that we might have missed. We also gave companies two opportunities to review the information that we had collected and our assessment of it. All ten companies voluntarily collaborated with us in this process.

THE RESEARCH PROCESS

The initial research was completed for Oxfam by the Netherlands-based research and network organization, SOMO. Oxfam provided SOMO the seven themes and the issues for each theme that Oxfam wanted to assess. SOMO collected publicly available data on the issues under each theme for each of the 10 companies. This research was turned into a Company Profile and shared with the companies. After reviewing the Company Profiles, the companies provided supplementary publicly available information. Based on this initial research, Oxfam thematic experts developed specific indicator questions and conducted further research. A long list of indicator questions and the assessment against those questions was compiled for each company. These became the Company Data Sheets. These Data Sheets were shared with the companies and the companies were given an opportunity to provide Oxfam with corrections to the assessment or provide further information relating the questions. In the interest of transparency, Oxfam did not use confidential information for purposes of company evaluations, but instead pushed companies to make all relevant information public.

HOW SCORES WERE CALCULATED

Under each theme and indicator category within that theme, questions were broken down into indicators and subindicators. The structure of the Scorecard is such that no artificial weighting was applied. This means that each indicator was weighted equally within each indicator category; and each subindicator was weighted equally within each indicator. The full available score for each theme is



divided up accordingly. For instance, we can take the gender theme and look at the first of the four indicator categories (WOM1 - Awareness). There are 3 indicators under this indicator category (WOM1.1, WOM1.2 and WOM1.3). There are 2 subindicators under the indicator WOM1.3 (WOM1.3.1, WOM1.3.2), meaning each of the 2 subindicators is worth 4.2% of the gender theme ($1/4 \times 1/3 \times 1/2$).

For each company, a score was calculated for each subindicator (which may itself have several criteria) by either:

- (a) giving a full score or a zero for that subindicator where the subindicator is a single binary question (a “yes” gets a full score and a “no” gets a zero); or
- (b) giving a proportionate score depending on how many of the underlying criteria the company gets a “yes” for (e.g. if a company gets a “yes” for one of the 4 criteria in that subindicator, they only get 25% of the available score for that subindicator).

In the case of ABF, where the company scored a “partial yes”, it received a quarter of the score it would have gained for a full “yes” (i.e. the points they would have gained if the policy applied to all ABF’s companies and not just a subset). For example, a “partial yes” for one of four criteria in a subindicator, would result in 6.25% of the available score for that subindicator ($1/4 \times 25\%$). This scoring reflects both a desire to acknowledge positive policies where they exist, but also to reflect the significant gap – that these good policies do not apply across the company.

The process of working from the underlying binary question was applied to all subindicators and these were added up to calculate a score for each indicator, which was added up to calculate a score for each of the four indicator categories, which was added up to calculate a thematic score. The thematic scores were rounded to provide a score out of ten, which allows for an indicative assessment of each theme for each company. These rounded thematic scores were then averaged out (each theme being weighted equally) and turned into a percentage score for each company.

HOW EACH THEME WAS ASSESSED

The number of indicators varies across the themes. In some themes, there are fewer indicators because we could identify fewer clear questions that assessed the key issues and separated good and poor performing companies. Other themes are more complex and required more nuance and more indicators.



WHERE TO FROM HERE

This is not a short term challenge, and we're committed to sticking with it. We will update the scorecard regularly and will continue to improve and strengthen it over time. We'll also be looking and listening for specific cases where action can make an immediate difference.

Right across the world, consumers are seeking to make choices in line with their values and are also looking to find out more about the companies whose brands they buy. Oxfam will keep working with people around the world – on Facebook, on Twitter and in person, to push those companies to do more to ensure we all have enough to eat, today and in the future.

Visit <http://oxfam.org/behindthebrands> for more information and access to the latest datasheets and scorecard.

