



# WWF Rating of the Swiss Food Industry

## Final Report

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Thomas Baumgartner, Jennifer Zimmermann (WWF Switzerland),  
Bettina Rügge, Gina Spescha (Inrate)

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# 1. Summary

In conjunction with the sustainability rating agency Inrate, WWF Switzerland has studied the environmental stewardship of the 15 largest food processing companies based in Switzerland and Liechtenstein. The rating focused primarily on sustainability strategies, corporate environmental management, investments, product development, production of commodities, supply chains, engagement of employees and business partners, political engagement, and engagement in business initiatives. In each of those areas, the rating shows what stage the companies are at today, their strengths and challenges, and how they can improve in future to minimize their environmental impacts and bring them more in line with our planet's ecological limits.

Figure 1 below shows the final classification of the 15 companies in question. For a detailed summary of the results, strengths and challenges for each company, please refer to the [attached company fact sheets](#).



Figure 1: Final classification of the 15 rated companies

The analysis of the environmental management and stewardship practices of the food processing companies in question shows that most of the players are currently focused on solutions in their direct sphere of influence. Their targets are geared to measures that are considered feasible and economically viable from today's point of view, with the focus being on a gradual reduction of current environmental impacts. Targets involving changes that are scientifically considered necessary for companies to do business without exceeding the planet's ecological limits and targets that go beyond each company's own operations are still few and far in between, but they are key to the sustainable development of the food industry.

Based on the rating, the following general recommendations can be made to the industry overall:

Materiality analyses and environmental strategies and targets should be determined based on scientific concepts and be in line with the planet's ecological limits. Furthermore, they should increasingly extend beyond each company's own operations and cover players along the entire value chain. Moreover, the companies should take environmental responsibility within their full sphere of influence, including, but not limited to, their business abroad, their investments (e.g. in capital goods and pension funds) and their engagement in political processes (e.g. in their associations or by directly taking positions on political issues).

## 2. Introduction

### 2.1. The purpose of this rating

WWF is seeking to encourage relevant industries to reduce their impact on the environment. Its industry engagement work in Switzerland is primarily focused on the financial sector, the retail and wholesale sectors and the food manufacturing industry. In May 2016, WWF Switzerland invited the 15 largest food processing companies (by turnover) that are based in Switzerland and Liechtenstein<sup>1</sup> to participate in this rating. By conducting the rating, WWF aims to create transparency, enable comparison between the companies in question and highlight trend-setting approaches and potentials for improvement for individual companies and the entire industry. The future repetition of this rating at regular intervals will show how the companies are responding to environmental challenges and where they stand with respect to a 2°C and one-planet compatible economy.

The rating was performed by Inrate on behalf of WWF Switzerland. As the largest independent sustainability rating agency in Switzerland, Inrate has many years of experience in assessing the sustainability performance of companies. Inrate carried out the rating based on the rating concept drawn up by WWF Switzerland, gathered publicly available data for prepopulating the questionnaires and integrated additional information provided by the companies into the final rating. The background and results of the rating are presented jointly by WWF and Inrate in this report.

### 2.2. The food industry and WWF

From a global perspective, humanity each year consumes 60 percent more resources than the Earth can regenerate and thus provide on a sustainable basis during that time. Our food system accounts for a large share of our resource consumption and the associated environmental impacts. It is one of the main causes of the loss of biodiversity, climate change, land-use change, water consumption and the transgression of other planetary ecological limits<sup>2</sup>. According to the *Global Footprint Network*, the ecological footprint of the average person living in Switzerland amounts to 3.3 planets and the food system accounts for a share of 28 percent (see *WWF Footprint Calculator*). But a report by the Swiss Federal Office for the Environment shows that the environmental impact of the food system can be almost halved<sup>3</sup>. However, the transition to a sustainable food system that provides diverse and healthy food for everyone without exceeding the planet's ecological boundaries is an enormous challenge. WWF is working towards such a transition with a broad engagement encompassing not only the processing and retail sectors, but also food production, consumption and relevant policy frameworks.



The transition to a sustainable food system that provides diverse and healthy food for everyone without exceeding the planet's ecological boundaries is an enormous challenge.

<sup>1</sup> The term "Switzerland", as it is used in this report, is analogous to "Switzerland and Liechtenstein".

<sup>2</sup> *WWF Living Planet Report 2016*

<sup>3</sup> *Baseline report on resource efficiency and the use of commodities* (2013)

Food and nutrition play an important role in WWF Switzerland's corporate partnerships. They have been a key element of its strategic partnerships with **Coop** and **Migros** for many years, and the **WWF rating of the Swiss wholesale and retail sectors** examined the environmental stewardship of that industry in 2015. With this rating of food processing companies, WWF is now focusing on a second industry that is important with respect to improving the environmental performance of the entire food value chain. In that context, this rating of the Swiss food industry sector primarily serves as a baseline study. WWF aims to make considerable progress in the coming years in the areas highlighted in this report through a combination of campaigning, corporate partnerships and joint initiatives with the relevant industry players. WWF Switzerland will report on this progress both through the repetition of this rating as well as through its annual **Corporate Partnership Report**. The latter sets out the various targets and achievements of WWF Switzerland's corporate partnerships in the food processing industry. Currently, this concerns the members of the **WWF Seafood Group** (Bell, Bianchi, Micarna) as well as the **partnership with Emmi**, which has been in place since October 2016.

### 2.3. The Swiss food industry

The Swiss food industry includes companies that specialize in processing agricultural commodities, semi-finished products and additives to food and drink products, and selling them for further processing or to the wholesale and retail sectors. It is primarily a business-to-business (B2B) industry, generating a domestic annual turnover of approximately 40 billion CHF. The global revenue of all Swiss-based food processing companies is estimated at 175 billion CHF<sup>4</sup>. The present rating covered the 15 largest companies of this group in terms of revenue (see Table 1).

| Company name                | Rated company                         | Core business        | Revenue* |
|-----------------------------|---------------------------------------|----------------------|----------|
| <b>Nestlé</b>               | Nestlé S.A.                           | Broad food portfolio | 91'612   |
| <b>Barry Callebaut</b>      | Barry Callebaut AG                    | Cocoa & chocolate    | 6'200    |
| <b>Aryzta</b>               | ARYZTA AG                             | Bakery products      | 5'200    |
| <b>Emmi</b>                 | Emmi AG                               | Dairy products       | 3'434    |
| <b>Lindt &amp; Sprüngli</b> | Chocoladefabriken Lindt & Sprüngli AG | Chocolate            | 3'385    |
| <b>Bell</b>                 | Bell AG                               | Meat & seafood       | 2'800    |
| <b>Micarna</b>              | Micarna SA                            | Meat & seafood       | 1'500    |
| <b>Hero</b>                 | Hero AG                               | Broad food portfolio | 1'343    |
| <b>JOWA</b>                 | JOWA AG                               | Bakery products      | 792      |
| <b>Ospelt</b>               | Herbert Ospelt Anstalt                | Meat & seafood       | 700      |
| <b>Crema</b>                | Crema S.A.                            | Dairy products       | 607      |
| <b>ELSA</b>                 | Estavayer Lait SA                     | Dairy products       | 597      |
| <b>Ernst Sutter</b>         | Ernst Sutter AG                       | Meat                 | 564      |
| <b>Bischofszell</b>         | Bischofszell Nahrungsmittel AG        | Convenience          | 550      |
| <b>Orior</b>                | Orior AG                              | Convenience          | 500      |

*Table 1: Overview of the 15 largest food processing companies based in Switzerland in decreasing order of turnover (\* global revenues in 2015, in million CHF; some figures have been estimates and converted from other currencies)*

<sup>4</sup> According to a market analysis by BSD Consulting, commissioned by WWF Switzerland

**Based on the table above, the following observations can be made:**

- Nestlé's turnover amounts to more than three times the combined turnover of the other 14 companies.
- Some of the companies are controlled by larger conglomerates (Coop is the majority shareholder in Bell; Bischofszell, ELSA, JOWA and Micarna belong to Migros; Ernst Sutter is owned by fenaco). The ownership of the companies also differs (publicly traded, privately owned, controlled by cooperative societies or producer organizations, etc.).
- Within the food industry, the companies are active in various business segments that are not in direct competition with one another (primarily dairy products, meat and seafood products, chocolate, convenience food, bakery products).
- Some of the companies have a mainly global footprint with respect to purchasing, processing and sales, and have a relatively minor presence in Switzerland (e.g. Nestlé and Barry Callebaut), while other companies are almost exclusively active in Switzerland (e.g. Cremo, ELSA, Ernst Sutter, and JOWA). Additionally, some companies have gained a greater international presence only in recent years due to mergers (Hiestand, following the merger of the IAWS Group and Aryzta) or acquisitions abroad (e.g. Bell, Bischofszell, Emmi, and Micarna).
- The companies in the food industry are chiefly active in B2B markets, which means they have little direct contact with end consumers. Nevertheless, there is strong consumer awareness of some of the companies owing to their familiar brand-name products.

**Considering these observations from an environmental perspective an in the context of this rating, the following points can be highlighted:**

- Despite the heterogeneity referred to above, the rated companies are facing similar environmental impacts and ecological challenges (causes and effects of climate change and land-use change, water risks, loss of biodiversity, etc.). This also enables a uniform evaluation and comparison between the various companies (see also Chapter 3).
- The different market positions provide the companies in question with various levers to shape an environmentally sustainable development of the food system. Each company can contribute significantly within its own sphere of influence, be it on the national or global level, to a highly specific issue or the general discourse, and alone or in conjunction with its customers, suppliers and competitors.
- Various players can play a role in influencing the sustainability strategies and environmental management practices of these companies. Mobilization can take place, for example, through investors, owners, customers, consumers, competitors or through industry initiatives.

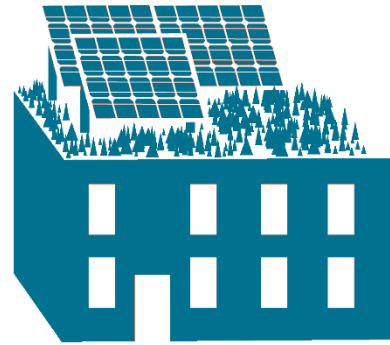
## 2.4. Future-oriented approaches and profiling strategies

It is clear today that purely compliance-driven and risk-minimizing approaches alone are no longer sufficient to meet the expectations of various stakeholder groups (e.g. the public, consumers, customers, investors, employees) with respect to environmentally responsible business practices. A company that only acts once its own products or business practices are being criticized can no longer create trust. Today, companies are expected to take a pro-active approach to combating environmental risks through clear, science-based strategies. In view of the major environmental challenges posed by climate change and the increasing scarcity of resources, WWF believes that management concepts and methods are needed that take the planet's ecological limits into account. The development and refinement of such methods and concepts and the formulation of the relevant sector-specific reduction targets are key to the development of a sustainable food industry and the definition of science-based corporate targets.

Furthermore, it becomes increasingly clear that major problems, such as the sustainable use of water resources in regions where water is particularly scarce and the implementation of improved production standards, can only be tackled by taking joint action through cross-border initiatives.

**A future-oriented company can thus be seen as taking the following approaches to environmental issues:**

- A responsible approach to the environment is a key part of its corporate strategy. Relevant commitments and goals are in place and anchored at the level of the top management.
- Environmental targets and strategies are defined based on scientific data and concepts. They consistently take relevance and compatibility with planetary boundaries and the efforts to limit global warming to well below 2°C into account. They are regularly reviewed and scrutinized in conjunction with key stakeholders.
- The sustainability targets involve not only the company's direct sphere of influence, but also its supply chain as well as further processing, retailing and the consumption of the products sold.
- Sustainability targets are an integral part of the company's strategic key performance indicators and individual employee targets. The progress towards these targets is regularly monitored. Additionally, there is systematic, credible public reporting about targets, implemented measures and the target achievement.
- The company takes environmental responsibility within its full sphere of influence, i.e. including with respect to investments (e.g. in its pension fund and in capital goods) and by engaging in political processes (e.g. by lobbying within business associations or by directly taking a position on political issues).



Today, companies are expected to take a proactive approach to combating environmental risks through clear, science-based strategies.

## 3. Methodology

This chapter contains a brief description of the methodology used for the WWF rating of the Swiss food manufacturing industry. For a more detailed description of the various rating and target criteria, the company-specific weightings and the political engagement rating methodology, please see the attached *methodology supplement* (in German only).

The approach to this rating is largely based on the methodology used for the *WWF rating of the Swiss wholesale and retail sectors*. This enables a certain degree of comparability between the rated industries and the respective companies.

### 3.1. The rating concept

The rating concept is based on the vision developed by WWF of an environmentally responsible food manufacturer<sup>5</sup>. WWF believes that an environmentally responsible company in the food processing industry takes responsible and targeted action in three strategic fields, namely:

- Strategies and management systems that are geared towards environmental compatibility and sustainability
- Environmentally sustainable products and supply chain management
- Commitment towards establishing framework conditions and behaviors that promote and anchor the principles of environmental sustainability in the economy and the society at large

WWF has allocated further sections and action areas to those three strategic fields. They form the basis for the evaluation in this rating (see ).

WWF has defined its expectations for an environmentally sustainable food processing company at the levels of strategic fields, sections and action areas. Based on those expectations and requirements, it derived a criteria-set with over 50 individual rating criteria and finalized this with the support of external experts.

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<sup>5</sup> The rating does not consider other important sustainability topics, such as social and nutritional aspects, or animal welfare.





Figure 2: The key strategic fields (inner circle), sections (middle circle) and areas (outer circle) for an environmentally responsible food processing company.

### 3.2. The rating process

A questionnaire was developed based on this criteria-set. For each company, this questionnaire was prepopulated by Inrate with relevant public information, to reduce the participation effort for the rated companies. The prepopulated questionnaires were then sent out to the food manufacturers.

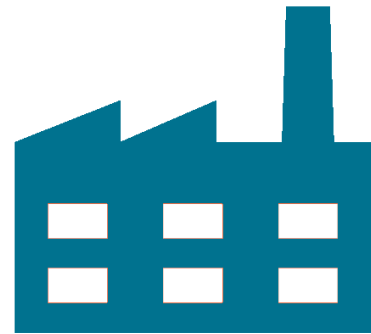
Thirteen companies supplemented the questionnaire with additional company-internal information. Orior and Ospelt were the only rated manufacturers that did not provide any additional company-internal information. The main task then consisted of the actual rating of the companies based on the individual rating criteria. Upon completing this task, the companies were given the opportunity to review the results. They were further offered the possibility of a personal consultation with representatives of WWF and Inrate to discuss any open points and questions that may have arisen in connection with the draft rating of the criteria table. Seven companies made use of that opportunity and for a further six companies, the consultation took place in writing or by telephone<sup>6</sup>. The companies' feedback, in some cases very extensive, provided valuable additional information and clarification. Based on the consolidated rating, fact sheets were then created for all rated companies (see [attached company fact sheets](#)), providing a summary of the results for each rating area as well as the overall result. The fact sheets were sent to the respective companies before publication to inform them of the content and to be approved for release.

### 3.3. The rating method

A weighted scoring model was selected as the rating method. This model allows for the aggregation of criterion-specific scores to the various action areas, sections and strategic fields. The rating was performed on the basis of the criteria-set containing around 50 individual criteria. A minimum score of 1 and a maximum score of 5 was possible for each criterion.

A detailed scoring guideline was developed for each of the criterion, containing a definition of what level of performance corresponds to which score. This allows for a high degree of transparency and traceability. The maximum score of 5 reflects an environmental performance that WWF regards as desirable and achievable for a company in the food manufacturing industry by 2025. Each of the criteria is weighted. The aggregated scores are obtained by multiplying the scores by their specific weight. The three key strategic fields were each given a weighting of one-third, and the six sections were each given a weighting of one-sixth (for detailed information on the weightings, please consult the [methodology supplement](#) - in German only).

For the communication of the area and section-specific results, the scores were translated into five rating classes. This allows taking into consideration the fact that the maximum score of 5 corresponds to the targeted performance in 2025 and is therefore difficult to achieve at present. The six rating classes that are used to convey the final classification of the companies are based on the same threshold values as the rating classes. To enable a more granular communication of the final company results, the midfield class was divided into the "upper midfield" and "lower midfield". Table 2 gives an overview of transformation of the scores into rating and company classes.



13 out of 15 companies actively participated in the WWF rating and supplemented the questionnaires with additional company-internal information.

<sup>6</sup> The only companies that did not provide any feedback on the content of their rating were Orior and Ospelt.

| Scoring           | Rating classes for the various Criteria and sections | Final classification of the companies |
|-------------------|--|---------------------------------------|
| > 4.2             | Visionary  | Visionaries                           |
| >3.3 und <= 4.2   | Trend-setting  | Pioneers                              |
| >2.4 und <= 3.3   | Appropriate  | Ambitious                             |
| > 1.95 und <= 2.4 | Average  | Upper Midfield                        |
| >1.5 und <= 1.95  |  | Lower Midfield                        |
| <= 1.5            | Inadequate / Intransparent                           | Latecomers & Non-Disclosers           |

Table 2: Overview of the transformation of the scores into classes for individual criteria, area and sections and the final classification of the rated companies

### 3.4. Methodology for rating the political engagement

WWF rated the “Political Engagement” section separately from the other criteria. To rate how engaged the surveyed food processing companies are in environmental policy debates in Switzerland, their direct and indirect (i.e. via their business associations) engagement was assessed with respect to key industry-relevant environmental policy issues and pre-parliamentary initiatives in the period between 2011 and 2015. This concerned 13 different political issues in the fields of agricultural, energy, climate, transportation and economic policy. Only those issues that were considered relevant to the rated company were taken into account. For detailed information on the methodology for the political engagement rating, please consult the [methodology supplement](#) (in German only).

### 3.5. Preliminary remarks on interpretation of the results

**The following points should be taken into consideration when interpreting the results of the rating.**

- This WWF rating is an environmental rating, rather than a broad sustainability rating. Social, ethical and nutritional criteria were not taken into account.
- The rating only looks at the environmental performance of companies in the food industry. The role of the companies' products in a more sustainable food system is not assessed. For example, companies that primarily or exclusively process plant-based products are not rated higher per se compared to processors of animal products, although the latter typically have a considerably higher environmental impact.
- The aim of this first WWF rating of the Swiss food industry is to serve as a baseline study for WWF's vision for a more sustainable food industry in 2025. WWF does not currently expect the companies to achieve the maximum score in every rating area. The regular repetition of the rating will enable to monitor future improvements and pinpoint areas where there is still need for action.

- In some cases, the information provided by the companies allows for a certain degree of interpretation. That room for interpretation ultimately depends on the extent to which the companies got involved in the rating process and took time to provide missing information and clarify unclear points.
- As mentioned in Section 2.3, the WWF rating concerns a highly heterogeneous industry. The rated companies differ greatly with respect to their size, core business segments, position in the value chain, international presence, ownership and corporate history. Although the rating concept accounts for that heterogeneity, such factors can to a certain degree have an impact on the rating results.
- The criteria concerning pension funds and political engagement were only analyzed for Switzerland. For all the other criteria, performance was assessed at the international level in the case of companies with an international presence.

## 4. Results

### 4.1. Overview of overall results

Figure 3 provides an overview of the classifications of the rated companies for each rating area, and the final company result based on the classification into “ambitious”, “upper midfield”, “lower midfield” and “latecomers & non-disclosers”. None of the companies managed to achieve the final classification of “pioneers” or “visionaries”.

A detailed description of the results for the various rating areas is given in the following chapters. For a detailed description of the results, strengths and challenges for each rated company, please refer to the ***attached company fact sheets***.

No company managed to achieve a final classification as pioneers or visionaries.



7 ambitious companies are striving for a pioneering role in the food manufacturing industry.



| Company          | Governance & Policies    | Materiality & Targets    | Monitoring & Reporting   | Operational Management   | Investments              | Research & Development   | Supply Chain Management  | Origin & Production of Commodities | Engagement of Employees & Business Partners | Engagement in Business Initiatives | Political Engagement in Switzerland | Final classification |
|------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------------------|---|------------------------------------|-------------------------------------|----------------------|
| Aryzta           | Average                  | Average                  | Average                  | Average                  | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Average                            | Average                                     | Inadequate/intransparent           | Appropriate                         | Lower midfield       |
| Barry Callebaut  | Trend-setting            | Trend-setting            | Trend-setting            | Average                  | Inadequate/intransparent | Appropriate              | Average                  | Average                            | Average                                     | Appropriate                        | Average                             | Ambitious            |
| Bell             | Trend-setting            | Appropriate              | Average                  | Appropriate              | Appropriate              | Trend-setting            | Appropriate              | Appropriate                        | Appropriate                                 | Trend-setting                      | Appropriate                         | Ambitious            |
| Bischofszell     | Trend-setting            | Appropriate              | Average                  | Appropriate              | Appropriate              | Appropriate              | Average                  | Appropriate                        | Appropriate                                 | Appropriate                        | Average                             | Ambitious            |
| Crema            | Appropriate              | Average                  | Average                  | Appropriate              | Average                  | Average                  | Inadequate/intransparent | Inadequate/intransparent           | Average                                     | Average                            | Average                             | Lower midfield       |
| ELSA             | Trend-setting            | Appropriate              | Average                  | Trend-setting            | Appropriate              | Trend-setting            | Appropriate              | Appropriate                        | Appropriate                                 | Trend-setting                      | Appropriate                         | Ambitious            |
| Emmi             | Trend-setting            | Appropriate              | Appropriate              | Average                  | Inadequate/intransparent | Average                  | Average                  | Average                            | Average                                     | Average                            | Average                             | Upper midfield       |
| Ernst Sutter     | Inadequate/intransparent | Average                  | Average                  | Average                  | Average                  | Inadequate/intransparent | Inadequate/intransparent | Average                            | Inadequate/intransparent                    | Average                            | Appropriate                         | Lower midfield       |
| Hero             | Average                  | Average                  | Average                  | Average                  | Inadequate/intransparent | Inadequate/intransparent | Average                  | Inadequate/intransparent           | Inadequate/intransparent                    | Average                            | Average                             | Lower midfield       |
| JOWA             | Trend-setting            | Appropriate              | Average                  | Appropriate              | Appropriate              | Appropriate              | Average                  | Average                            | Appropriate                                 | Appropriate                        | Average                             | Ambitious            |
| Lindt & Sprüngli | Trend-setting            | Appropriate              | Appropriate              | Average                  | Inadequate/intransparent | Average                  | Appropriate              | Average                            | Average                                     | Average                            | Average                             | Upper midfield       |
| Micarna          | Trend-setting            | Appropriate              | Average                  | Appropriate              | Appropriate              | Trend-setting            | Appropriate              | Trend-setting                      | Appropriate                                 | Appropriate                        | Appropriate                         | Ambitious            |
| Nestlé           | Trend-setting            | Trend-setting            | Trend-setting            | Appropriate              | Inadequate/intransparent | Trend-setting            | Trend-setting            | Inadequate/intransparent           | Appropriate                                 | Visionary                          | Average                             | Ambitious            |
| Orior            | Inadequate/intransparent | Inadequate/intransparent | Average                  | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent           | Inadequate/intransparent                    | Inadequate/intransparent           | Appropriate                         | Non-disclosers       |
| Ospelt           | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent | Inadequate/intransparent           | Inadequate/intransparent                    | Inadequate/intransparent           | Appropriate                         | Non-disclosers       |

Figure 3: Overview of the classifications per rating area (■ Visionary; ■ Trend-setting, ■ Appropriate; ■ Average; ■ Inadequate/intransparent) and the final classification of the rated companies.

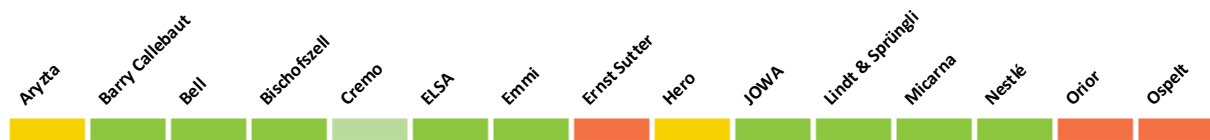
Rating classes of the various areas

|  |                          |
|--|--------------------------|
|  | Visionary                |
|  | Trend-setting            |
|  | Appropriate              |
|  | Average                  |
|  | Inadequate/intransparent |

## 4.2. Strategy

### Governance & Policies

Objective for 2025: In order to tackle environmental challenges systematically, environmental aspects need to be an integral part of the company's corporate strategy and the associated management systems. The management takes environmental aspects into account in all strategic decision-making processes.



The results in the “Governance & Policies” area paints a largely positive picture compared to the results in other areas. Most companies have an effective environmental governance structure, and environmental aspects are regularly included in strategic decision-making processes. Nine companies, namely Barry Callebaut, Bell, Bischofszell, ELSA, Emmi, JOWA, Lindt & Sprüngli, Micarna and Nestlé, are rated as trend-setting in this area.

The governance structure and environmental policies of Cremo are deemed appropriate. Aryzta and Hero are rated as average. These companies dispose of only a few instruments to integrate sustainability in their strategic management processes, and it is not clear how the accountability and responsibility for environmental management is allocated within the organization.

The governance structure of Ernst Sutter AG is likewise unclear. Aside from structures and instruments for reporting to its parent company fenaco, the company has few governance structures and instruments that enable company-wide, pro-active environmental management. Nor are environmental aspects integrated into the company's corporate policies. The company is therefore rated as inadequate in this area.

Orior and Ospelt did not participate actively in the rating process. Due to a lack of public information concerning their governance structures and environmental policies, they are rated as intransparent.

### Materiality & Targets

Objective for 2025: Science-based targets are in place for all relevant sustainability areas. They are based on considerations of materiality and the planet's ecological limits, and entail a systematic reduction of environmental impacts. Materiality analyses based on e.g. life-cycle assessments are increasingly applied to identify and mitigate impacts along the value chain.



The targets of most food processing companies are geared to measures that are considered feasible and economically viable from today's point of view, with the focus being on a gradual reduction of current environmental impacts. Targets involving changes that are scientifically considered necessary for companies to do business without exceeding the planet's ecological limits and targets that go beyond each company's own operations are still few and far in between.

The materiality analyses and target systems of Barry Callebaut and Nestlé are trend-setting. Both companies have numerous quantitative sustainability targets and voluntary commitments that were defined based on detailed materiality analyses, with the inclusion of stakeholder input. Both companies have committed themselves to deforestation-free products and supply chains. Barry Callebaut has set itself the target of becoming climate-neutral across the value chain by 2025. Nestlé, on the other hand, has set greenhouse gas emission reduction targets in line with international efforts to limit global warming below 2°C (see [Science-Based-Targets Initiative](#)).

Seven companies, namely Bell, Bischofszell, ELSA, Emmi, JOWA, Lindt & Sprüngli and Micarna, are rated as appropriate. The common feature of these companies is that they all have set various environmental targets, which in some cases are based on detailed materiality analyses and/or cover some environmental impacts along the value chain. Their targets, however, are not yet aligned with scientific concepts of planetary boundaries.

Aryzta, Cremo, Ernst Sutter and Hero are rated as average, since they do not have an extensive target system and/or there is considerable room for improvement with respect to the materiality of their existing targets. Orior and Ospelt did not participate actively in the rating process and are rated as intransparent, owing to a lack of public information about their materiality analyses and environmental targets.

**Monitoring & Reporting**

Objective for 2025: Key environmental aspects and impacts as well as progress towards defined environmental targets are monitored systematically within the company. Based on this monitoring, environmental impacts are addressed and the achievement of the targets is ensured. An annually published sustainability report shows, in a transparent manner, what stage the company is at with respect to which targets, highlights targets that have not been achieved and the reasons behind it, and indicates what improvement measures have been implemented. The report should be in line with an external standard (e.g. GRI) and assured by an independent third party.

Targets referring to the planet's ecological limits and addressing impacts beyond the companies' own operations are still few and far in between.



Barry Callebaut aims to achieve climate neutral value chains by 2025 and Nestlé has defined 2°C-compatible emission reduction targets in the frame of the Science-Based-Targets Initiative.



The industry needs to considerably improve in this area, particularly with respect to external reporting. Due to a lack of systematic public reporting, a total of eleven companies were rated as average or intransparent in this action area.

The monitoring and reporting of Barry Callebaut and Nestlé are found to be trend-setting. Their good scores reflect the systematic monitoring of relevant performance indicators and regular, extensive public reporting according to the GRI standard, with external assurance.

Emmi and Lindt & Sprüngli are rated as appropriate in this area. Their GRI reporting is detailed and performed regularly, but it is not externally verified.

Most companies were rated as average in this action area, primarily because of their lack of public reporting. That is the case, for example, for the subsidiaries of Coop, fenaco and Migros. Although a monitoring system is in place for tracking progress towards group environmental targets, these companies do not publicly disclose their contribution to the achievement of these targets.

Many companies are not publicly reporting about their environmental impacts, their targets and progress towards their achievement.



Barry Callebaut, Emmi, Lindt & Sprüngli and Nestlé regularly publish detailed and standardized sustainability reports.



### 4.3. Operations & Investments

#### Operational Management

Objective for 2025: Both the increasing scarcity of resources and the objective of keeping global warming well below two degrees call for a careful use of resources and a drastic reduction in greenhouse gas emissions. Companies wishing to position themselves as pioneers of sustainable business practices make systematic use of resource-efficient measures and sustainable energy sources.



The results in this area paint a mixed picture. Many companies are increasing their use of renewable sources of thermal energy, particularly in Switzerland (e.g. heat recovery, district heating, heat pumps), but this still only accounts for a small proportion of their total use of heat energy. In addition, some food processing companies in Switzerland cover 100% of their electricity demand with hydropower. Throughout the industry, eco-power (e.g. PV, wind) accounts for only a minuscule proportion of total electricity consumption and overall, there is a lot of room for improvement, particularly with regards to operational management abroad.

Especially in Switzerland, many companies are increasing their energy efficiency and share of renewable electricity and thermal energy sources.



ELSA achieved the best result with respect to its operational environmental management and is rated as trend-setting in this area. The score reflects, among else, the share of renewable heat energy that will increase to 50 percent in 2017 with the commissioning of its new wood-chip combustion plant, and its systematic and targeted approach to improving resource efficiency.

Many companies need to improve environmental management in their operations abroad and throughout the industry, eco-power is barely used.





The food processing companies that are rated as appropriate or average often make numerous efforts with respect to environmental management in their operations, but in some cases, have significant shortcomings, e.g. with respect to the management of key environmental aspects, implementation gaps in operations abroad, or past achievement of their environmental targets.

Orior and Ospelt did not participate actively in the rating process and are rated as intransparent, owing to a lack of public information about their operational environmental management.

**Investments**

Objective for 2025: Investment decisions often have considerable environmental impacts and can create long-term “lock-in” effects. In all their investments (e.g. building infrastructure, new machines and vehicles, etc.) and business acquisitions, companies should systematically take environmental aspects into account and minimize the investments’ exposure to environmental risks. An appropriate CO<sub>2</sub> price and other environmental costs should be explicitly integrated in financial decision-making and accounting processes. Furthermore, the companies’ pension funds should exercise their voting rights in accordance with their environmental policies, evaluate climate risks and impacts of their investments, and systematically reduce the carbon risk exposure in their portfolio.



There is still huge improvement potential in the “Investments” action area. Eight companies are rated as inadequate/intransparent, since environmental aspects are not or not sufficiently taken into account in their investment processes.

Nevertheless, some companies are rated as appropriate, namely Bell, Bischofszell, ELSA, JOWA and Micarna. Their pension funds (or rather those of their parent groups) have implemented first steps towards taking sustainability aspects into account. Bell has implemented a “shadow pricing” system for investment decisions, enabling an appropriate CO<sub>2</sub> price to be incorporated into its investment calculations. Ernst Sutter also has an extensive internal incentive system to promote investments in climate-friendly technologies.

Environmental aspects are not or not sufficiently considered in the investment decisions of most rated companies.



The pension funds of the Coop and Migros subsidiaries have implemented first steps towards taking sustainability aspects into account.



**4.4. Product development & Supply Chains**

**Research & Development**

Objective for 2025: Companies make use of scientific analyses (e.g. life-cycle assessments, water risk analyses) to define measures for reducing environmental impacts of their products and substituting high-impact ingredients or product groups with more environmentally-friendly alternatives. Additionally, they have defined ambitious targets to reduce packaging and its environmental impacts.



The rated food processing companies vary greatly with respect to their performance in the “Research & Development” area. While the majority take measures to optimize packaging, the range of other measures is very broad, reaching from occasional ad-hoc campaigns to systematic engagement in this area.

Four companies, namely Bell, ELSA, Micarna and Nestlé, are rated as trend-setting in this area since they consistently invest in research and development to improve the environmental sustainability of their products. Barry Callebaut, Bischofszell and JOWA also make occasional use of life-cycle assessments to define environmental measures and targets, and are therefore rated as appropriate in this area.

However, eight companies are rated as average or inadequate/intransparent, since they were found to take only occasional measures or no measures at all.

### Supply Chain Management

Objective for 2025: Environmental requirements and targets are defined for suppliers of own-brand and private label products, and are integrated in the company’s purchasing policies. Supply chains are systematically audited and effective improvement actions are implemented. Several purchasing or research projects with direct impacts on the supply chain have been implemented. The companies have transport emissions estimates along the entire value chain and are pursuing reduction targets for these emissions in line with 2°C reduction pathways.



The industry performs relatively poorly in the “Supply Chain Management” area in comparison with its performance in other areas. Although the most significant environmental impacts of food manufacturers typically occur in their supply chains, only a few companies have defined environmental supplier requirements and regularly check supplier compliance. All companies apart from Aryzta, have implemented measures relating to transportation (although this impact is usually comparatively low). However, such measures often only extend to the companies’ own transport fleets, and there are generally still significant shortcomings with respect to the collection of emissions data. In other words, measures to reduce impacts from transportation in a targeted way are largely lacking, as are targets and measures related to other environmental impacts in the supply chain.

Nestlé performs best with respect to its environmental supplier requirements and is rated as trend-setting in this area. Direct suppliers to Nestlé must have an environmental management system in place, and compliance with environmental requirements is systematically audited by third parties.

Even though significant environmental impacts occur in their supply chains, few companies have defined environmental requirements for their suppliers and systematically verify supplier compliance.



Over 10'000 direct suppliers, accounting for 95% of spend, have already been assessed.

Bell, ELSA, Lindt & Sprüngli and Micarna, which are rated as appropriate, have also set basic environmental requirements that their suppliers must meet. However, they lack a systematic, comprehensive approach to implementation and assurance of compliance.

Substantial requirements and auditing mechanisms are lacking at Aryzta, Cremo and Ernst Sutter. Those companies are rated as inadequate/intransparent in this area.

Nestlé systematically verifies compliance to its environmental requirements for direct suppliers and has assessed over 10'000 suppliers, accounting for 95% of spend.



## 4.5. Commodities

### Origin & Production of Commodities

Objective for 2025: The companies process commodities that were produced according to effective and credible sustainability standards, including with respect to soy in animal feed when purchasing animal products. The food processing companies actively assist producers in attaining the desired standards. In addition, the companies have a system in place to guarantee complete, preventive traceability and adequately ensure compliance with environmental standards during the production of non-certified commodities.



In comparison with its performance in other areas, the industry performs relatively poorly with respect to the responsible production of commodities. Five companies are rated as inadequate/intransparent and a further six companies are rated as average.

The production of commodities in Nestlé's supply chains is particularly substantial in terms of purchase volume. However, like the other companies with an inadequate or intransparent rating, Nestlé does not systematically ensure that it sources commodities that are certified according to credible sustainability standards. In addition, Nestlé's responsible sourcing management system has numerous gaps with respect to bindingness, governance, transparency and verification by accredited third parties.

Micarna is rated as trend-setting with respect to the responsible production of commodities. The company specifically processes meat and fish products that have been produced according to credible sustainability standards. A further three companies, namely Bell, Bischofszell and ELSA, also show considerable engagement in this area and are therefore rated as appropriate.

No company is requiring responsible production standards for soy, which is used as animal feed abroad.



40% of Micarna's revenue generated with meat originates from label programs, which are recommended by WWF Switzerland.



None of the companies that processes animal products from abroad sets environmental requirements with respect to soy in animal feed (except for GMO-free requirements for imports to Switzerland). This is particularly disappointing, considering the industry's domestic engagement in the frame of the Soy Network Switzerland.

## 4.6. Engagement of Employees & Business Partners

### Engagement of Employees & Business Partners

Objective for 2025: Suppliers are systematically trained and actively involved in the achievement of relevant environmental targets. Employees also receive detailed and regular training on environmental topics and are actively involved in measures to improve environmental performance. Customers and consumers are pro-actively informed about the environmental impact of products by means of awareness-raising campaigns and product information, and more environmentally-friendly purchasing habits are promoted.



The industry still has a lot of room for improvement in this area too. Companies are generally focusing on solutions within their own direct sphere of influence. The strategic involvement of business partners along the value chain for reducing environmental impacts is still an exception.

In this area, six companies (Bell, Bischofszell, ELSA, JOWA, Micarna and Nestlé) are currently rated as appropriate. The subsidiaries of Coop and Migros in particular tackle environmental challenges together with their owners and wholesale customers, e.g. with respect to the sourcing of commodities, transport, investments, and operational management.

Most companies that participated actively in the rating conduct occasional employee training on environmental topics. The training model for employees at the M-Industry companies Bischofszell, ELSA, JOWA and Micarna, is particularly comprehensive and conveys an overarching understanding of sustainability issues.

Most of the rating participants, however, still have considerable gaps with respect to systematically involving suppliers and customers in reducing environmental impacts along the value chain.

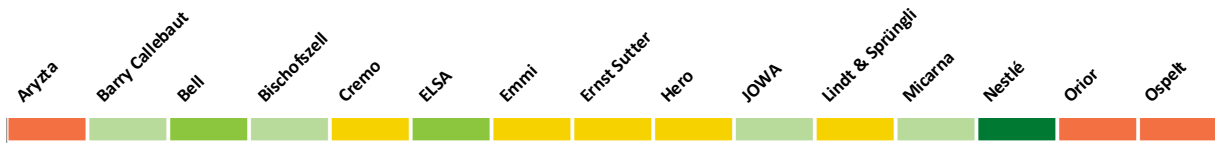
Companies are generally focusing on solutions within their own direct sphere of influence. The strategic involvement of business partners along the value chain for reducing environmental impacts is still an exception.



## 4.7. Policy Engagement

### Engagement in Business Initiatives

Objective for 2025: The companies are actively involved in relevant business initiatives that aim to make the food system more environmentally-friendly and resource-efficient.



The industry performs relatively well with respect to engagement in business initiatives, especially in comparison with its performance in terms of engaging customers and suppliers (see Section 4.6). Most of the companies seem to prefer to tackle environmental topics as part of broad-based business initiatives rather than doing so by directly involving suppliers and customers along their own value chains.

More than half of the companies that actively participated in the rating are engaged in one or more relevant national or international business initiatives. Nestlé is an active member of all the international sustainability and environmental compliance initiatives surveyed by WWF in the rating and is considered as visionary for its engagement in this area. Through their parent companies, Bell and ELSA are also members of several significant international sustainability and environmental compliance initiatives and are therefore rated as trend-setting. Some of the companies that are rated as average or inadequate/intransparent are involved in some relevant initiatives, but it is not always clear whether and in what manner they actively engage.

**Political Engagement in Switzerland**

Objective for 2025: The companies actively lobby for environmental issues and call for policies that will align the economic and food systems with planetary boundaries. The companies are engaged both through their associations and by taking positions on issues directly.



In general, it can be observed that many of the food processing companies in question do not engage actively in political processes and instead chiefly back the positions of their associations. The associations sometimes advocate and at other times oppose key environmental interests, but in many cases, they do not take any position at all despite political relevance for their members.

Aryzta, Bell, ELSA, Ernst Sutter, Micarna, Orior and Ospelt are rated as appropriate because their associations have supported a range of relevant environmental policy issues. Bell and ELSA have even engaged directly in the political process, including lobbying for environmental interests against the positions of their associations.

Many companies do not actively engage in political processes and are often not adequately, or with contradictory engagements, represented by their associations.



Barry Callebaut, Bischofszell, Cremo, Emmi, Hero, JOWA, Lindt & Sprüngli and Nestlé are rated as average with respect to their political engagement, because their associations have rejected important interests or taken no position on relevant issues.

In addition to the widespread political inactivity in the industry, it is striking that some companies (Bell, Ernst Sutter, Micarna, Nestlé, Orior), as members of various associations, simultaneously take contradictory political positions on one and the same issue.

Bell and ELSA  
have directly  
engaged on relevant  
political issues, taking  
positions in favor of the  
environment, but opposed  
to their own associations'  
positions.



## 5. Discussion and conclusion

In summary, the results show that most of the rated companies are aware of environmental issues and, for the most part, are already taking on environmental responsibility today. Particularly in Switzerland, many food processing companies make targeted use of resource-efficiency strategies in their own operations and have managed to reduce their consumption of energy, water and packaging materials over the past few years – in some cases considerably. The fact that relevant structures, policies and targets are in place and strategically anchored in most of the rated companies provides grounds for cautious optimism with respect to the future environmental development of the Swiss food industry. Transparent public reporting would allow stakeholder groups to better monitor and contribute to shaping that development.

However, it can also be observed that the current sustainability approaches and targets of the rated companies do not yet sufficiently consider key spheres of influence such as the production of commodities abroad, energy supply and pension funds. Also, there are still companies today that are actively engaged in environmental issues, but are neglecting their most relevant business segments, biggest environmental impacts or most effective levers.

When it comes to the production of commodities abroad, some companies make targeted use of credible sustainability standards to ensure environmentally responsible production (e.g. with respect to palm oil, soy, fish, cocoa, and coffee). Overall, however, it can be observed that those strategies are not systematically applied and, in many companies, the commodities that account for the greatest volume are still purchased from conventional sources. None of the companies that processes conventional animal products from abroad sets environmental requirements with respect to soy in animal feed (except for GMO-free requirements for imports to Switzerland). This is particularly disappointing, considering the industry's domestic engagement in the frame of the Soy Network Switzerland. Finally, it can also be observed that many companies that have significant purchasing power on one or more commodity markets tend to prefer their own sustainability standards and verification systems to external, broad-based industry schemes. However, such company-specific schemes often have numerous gaps with respect to bindingness, governance, transparency and verification.

Despite the (in some cases considerable) efforts of several companies in the areas of energy efficiency and the transition to hydropower in Switzerland, environmentally friendly energy supply remains a sphere of influence with a lot of room for improvement. On the one hand, most of heat energy is still not deriving from renewable sources, on the other hand, eco-power still makes up a minuscule proportion of the electricity mix of the industry as a whole.

Also, the current sustainability approaches of most companies in question still do not cover investments in their pension funds, although there is significant potential for reducing environmental impacts and risks in this area (see also the [WWF pension fund rating](#)).

Regarding the political engagement, companies should pro-actively lobby for environmental interests within their associations and engage more actively in environmental policy making, especially in view of the numerous relevant political initiatives coming up soon (e.g. amendment of the CO<sub>2</sub> Act and key decisions on agricultural policy).

Moreover, the rating shows that many useful instruments for the analysis of environmental impacts and the identification of risks and improvement measures (e.g. life-cycle assessments, water risk analyses), as well as instruments for the assessment of contributions to respecting the earth's ecological limits (e.g. Science-Based-Targets) are still not applied strategically within the companies. This observation largely also applies to internal incentive schemes for the implementation of measures targeted at improving environmental performance (e.g. shadow pricing for CO<sub>2</sub> emissions, linking of remuneration systems to the achievement of environmental targets). Additionally, far more could be achieved in many fields (e.g. food waste and promotion of products with environmental labels) if business partners along the value chain were to work together in a more strategic and target-oriented way.

A final analysis of the environmental management and stewardship practices of the food processing companies in question shows that most of the players are currently focused on solutions in their direct sphere of influence. Their targets are geared to measures that are considered feasible and economically viable from today's point of view, with the focus being on a gradual reduction of current environmental impacts. Targets involving changes that are scientifically considered necessary for companies to do business without exceeding the planet's ecological limits and targets that go beyond each company's own operations are still few and far in between, but they are key to the sustainable development of the food industry.

**Based on the rating, the following general recommendations can be made to the industry overall:**

Materiality analyses and environmental strategies and targets should be determined based on scientific concepts and be in line with the planet's ecological limits. Furthermore, they should increasingly extend beyond each company's own operations and cover players along the entire value chain. Moreover, the companies should take environmental responsibility within their full sphere of influence, including, but not limited to, their business abroad, their investments (e.g. in capital goods and pension funds) and their engagement in political processes (e.g. in their associations or by directly taking positions on political issues).

## 6. Acknowledgements

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**Why we are here**

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

**WWF Switzerland**

Hohlstrasse 110  
PO Box  
8010 Zurich

Phone: +41 (0) 44 297 21 21  
Fax: +41 (0) 44 297 21 00  
E-mail: [service@wwf.ch](mailto:service@wwf.ch)  
[www.wwf.ch](http://www.wwf.ch)  
Donations: PC 80-470-3