Certification: A Catalyst For Partnerships

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Business and conservation leaders have circled each other during the past decade or so in a wary dance often punctuated by missteps and misunderstandings. NGOs and companies have experimented with joint councils, codes of conducts, licensing agreements and other overtures with mixed success. Even though they often share common objectives, there are several inherent impediments to accord between activists and capitalists, including communication barriers hardened by different worldviews, widely different operational styles, a lack of trust and different priorities.

Some NGOs, almost accidentally, discovered a way to get past the barriers: admit that business and development is necessary, set guidelines for ethical and/or environmentally sound business practices, develop independent monitoring systems and create motivations for responsible practices, including economic incentives. This cohort of activities, collectively called certification, is increasingly seen as a way to bring business and activists together around the same table and same objectives.

Certification programs have been developed for a range of enterprises, including agriculture, forestry, fisheries and manufacturing. Among the best known are the organic and Fair Trade movements in agriculture, Social Accountability International, Rainforest Alliance Certified and the Ethical Trade Initiative. There is even a sector association called the International Social and Environmental Accreditation and Labeling Alliance (ISEAL).

When the Rainforest Alliance was launched in 1987, the "corporate responsibility" movement, now in full cry, was still being hopefully heralded in journals like this one, with scant evidence that it would ever be realized. There was no reason to think that a small group of activists coming together in New York City to decry the destruction of distant rainforests would eventually form partnerships with some of the same companies it was protesting or that businesses would ever welcome NGO guidance and oversight.

At that time, environmental activists and captains of industry were equally mired in habits long acquired, both acting (if at all) reflexively rather than with thoughtful reflection. The Rainforest Alliance was urged by critics of capitalism to lead or join boycotts against products coming from tropical areas. Alliance members knew that boycotts could call attention to a problem, but rarely solve it. Protesting imports of tropical hardwoods, rainforest beef, coffee or bananas would not save wildlife habitats nor help the millions in developing countries who produce these commodities.

As one of its first moves, the Alliance called together a brain trust of foresters, timber company executives, scientists, loggers, environmentalists and other stakeholders to debate alternatives to reckless and accelerating deforestation. From these meetings emerged the idea of setting standards for responsible forest management, urging timber companies to adopt prudent practices, and then rewarding the best performers with a green seal of approval. Instead of castigating an entire industry, the Alliance determined to seek out the progressive practitioners, incite awareness, raise the bar of acceptable practices, and bring consumer power to bear. This was the opposite of a boycott; a buycott.

In 1990, Alliance operatives in Costa Rica joined with other NGOs to denounce the multinational banana companies, which were deforesting, littering the landscape with plastic and organic wastes, polluting streams, using unholy amounts of pesticides and neglecting the rights and welfare of workers. Costa Rica was at that time and remains the second largest banana exporter, after Ecuador. Banana production, which had been an economic mainstay in Costa Rica for a century, was the leading source of foreign exchange and the largest private-sector employer.

Following the model used with the timber industry, the Alliance organized a two-year-long series of meetings among banana farmers, NGOs, government agencies, community leaders and others. It took months to break down the initial hostilities that had built up between greens and bananeros. The workshops were brokered by scientists and conservationists who spoke a cool, neutral language based on observable facts, kept the discussions as free as possible of accusation and focused on the practical and possible remedies. Eventually, agreements began to emerge about what constitutes responsible plantation management.

This consensus was fashioned into nine principles that embrace: conservation of ecosystems, water, soil and wildlife; fair treatment for workers and demonstrated commitment to their rights as guaranteed under the International Labour Organization conventions and national laws; a good-neighbor policy with local communities; integrated crop management to control and reduce agrochemical use; policies to manage, reduce, reuse and recycle all wastes; and a planning and monitoring system on each farm that can ensure continual improvements.

Concrete and measurable indicators that permitted trained auditors to evaluate and score a farm point by point bolstered the nine principles. The indicators provide enough detail to guide the development and implementation of best management practices. As examples, there are indicators for the kinds of trees that must be planted, which agrochemicals are permitted, the width of the required buffer strips along streams, the disposal of wastes, the content of worker contracts, the construction of sanitary facilities, workplace safety, wages, training, health care, and wastewater treatment.

As with forestry, the Rainforest Alliance collaborated with other NGOs in developing a certification system that gave farmers direction and incentive to adopt the more responsible practices. Family owned banana farms and Chiquita began experimenting with the standards while the Rainforest Alliance trained agronomists, biologists, sociologists and other specialists to be farm auditors. Independent farms in Hawaii and Costa Rica were the first to comply with the standards and win certification in 1993. The next year, two Chiquita farms were certified in Costa Rica, and the company made a commitment to certify all its farms in the country, and later, the region.

Chiquita, long the trendsetter in the banana business, invested eight years and an estimated \$22 million in bringing all the company farms up to the standards. While this was challenge enough, the company also developed a code of core values and trained all employees in them, began a series of corporate responsibility reports praised for their candor and comprehensiveness, made a landmark agreement with the global farmworkers union, and began adopting a second certification program for labor issues, SA8000, managed by Social Accountability International.

"Chiquita has brought an entirely new dimension to the concept of a responsible company," say J. Gary Taylor and Patricia Scharlin, authors of a new book about the Rainforest Alliance and Chiquita partnership, *Smart Alliance — How a Global Corporation and Environmental Activists Transformed a Tarnished Brand* (Taylor and Scharlin 2004, 234). The story of the Chiquita turn-around is a favored example in corporate responsibility conferences because the company converted from a closed compound to an open, transparent, progressive enterprise willing to listen to critics and cooperate with stakeholders. As one journalist wrote, "from pariah to paragon" (Ethical Corporation Newsdesk 2003).

Few businesses were ever charmed by the commonsense of conservation, the prudent precept defined by Aldo Leopold as using resources wisely today so that the next generation will have options for development as well as functioning ecosystems and the inspiration of nature's beauty and mystery. In the 1990s, the term *sustainable development* came into vogue. Even though the intent of sustainable development was nearly identical to *conservation*, business soon adopted it, in part because they could define it to their liking.

Sustainability, like conservation, is defined as three interlocking circles: social responsibility, economic viability and environmental protection. In order to pursue sustainability the Rainforest Alliance's certification programs address all three sectors at once, and this holistic, integrated approach makes sense to progressive business leaders.

With globalization came seismic shifts in the relative power of the traditional actors in the long battle between environmentalism and capitalism, unfolding realizations on both sides of the values and roles of the other, new allies to both sides, more exposure for companies and better communications closing conventional information gaps.

During the 1990s, conservation groups began to comprehend the amount of power concentrated in a few companies. Some companies are wealthier than many countries, and in any case, governments in tropical countries — even those not debilitated by corruption — have their hands full trying to provide basic services and rights to exploding populations. Governments dependent on exports are timid regulators of exporting companies, especially large, multinational companies that can take their business elsewhere. Legislation and enforcement rarely function with enough speed, efficiency and stakeholder buy-in to deal effectively with environmental issues that gather velocity and complexity at breakneck rates.

The Rainforest Alliance is managing a new program in Mexico and Central America, bringing together alliances between responsible producers of bananas, coffee and timber with responsible buyers. In addition to Chiquita, a number of coffee companies are participating, led by Kraft, which is buying unprecedented amounts of certified sustainable beans and inculcating sustainability into the company philosophy as well as its supply chain. Procter & Gamble, another of world's largest coffee roasters, is also selling a certified sustainable coffee under its gourmet brand, Millstone. Among the timber producing and wood buying companies participating: Home Depot, Ikea, Dixon Ticonderoga, Potlatch, Tembec and Domtar.

Certification, international conventions such as the Global Compact, the Internet stockholder interventions and other tools have given NGOs more traction in dealing with companies. NGOs can attack or partner with a company in one place and affect its holdings worldwide. Authors Taylor and Scharlin add, "Multinational companies, for their part, have no choice but to engage globally. Most no longer boast of the national origins of their products; instead, they rely increasingly on global brand names and polished corporate images, making them increasingly vulnerable to the rancor and ridicule of NGO campaigns. The walls between campaigners and corporations began to crumble in the 1990s" (Taylor and Scharlin 2004, 216).

NGOs and activists have long demanded that business managers show a greater sense of social and environmental responsibility. "But it's increasingly clear that the calls are coming from mainstream quarters of society as well," says Roger L. Martin of the Rotman School of Management in Ontario, Canada. "Many consumers and investors, as well as a growing number of business leaders, have added their voices to those urging corporations to remember their obligations to their employees, their communities, and the environment, even as they pursue profits for shareholders" (Martin 2002, 5). Martin published an analytical tool in the Harvard Business Review to help business executives "calculate the return on corporate responsibility." Martin called this tool "the virtue matrix."

Mid-career business professionals from Columbia University's Center for Environmental Research and Conservation conducted a study for the Rainforest Alliance to evaluate the financial benefits of engaging in sustainable business practices. Through analysis of some of the Rainforest Alliance partnerships with companies, the investigators identified the following potential benefits:

- Improved corporate reputation and positive brand impact
- Strong corporate governance
- Improved regulatory relationships
- Risk mitigation and management
  - Crisis avoidance
  - Defense of existing markets
  - Reduced risk of business disruption
- Managing food safety risks
- Competitive advantage
- Access to new markets
- Cost reductions
  - Reduced employee turnover
  - Lower chemical application costs/lower risk associated with chemical use
  - Savings realized through reductions in water and electricity use and implementation of recycling programs
  - Lower insurance premiums
  - Reduced cost of capital

While researchers note that only some of these benefits generate quantifiable and immediate financial benefits, investors and managers are now beginning to look at the long-term impact on financial performance. Piet Sprengers[2], director of a green investment group in The Netherlands called VBDO, says that while many investors are interested in using their shares as leverage to change corporate behavior, increasingly investors are looking at a company's social performance as an indicator of its projected, long-range performance. VBDO is sponsoring studies of the impacts of Dutch companies on the environment, especially on biodiversity. Conservationists are finding new allies and stakeholders to support their traditional work: shareholders. As an example, the Rainforest Alliance collaborates with VBDO in a study of the impacts of rapidly expanding soy production in Brazil.

The growing prominence of the *concept* of partnership is helping bridge activist groups and companies. David F. Murphy and Gill Coleman of the New Academy of Business in the United Kingdom, write: "Partnership is an idea with increasing political power today, in the sense that it invokes positive connotations within society which make people act in novel ways" (Murphy and Coleman 2000, 208).

The Rainforest Alliance entered partnerships through the side door of certification and the application of a green seal of approval. With 17 years of experience, the Alliance can show that certification is a powerful magnetic force that draws together companies and NGOs that share similar objectives. The process of coming together to set standards, providing incentives to producers and companies to meet those standards, and then independently verifying performance allows diverse actors to merge their economic, ethical and environmental interests. In addition to embracing the Three Es of sustainability, the certification process stimulates and monitors another essential ingredient of progress: continuous change.

The Alliance and other NGOs leading certification programs have learned valuable lessons that help smooth the way for partnerships with industry, including:

- The importance of building and maintaining trust through honest dialogue and crystalline transparency;
- The need to define the political ecology surrounding any particular industry so that sister NGOs and other stakeholders are in sync with any potential partnership;
- The need to build expertise in the target industry, understand the economics as well as the ethical and environmental issues, and be fluent in its language and attuned to its rhythms;
- The need to guard NGO independence and green seal credibility;
- The importance of clarity and agreed rules in marketing and messaging so that companies can take credit and profits from the relationship while maintaining its credibility;
- Prove that responsible business is smart business.

The public-private-partnership movement, although at least 30 years old, is still finding its feet. There have been some successes and many learning experiences. But with the decline in nation-state regulatory power, increasing demands for business to be more accountable amidst almost routine corporate scandals, and the growing reach and power of civil society groups, stakeholder and stockholders, there is little doubt that partnerships will continue to shine a light forward in the quest for sustainability.

Endnotes

1. Author to whom correspondence should be directed: E-mail: cwillie@racsa.co.cr.
2. I paraphrase Piet Sprengers, director of a green investment group in The Netherlands called VBDO. This is from a personal conversation.

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