

Ahold

Overview of controversial business practices in 2009



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SOMO

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Colophon

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Introduction

This brief company profile is a joint initiative of SOMO (Centre for Research on Multinational Corporations) and the VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling). It provides an overview of business practices that may be considered unsustainable, irresponsible, or controversial and that took place or were addressed in 2009. In the context of the upcoming annual general meetings (AGMs) of shareholders of Dutch corporations, the overview aims to provide additional information to Ahold's shareholders and other stakeholders on potentially controversial issues that may or may not be detected or reported by the company itself. By highlighting such issues, the overview can be used to identify areas of the company's corporate responsibility policies and practices that need improvement and to formulate a more informed assessment of a company's corporate responsibility performance.

The range of sustainability and corporate responsibility issues eligible for inclusion in this overview is broadly based on the issues and principles identified in the OECD Guidelines for Multinational Enterprises, which is one of the leading global normative standards for responsible business behaviour and which is applicable to all Netherlands-based companies by virtue of the Dutch government's membership in the OECD. Rather than an exhaustive analysis of Ahold's corporate responsibility policies, operational aspects of corporate responsibility management, implementation systems, reporting and transparency, or total performance on any issue, the overview provides a descriptive depiction of a limited number of corporate responsibility-related issues and cases that might merit further attention or reflection. Ahold's positive sustainability achievements in 2009 are not addressed here.

The research methodology for this overview involved primarily desk research methods, relying on information from SOMO's global network of civil society organisations, the company's own website and publications, media reports, and company information databases. All sources are cited in footnotes in the text. As per SOMO's standard research methodology, Ahold was informed about the research in advance and was given two weeks to review a draft report and provide comments and corrections of any factual errors in the draft version prior to publication. While elements of Ahold's response to the draft profile are integrated in the text, the full reply is included in Annex 1.

The overview has been researched and drafted by SOMO. SOMO is an independent research organisation that was founded in 1973 to provide civil society organizations with knowledge on the structure and organisation of multinationals.

Controversial Business Practices in 2009

1. Follow-up 'sustainability of soy openly challenged'¹

Summary

The production of soy is associated with large-scale negative environmental and social impacts. While Albert Heijn does promote production of sustainable soy for animal feed through the Round Table for Sustainable Soy, it does not sufficiently address the need to decrease the supply and demand of unsustainable meat. Ahold's efforts are therefore characterised by a lack of coherence.

Context

- ❑ A large percentage of the global soy production is located in the Americas; leading producing countries being the US, Brazil and Argentina. The large-scale production of soy and its expansion is associated with huge environmental consequences including deforestation of rainforest and savannas, loss of biodiversity, pollution and soil degradation.² Soy production and deforestation also have negative social impacts, including forced land expropriation and human rights violations.³
- ❑ After China, the Netherlands is the largest importer of soy and a significant distribution portal for the rest of Europe.⁴ The most important soy suppliers of the Netherlands are Brazil, the US and Argentina. Of Brazil's external sales, 4.5% ends up in the Netherlands, mainly in the form of soybeans and soybean derivatives.⁵
- ❑ Soy is an important ingredient in the food chain, not only as an additive or main substance in food products e.g. in products that replace meat, but to a much larger extent (in absolute volume) as an important part of fodder that is fed to pigs, chicken and other animals whose meat is being sold, largely in supermarkets in Europe amongst others. In Europe, by far most soy production is used as animal feed.
- ❑ Apart from being a pivotal player in soy export from Latin America, the Dutch livestock industry, having the highest density in Europe,⁶ is a huge absorber of soy. In 2008, only 4% of the soy processed, marketed and consumed in the Netherlands was composed of sustainable soy.⁷

¹ This topic was included in the 2008 overview. See: M. Vander Stichele, Ahold - Overview of Controversial Business Practices 2008, SOMO 2009, < http://somo.nl/publications-nl/Publication_3050-nl/at_download/fullfile>, (February 2010). See also response Ahold response to SOMO report, 13 July 2009, < <http://www.reports-and-materials.org/Ahold-response-SOMO-report-13-Jul-2009.doc>>, (February 2010)

² Both Ends, Big Business, Big Responsibilities, 2006 Both Ends, <http://www.bothends.nl/uploaded_files/2006_Soy_big_business.pdf>, (February 2010)

³ Milieudefensie, From rainforest to chicken breast, January 2006, Milieudefensie <<http://www.milieudefensie.nl/landbouw/publicaties/rapporten/From%20Rainforest%20to%20Chickenbreast.pdf>>, (March 2010)

⁴ Dutch Soy Coalition, Factsheet 1 Strategies for reducing the negative impacts of soy production, 2009, DSC, <http://commodityplatform.org/wp/wp-content/uploads/2009/12/factsheet_1_responsible-soy-production_final.pdf>, (February 2010)

⁵ Pita Verweij, WFF, Keeping the Amazon forest standing, 2009, WFF, <http://assets.wff.org.uk/downloads/amazon_report.pdf>, (February 2010) (Regarding this 4.5% it is unclear whether the Netherlands is end user or portal for Europe)

⁶ EUROSTAT, European Commission statistics, Environmental and agricultural indicators, 2005.PNG, <http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Environmental_and_agricultural_indicators_2005.PNG&filetimestamp=20090430100040>, (January 2010)

⁷ Solidaridad, Soja Barometer, 2009 Solidaidad, <http://www.solidaridad.nl/files/Sojabarometer%202009_0.pdf>, (March 2010)

- Most of the consumed meat in the Netherlands is sold in supermarkets. As high levels of meat and dairy consumption are a core cause of the problems associated with soy production, Dutch supermarkets play a key role in the soy chain.

Role of Ahold

Early in 2009, Milieudedefensie (Friends of the Earth, Netherlands) launched a campaign to convince supermarket Albert Heijn, the largest retailer in the Netherlands and a subsidiary of Ahold, to improve its corporate policy with regard to the meat it sells. Especially since it involves the use of large amounts of soy as feed for animals.⁸ After several consultations between the two players, the campaign resulted in a strong disagreement between Ahold and Milieudedefensie.⁹ While Albert Heijn indicated that it wanted to take co-responsibility for the issues at stake, the company declined to promise to bring the use of unsustainable soy to a halt within five years, a demand made by Milieudedefensie and backed by the Dutch Soy Coalition.¹⁰

Milieudedefensie decided to change its course and allied with Varkens in Nood (Pigs in Peril, a Dutch animal welfare organisation), which published the so-called Supermarket Monitor.¹¹ This benchmark compares Dutch retailers with regards to price and supply of sustainable meat and meat substitutes. The Supermarket Monitor shows that there is much room for improvement regarding Albert Heijn's performance on the benchmark. Looking at the latest two reports of July 2009 and January 2010, the retailer not only shows a mediocre score compared to other Dutch retailers (especially Jumbo), but its absolute performance also declines.¹² In July 2009, Ahold ranked 4 out of 10, but in 2010 its ranking fell to the fifth place. Despite the launching of a sustainable Pure and Honest label, its range of organic meat products remains below its competitors, prices of organic meat remain high and ordinary meat continues to be promoted.¹³

The Dutch Soy Coalition has identified three core themes to reduce the negative social and environmental impacts of soy production, transport, processing and consumption:¹⁴

1. increasing responsibility in the soy value chain;
2. replacing soy feed by other regionally grown protein-rich ingredients in animal feed;
3. reducing meat consumption.

Especially with regard to this last theme, Ahold shows a clear lack of ambition. In general, it appears that Albert Heijn recognises the problems related to soy, acknowledges its responsibility in the chain and is looking for ways to decrease its dependency on soy from the Amazon region by looking for the

⁸ Milieudedefensie, The drama behind cheap meat, 12 March 2009 Milieudedefensie, <<http://www.milieudedefensie.nl/english/press-releases/campaign-against-the-drama-behind-cheap-meat/>>, (March 2010)

⁹ See all exchanged letters Ahold/Milieudedefensie, <<http://www.milieudedefensie.nl/stopfoutveevoer/drama/voorgeschiedenis/voorgeschiedenis-albert-heijn-en-soja/>> (March 2010)

¹⁰ Milieudedefensie, letter 4 mei 2009, Milieudedefensie, <http://www.milieudedefensie.nl/landbouw/publicaties/brieven/2009-04-29%20Brief%20DSC%20AH%20campagne%209%20organisaties_4mei.pdf>, (March 2010)

¹¹ Varkens in Nood | Milieudedefensie, Supermarktmonitor 2009

¹² The 2009 July Monitor shows that Albert Heijn (rank 4 out of 10 retailers in total) scores above average with regard to its range of meat substitutes and the price of organic meat. However, with regard to the price of meat substitutes, the supply of organic meat and price difference between biological meat and ordinary meat and special offers of meat, meat substitutes and biological meat, the scores are below average. Varkens in Nood | Milieudedefensie, Supermarktmonitor 2009 <<http://www.milieudedefensie.nl/landbouw/publicaties/viN-%20MD%20-%202009%20-%20Supermarktmonitor%20Vlees%20en%20Vleesvervangers.pdf>>, (March 2010)

¹³ Varkens in Nood | Milieudedefensie, Supermarktmonitor 2010,

<http://media.varkensinnood.nl/documenten/supermarktmonitor_vlees_en_vleesvervangers.pdf>, (January 2010)

¹⁴ Website of the Dutch Soy Coalition, <<http://commodityplatform.org/wp/>>, (March 2010)

use of European fodder. However, the Supermarket Monitor shows that Albert Heijn's efforts with regard to decreasing the supply of meat that is produced with unsustainable fodder appear insufficient.

In Ahold's response to the draft overview,¹⁵ the company states that:

"We offer a variety of meat products and meat replacement products to provide our consumers with an informed positive choice in products. We do not believe in edited choice, that only creates a temporary behavior change. We advertise both the meat and vegetarian options. Albert Heijn may have less organic meat SKU's [stock keeping units – ed.] than competition, but we sell more organic meat than any other retailer in the Netherlands. In meat replacement products we have by far the largest market share (way over 50%). The prices we charge are related to the prices we are charged when we buy the products."

Normative/legal standard violated

While the key problematic issues in the soy chain are well recognised and addressed in various fora, and Ahold identifies soy as one of the critical commodities in its operations (next to cocoa, coffee, cotton, fish, palm oil, and tea), current efforts of Ahold are characterised by a lack of coherence. Ahold appears to focus its efforts exclusively on increasing its supply of sustainable soy and looking for alternatives for soy use in fodder. Ahold is a member of the Round Table of Responsible Soy (RTRS),¹⁶ which developed criteria for sourcing responsible soy but currently no certified soy is being produced. While the RTRS faces much criticism from civil society organisations worldwide,¹⁷ this is not the topic of concern for this writing.¹⁸ Rather, it is the failure of Ahold to recognise that improving the sustainability of the soy chain via the RTRS is only part of the solution. In addition to finding alternatives for soy use in fodder, the decrease of the consumer demand for meat is a necessary, and maybe the most important, step to bring a halt to one of the worst environmental disasters of the current age.

The demand for meat and other animal products is rapidly increasing and if sustainability in the soy chain is to be enhanced, the reduction of demand is inevitable. Ahold states that it does not believe in edited choice, as according to the company it only creates a temporary change in consumer behaviour. This traditional industry vision on directing consumer choices is currently being replaced by a more proactive view, amongst others examined by Cheryl Hicks of the World Business Council for Sustainable Development.¹⁹ She states that there is often a large gap between consumer attitudes and willingness and actual behavior change and therefore sees 'choice editing' (the removal of

¹⁵ See Ahold's full response to the draft overview in Annex 1

¹⁶ The Round Table on Responsible Soy (RTRS) is a multi-stakeholder initiative founded in 2006 that promotes responsible production of soy, through commitment of the main stakeholders of the soy value chain and through a global standard for production. Participatory membership is open to organisations who belong to one of three constituencies: 1) producers; 2) industry, trade & finance; 3) civil society organizations. The general assembly is the highest decision-making body. Decisions are made through the vote of members. Each constituency has a voting power of one third of the total votes. The executive board is responsible for operational activities and most decision making. It is elected by the general assembly and composed of the three constituencies. The main producers, and industry/traders (Monsanto, ADM, Bunge, Cargill, Syngenta, Louis Dreyfus etc.) are members of the RTRS.

¹⁷ Criticised because of allegedly encouraging the expansion of soy monocultures, promoting GM soy as responsible, and handling too weak principles and criteria. GMWatch, Critical Opposition of RTRS, April 2009, <<http://www.bangmfood.org/take-action/23-take-action/36-letter-of-critical-opposition-to-the-round-table-on-responsible-soy>>, (March 2010)

¹⁸ See Ahold's response to the draft overview in Annex 1 including its view on the RTRS (received on 1 April 2010)

¹⁹ Cheryl Hicks, Consumer Empowerment & Responsible Business Approaches, WBCSD presentation on the OECD CR Roundtable, 15 June 2009, <www.oecd.org/dataoecd/16/28/43357657.ppt>, (April 2010)

unsustainable products and services from the market place) as a key trend in the role of business is mainstreaming sustainable consumption. As supermarkets play an important role in directing consumer behaviour and demands, Albert Heijn can do so by:

- ❑ limiting the assortment of ordinary (unsustainable) meat,
- ❑ offering reasonably priced alternatives for unsustainable meat products such as meat substitutes, hybrid meat (mix between meat and vegetable ingredients, such as alfalfa) and more ready-made meals without meat,
- ❑ ending excessive advertising for ordinary unsustainable meat and replacing it with advertisements for meat substitutes and vegetarian alternatives, and
- ❑ reducing the price difference between ordinary unsustainable meat and meat substitutes and sustainable meat.

In taking these steps, Ahold would fulfil its promise of being a more responsible player in the soy chain.

Albert Heijn is a member of the Dutch Food Retail Association (CBL). Two initiatives of the CBL should be mentioned in this context:

- ❑ The CBL launched the 'CBL-Action plan on Responsible Soy', which says that supermarkets must use responsible soy for their own brand meat, dairy products and eggs.²⁰ However, while the initiative definitely contains some valuable elements, no explicit targets are included with regard to the supply of unsustainable meat, organic meat, meat substitutes or limiting excessive and unbalanced advertising of unsustainable meat.
- ❑ In 2009, a Covenant on the sustainable development of animal products was concluded between the government, an animal protection organisation and several market parties (mostly sector associations), including the CBL. One of the core targets was the common goal of all parties to increase the annual growth of revenue of 'more sustainable'²¹ (free-range) meat by consumers in supermarkets between 2009 and 2011 by 15% annually.²² Nearly one year after the conclusion of the covenant, Minister of Agricultural Affairs Verburg expressed her discontent with the overall state of affairs, especially with regard to the disappointing supply of free-range meat and excessive advertising of unsustainable meat.²³ The covenant appears to center on concerns about animal welfare, and no specifics on (sustainable) soy are included.

2. Tomato farmers USA

Summary

Within the last decade, the Coalition of Immokalee Workers (CIW) has campaigned against the exploitative labour conditions in the tomato farm industry in Florida, US. Several companies in the (fast) food industry have reached an agreement with CIW to improve farm workers' wages and labour conditions. In 2009, CIW started a campaign to urge Ahold USA to follow the example of its competitors. Up till now, Ahold, refuses to do so, Instead, it relies on a controversial auditing programme, thereby violating its own supply chain policy of which core ILO conventions are a key building block.

²⁰ CBL, Dutch supermarkets choose for responsible soy, 11/06/2009, CBL, <<http://www.cbl.nl/english/>>, (March 2010)

²¹ Free-range meat (Dutch: *scharrelvlees*), which is bound by law

²² MinLNV, Convenant Marktontwikkeling Verduurzaming Dierlijke Producten, May 2009, see weblink for a overview of all parties included, <www.minlnv.nl/cdlpub/servlet/CDLServlet?p_file_id=38182>, (March 2010)

²³ Trouw, Verburg wil meer vlees van scharrelvarkens, 11/01/2010, <http://www.trouw.nl/groen/nieuws/article2960362.ece/Verburg_wil_meer_vlees_van_scharrelvarkens.html>, (March 2010)

Context

- Since the end of the 1990s, the Coalition of Immokalee Workers (CIW), a community-based worker organisation whose members are largely Latino, Haitian, and Mayan Indian immigrants working in low wage jobs, are campaigning against exploitative working conditions, including modern day slavery, in the tomato farm industry.²⁴
- In its 2004 study *Like Machines in the Fields*, Oxfam America addresses the negative effects of massive abuse in buying power practices of the largest tomato buyers. The report states that: “squeezed by buyers of their produce, growers pass on the costs and risks imposed on them to those on the lowest rung of the supply chain: the farm workers they employ. Many farmers view their labour expenses as the only area where they are able to make significant cuts.”²⁵ Farm workers belong to the worse paid and least protected workers of the US. They have working days of 10 to 12 hours, picking tomatoes by hand, and earning a piece rate of about 45 cents per 32-pound bucket, a rate which has not changed significantly in the last 30 years. During a typical day each migrant picks, carries and unloads two tonnes of tomatoes.
- In December 2008, two farm labour employers were sentenced to 12 years in federal prison on charges of conspiracy, holding workers in involuntary servitude and peonage. This was the seventh successful slavery prosecution in the Florida agriculture industry in the last decades. As stated in the US Department of Justice press release, they “pleaded guilty to beating, threatening, restraining, and locking workers in trucks to force them to work as agricultural labourers. They were accused of paying the workers minimal wages and driving the workers into debt, while simultaneously threatening physical harm if the workers left their employment before their debts had been repaid.”²⁶ The farm employers made the workers labour on farms that were certified with the industry-supported Socially Accountable Farm Employers (SAFE) programme.
- In the last decade, several companies, (including Taco Bell, McDonald, Burger King, Whole Foods Market, Aramark, Compass Group, and Subway) have reached agreements with the CIW to:²⁷
 - Pay at least a penny more per pound of tomatoes they purchase to directly improve farm workers’ wages, resulting in a 70% wage increase for tomatoes they purchase.
 - Implement an enforceable, human rights based code of conduct to improve conditions in the fields, including zero tolerance for slavery.
 - Guarantee a voice for farm workers in monitoring and verifying improvements and work together toward an industry-wide third-party monitoring system
- After first primarily targeting the fast food industry, the campaign expanded in 2008 to the supermarket industry. In September 2008, CIW reached its first agreement in the retail sector when Whole Foods Market agreed to work with the CIW. In June 2009, Whole Foods announced that it had secured the cooperation of two of Florida's largest organic growers to implement its agreement with the CIW. This agreement broke the stalemate established nearly two seasons earlier by resistance of the Florida Tomato Growers Exchange (FTGE), which had threatened its member growers with exorbitant fines if they were to participate in the CIW's agreements. Shortly thereafter, one of Florida's largest conventional tomato growers broke ranks with the FTGE, prompting the growers' association to drop its threat of fines altogether.

²⁴ Coalition of Immokalee Workers website, 2009, <<http://www.ciw-online.org/101.html#cff>>, (March 2010)

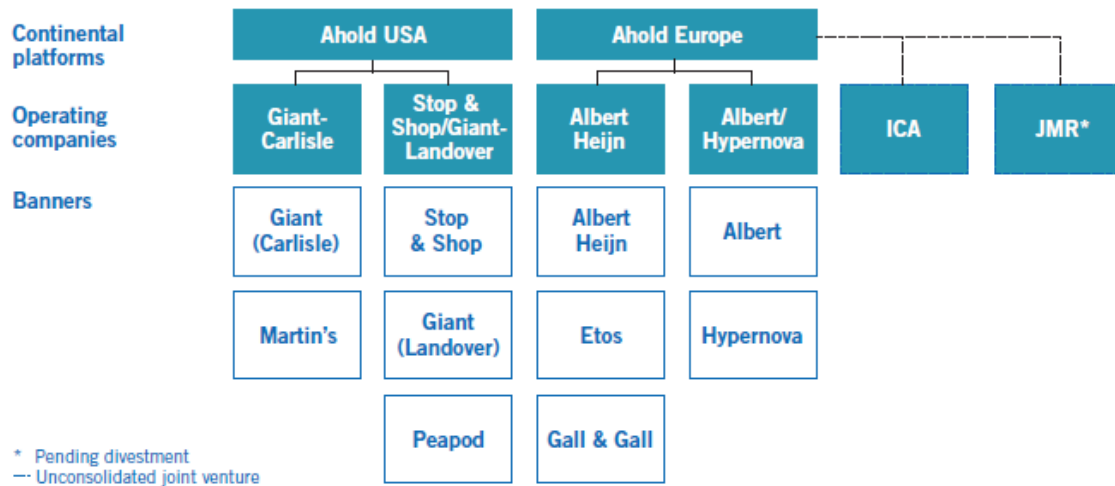
²⁵ Oxfam America, *Like Machines in the Fields: Workers without Rights in American Agriculture*, Oxfam America Report, March 2004, <<http://www.oxfamamerica.org/files/like-machines-in-the-fields.pdf>>, (March 2010)

²⁶ CIW, *Slavery in the Field*, CIW 2009, <<http://www.sfalliance.org/resources/Slaveryinthefields09.pdf>>, (March 2010)

²⁷ Interfaith, *Background on the Letter to Florida Gov. Christ*, Interfaith 2009, <<http://www.interfaithact.org/GovCristFAQ>>, (March 2010)

Role of Ahold

Worldwide, Ahold operates from two continental platforms, Ahold USA and Ahold Europe. Ahold USA is the parent company of Stop & Shop, Giant, Martin's, and Peapod (see figure 1).



In 2009, CIW started a campaign to urge Ahold USA to follow the example of Whole Foods and many fast food chains to work with their coalition to ensure fair wages and conditions for the farm workers who 'pick your tomatoes'.²⁸ So far, Ahold USA has refused to do so. Instead, the company, via Harriet Hentges, Ahold's Vice President for Corporate Responsibility and Sustainability, in a letter to CIW said that: "As a company, we are committed to providing products that are safe and responsibly sourced and that our suppliers respect the legitimate rights of their workers. [...] The Federal government, the State of Florida, as well as organizations such as Socially Accountable Farm Employers (SAFE) must do all they can to ensure that farm workers are treated fairly and according to the existing laws and regulations."²⁹ The letter continued, "While we purchase Florida tomatoes only during the spring season, nonetheless, our supplier is audited by SAFE."³⁰ According to CIW, it is "appalling that Ahold is relying on a discredited, agricultural industry-controlled program that certified two farms where enslaved workers were taken to work as "socially accountable."³¹

Moreover, employees of American Ahold subsidiary companies, Giant and Stop & Shop, confirm that these Ahold stores continue to purchase and sell produce from the two farms that used the slave labour involved in the most recent slavery prosecution.³²

²⁸ Coalition of Immokalee Workers, Organizational website, Tools, 2009, < <http://www.ciw-online.org/tools.html> >, (March 2010)

²⁹ Coalition of Immokalee Workers, Organizational website, Rotten Apple, 2009, < http://www.ciw-online.org/rotten_apple.html >, (March 2010)

³⁰ For critique on SAFE, see: Coalition of Immokalee Workers, Organisational website, Rotten Apple, 2009, < http://www.ciw-online.org/rotten_apple.html >, (March 2010)

³¹ Example letter to Ahold USA management: CIW, Letter to Giant Foods, <<http://www.pcusa.org/fairfood/pdf/letter-giantfoods.pdf>>, (March 2010)

³² CIW, Email correspondence 09-03-2010

In Ahold's response to the draft of this overview,³³ the company states that:

We are in full agreement with the Coalition's stated objectives regarding working conditions, and stated that to them in a letter of May, 2009. [...] We rely on the oversight of the State of Florida and the U.S. Attorneys office as an assurance of compliance. We also require that our suppliers agree and adhere to our standards of engagement, have programs to ensure compliance with the standards and are subject to validation of compliance through credible 3rd party auditors.

Normative/legal standard violated

If Ahold would follow its sustainable trade policy, which sets out its supply chain commitments and responsibilities,³⁴ it would take similar steps to those taken by competitors such as Whole Foods and many companies in the US fast food industry. Upholding fundamental workers' rights as codified in national labour legislation and the core International Labour Organization (ILO) Conventions,³⁵ are key aspects of the supply chain policy of Ahold. Ahold's continued and knowing purchase from suppliers tainted by the last major federal slavery prosecution demonstrates that Ahold's practices are currently not consistent with either its policy or core ILO standards. In its response to the draft profile Ahold states that it does not support the specific "penny-a-pound" payment proposed by the Coalition commenting that:

"We buy hundreds of commodities from many different regions. As a supermarket, we do not want to initiate a policy that distinguishes forms of payment between one product and one region. This is not a reasonable or workable solution. There are Florida State laws governing minimum wages for farm workers and we look to the state authorities and our standards of engagement to ensure compliance."

The adoption of the penny-per-pound programme and the enforcement of worker-participatory codes of conduct based on ILO standards by Ahold's competitors demonstrate that these initiatives are both reasonable and workable.

As set out above, supply chain responsibility in the Dutch CSR Frame of Reference means that a company does all it can to enable, promote and implement responsible business throughout its supply chain.³⁶ Ahold's obligation to enable, promote and implement core labour standards in its supply chain is not fulfilled by its reliance on government officials and an industry-controlled program, while it continues to knowingly profit from violations. Ahold has the responsibility to know whether their supply chains include products or components produced in violation of core labour standards as is the case at virtually all tomato farms in Florida. If it sources tomatoes from these farms, the company, according to general but also its own standards, should take responsibility for the social, ecological and economic consequences and constructively engage with stakeholders to improve them, above the minimum requirements set by the state authorities.

³³ See Ahold's full response to the draft overview in Annex 1 (received on 1 April 2010)

³⁴ Ahold, Corporate Website Sustainable Trade, 2009, <<http://www.Ahold.com/en/responsible/sustainable-trade>>, (March 2010)

³⁵ These rights include prevention of forced and child labour, freedom of association, non-discrimination and equal remuneration for equal work.

³⁶ MVO platform, Dutch CSR frame of reference, 2007, <http://www.corporate-accountability.org/eng/documents/2007/csr_frame_of_reference_2007.pdf>, (March 2010)

Annex 1. Ahold's response to the draft overview³⁷

1. Follow-up 'sustainability of soy openly challenged

Of all the soy produced in Brazil and Argentina, a maximum of 3% is used as cattle feed in the Netherlands. The remainder that enters the port of Rotterdam, is used elsewhere in Europe.

Even though recently deforested land cannot be used for soy production, it is true that the growing acreage used for agricultural activities in Brazil and Argentina is a threat to nature areas. Ahold therefore became a member of the **Round Table for Responsible Soy (RTRS)** to make sure that the soy used in the Netherlands will meet acceptable sustainability criteria. In fact so far **Ahold has been one of the very few active retailers within RTRS**. The criteria for responsible soy were developed in a series of meetings, to which all stakeholders including NGOs (**Solidaridad and WWF are members of the RTRS**) were invited and several of them participated, and field trials using the criteria are being executed right now.

Ahold recently took the initiative to introduce the **Constructive Commodity Coalition** through IDH (Initiative for Sustainable Trade, a Dutch government financed organisation). This Coalition encompassing the government, NGOs and the private sector would decide on critical commodities and their related issues and create an action plan around them. By the way, soy is one of the commodities that are separately addressed by IDH already.

With respect to soy, Ahold continues to strongly believe in the RTRS process, as this regards the mainstream production of soy. We are in regular contact with Solidaridad about our way of working, and Solidaridad is a supporter of RTRS itself.

We offer a variety of meat products and meat replacement products to provide our consumers an informed positive choice in products. We do not believe in edited choice, that only creates a temporary behaviour change. We advertise both the meat and vegetarian options. Albert Heijn may have less organic meat SKUs than competition, but we sell more organic meat than any other retailer in the Netherlands. In meat replacement products we have by far the largest market share (way over 50%). The prices we charge are related to the prices we are charged when we buy the products.

2. Tomato farmers USA

We are in full agreement with the Coalition's stated objectives regarding working conditions, and stated that to them in a letter of May, 2009. There is a comprehensive network of federal and state laws and regulations that govern workers' compensation and working conditions. We rely on the oversight of the State of Florida and the U.S. Attorneys office as an assurance of compliance. We also require that our suppliers agree and adhere to our standards of engagement, have programmes to ensure compliance with the standards and are subject to validation of compliance through credible 3rd party auditors.

We do not support the specific "penny-a-pound" payment proposed by the Coalition. We buy hundreds of commodities from many different regions. As a supermarket, we do not want to initiate a policy that distinguishes forms of payment between one product and one region. This is not a reasonable or workable solution. There are Florida State laws governing minimum wages for farm workers and we look to the state authorities and our standards of engagement to ensure compliance.

³⁷ Ahold response to draft report received on 1 April 2010

Ahold USA will continue to make our requirements clear to our supply chain and to work with them towards full transparency. We are committed to monitoring this situation and taking the necessary action.