



# Counter-Reporting in the Coffee Sector

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## ➤ Introduction

**Coffee sustainable commodity:** Nearly 90% of the global production in >60 tropical and subtropical countries to be consumed in the developed countries

**Means of sustainability application:** Sustainability standards developed by voluntary and private initiatives<sup>(1)</sup>

**Drivers of sustainability:** Governments, NGOs and consumers → CSR reports by companies<sup>(2)</sup>

**How accountable is the disclosure of information in CSR reports?**

**Counter-reporting:** A tool to challenge the company's self representation by collecting external data from non-company sources and "external social audits"<sup>(3)</sup>

## ➤ Objectives

- Development of silent and shadow accounts for major players in coffee market:

**Jacobs Douwe Egberts/Mondelez; Nestlé; Starbucks; McCafé; Tchibo**

- Apprehension of external social audits
- Understanding reasons behind and problems of counter-reporting;
- Identification and analysis of the portrayal-performance gap.

## ➤ Methods/Procedures

- Multidimensional structure
- Theoretical information on counter-reporting
- Brainstorming; Research question and objectives
- Screening sustainability indicators and certification organisations
- Secondary research: corporate websites, CSR reports, information from NGOs, web media, individual bloggers, etc., in English and German
- Focus on value chain

Aspects // Labels					
<b>Price differential to farmers</b>	Minimum Price set by FLO or market price	Premium prices for organic coffee	Price negotiated between seller and buyer	Price set by the market	No influence on market price
<b>Fees paid by farmers</b>	Cost of auditing Re-inspection fees	Certification costs vary by certifier	Annual fee based on farm size (group options)  Auditing fees paid by buyers	Auditing fees only No fees set by UTZ	Annual fee based on size and position in the chain  Free verification and trainings

## ➤ Results

- The minimum application of sustainability framework is common among the five examined companies
- The weight of benefits provided by the sustainability standards varies among initiatives
- Counter information for companies' sustainability work is scarce and difficult to access for stakeholders

## ➤ Constraints

- Limited number of examined companies and sources (**sample size**).
- **Reliability** of the data found on the independent sources.
- **Cultural bias** and possible **lack of objectivity**, as well as other types of bias.

## ➤ Conclusions

- There is a substantial gap between the companies' representation of CSR efforts and actual efforts observed.
- The presence of a sustainability label on a company's website or on a product package only means compliance of the company to this particular label. For objective company or product sustainability assessment, sustainability of the label needs to be evaluated in the first place.
- Large companies generally represent sustainability labels on their websites in a positive way, often concealing crucial information about them, leaving it for the consumer to perform a search for relevant critique.
- Lack of information is identified as another source of information for counter-reporting.
- Counter-reporting is an essential tool for assessing companies' performance in terms of sustainability.
- There is a need for further discussion and assessment of sustainable initiatives which might alter their structure and thereby improve the results.