Responsibility in the Cooperative World

10th Annual Farmer Cooperatives Conference
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Today’s Agenda
- Briefly review who we are
- What is the corporate take on “sustainability?”
- Pitfalls
- How are cooperatives positioning themselves –
  - Program
  - Communication

America’s Farmer Cooperative Businesses

NCFC Members

NCFC Cooperative Values
- Farmer ownership and control in the production and distribution chain.
- Economic viability of farmers and the businesses they own.
- Stewardship of natural resources.
- Vibrant rural communities.

Tom Friedman, Op-Ed Columnist, N.Y. Times
- “…we’re fooling ourselves. There is no green revolution, or if there is, the counter revolution is trumping it at every turn. Without a transformational technological breakthrough in the energy space, all of the incremental gains we’re making will be devoured by the exponential growth of all the new and old ‘Americans’.”
Robert Reich, Former Secretary of Labor under President Clinton

“Consumers tell pollsters that they shop at "good companies", but if you examine their actual buying practices, they don't want to sacrifice good deals for themselves…”

Carly Fiorina, Former CEO of HP

“The winning companies of this century will be those that prove with their actions that they can be both profitable and increase their social value – companies that do well and do good…”

Lee Scott, Chair & CEO, Wal*Mart

“Being a good steward of the environment and in our communities and being an efficient and profitable business are not mutually exclusive. In fact, they are one and the same.”

Jim Lawrence, CEO General Mills

“It’s not social responsibility or profitability. It’s social responsibility and profitability.”

Cooperative Review

- Regulatory pressures
- Environmental issues are escalating at both the field and cooperative level
- Help producers prepare for and maximize conservation benefits
- Coops are a trusted source of agronomic advice
- Differentiation/preference in the marketplace
- Add value to cooperative membership
- Producers expect their coop to be a vital part of rural communities

Cooperative Stewardship Initiative

- Representation of members on regulatory compliance issues
- Direct access of Cooperatives to U.S. Department of Agriculture Farm Bill conservation dollars
- Investigate funding and program opportunities through other entities
- Investigate opportunities to provide Cooperative members advantage in marketing through “sustainability” or other seal
Sustainability: Traditional

- Environment
- Economy
- Society

Sustainability: Coop Style

- Stewardship of Natural Resources
- Economic Viability
- Community Enrichment

Challenges in development of Cooperative Stewardship

- Proliferation of stewardship “standards”
- Costs associated with on-farm certification
- Need to respond to local needs
- What about the other elements – economic and community?

Code: Two Parts

- Program Components
- Communication Components

Elements of the Code

- Purpose
  - The Purpose of the NCFC Code of Sustainable Practices is promoting locally-driven, environmentally and economically sound practices that are responsive to the unique role farmer-owned cooperatives play in the communities they serve.

Elements of the Code

- Principles of the NCFC Code–
  - Stewardship of Natural Resources
  - Economic Viability for Farmers and their Cooperatives
  - Strong Rural Communities
  - Safe, High Quality Food, Feed, Fiber and Fuel
Key Themes

1. Health
   “Safety, freshness and from nature are things that are important for me and my family.”
2. Family
   “I want to set a good example for my kids.”
3. Local
   “It’s about community and connecting with people and places.”
4. Responsibility
   “People and companies should do the right thing, and I’ll do my part, too.”
5. Control
   “Voting with my wallet.”

Elements of the Code

- Cooperative Commitment
- Develop Improvement Targets
- Record-Keeping and Reporting
- 3rd party verification/certification
- Define the baseline

Next Steps in Cooperative Stewardship

- Continue work with Wall*Mart producer score card
- Run parallel program to test concept of producer/cooperative-DIRECTED stewardship approach
- Explore tools for tracking in lieu of 3rd party certification

Let’s see if we can create a “brand” in Cooperative Stewardship

- Top marketing experts assigned to newly formed Conservation Marketing Committee
- Co-Chairs: Welch’s and Land O’Lakes
- Working with the Hartman Group – firm working with top US retailers to define what consumers are thinking about...

What has past research shown us?

- Consumers are increasing using the term “sustainability”
- Consumers have varied perceptions of what sustainability means to them... It is an emotional connection to values
- The consumer interest is not necessarily in the specific product attributes, but rather in what the product represents to them
- There has been a shift in interest toward companies/brands/products/services that embody values
- Language consumers use is CRITICAL!
**Language Map | Farms, Farmers, Farming**

**Touch Points | Sustainability brings Family Farm, Cooperatives and Consumers together**

- **COOPERATIVES**
  - Community support
  - Ownership
  - Working together
  - Sharing resources and benefits
  - Accountability
  - Responsibility

- **FAMILY FARM**
  - Family
  - Ownership
  - Community participation
  - Stewards of resources
  - Trust
  - Integrity

**SUSTAINABILITY**
Local, Soil, Garden, Protection of Family & Land, Farmers

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**Cooperative as a Concept | The Feel Good Factor**

Conceptually, cooperatives are associated with several "feel good factors" in consumers' minds that tie together with social values of sustainability (great good, partnership, transparency, authenticity)

Supporting and serving the local community contributing to the economic viability of local producers

Ownership: farmers are the owners, not a faceless corporation

Working cooperatively building community, neighborhoods and relationships

Pooling resources and sharing benefits helping each other in a communal spirit

Accountability equally vested as an incentive to uphold values

Responsibility to workers, customers and community shared values safeguard protection of all parties involved

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**Sustainability: How can we make it last?**

- Create a vision of sustainability aligned with grower needs
- Align "top line" and "bottom line" by helping wring out inefficiencies
- Drive it through your company's culture
  - Begin (or continue) to focus on carbon
  - Unconventional partners
  - Be pro-active and be ready to talk about water, air and soil

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**Chris Policinski, President & CEO Land O'Lakes**

- "In the years ahead, the ability to recognize and leverage the link between corporate social responsibility and business success will be the single most critical skill possessed by world-class business leaders and the companies they represent"

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**...in other words...**

- “you can’t go wrong by doing good!”