

Quick Scan

Burger King



SOMO Quick Scan

Burger King

Roos van Os & Tim Steinweg

April 2008

Contents

1	Introduction	4
2	Company Profile: Burger King Holdings	6
2.1	Corporate Profile.....	6
2.2	Burger King Holdings' corporate history.....	7
2.3	Burger King Holdings ownership and corporation structure.....	8
2.4	Market presence.....	10
2.5	Purchasing activities.....	11
2.6	Burger King Suppliers in the Netherlands.....	11
3	CSR Sector Analysis	13
3.1	Consumer health.....	13
3.2	Marketing practices.....	14
3.3	Labour issues.....	14
3.4	Environmental damage.....	15
3.5	Lobby activities.....	16
3.6	Trans fats.....	17
3.7	Animal welfare.....	17
4	CSR initiatives in the sector	18
4.1	Sustainable Agriculture Initiative Platform.....	18
4.2	EU Platform on Diet, Physical Activity and Health.....	18
4.3	Concerned Children's Advertisers.....	19
4.4	Childrens Advertising Review Unit.....	20
4.5	The Paper Working Group.....	20
4.6	The Sustainable Packaging Coalition.....	21
4.7	Refrigerants, Naturally coalition.....	21
5	Burger King's CSR Policies	22
5.1	CSR policies and practices.....	22
5.2	Guiding Principles.....	22
5.3	Sourcing.....	22
5.4	Animal welfare.....	23
5.5	Advertising.....	24
5.6	Phasing out trans fatty acids.....	24
5.7	Environment.....	24
5.8	Omissions in Burger Kings CSR policy.....	25
6	Negative publicity; Burger King in the media	26
6.1	Labour issues.....	26
6.2	Sexual harassment claims.....	29
6.3	Health and safety.....	29
6.4	Social and competition issues.....	31
6.5	Environmental issues.....	31
7	Conclusions & Risk Assessment	33
7.1	Issues and omissions.....	33
7.2	Risks and Opportunities.....	34
7.3	Burger King in The Netherlands.....	35
8	Annex 1: List of International Subsidiaries	36
9	Annex 2: Burger King Restaurants in the Netherlands	38

1 Introduction

A Quick Scan assesses the social responsibility of a specific company in an average period of six days. A Quick Scan is usually commissioned by non-governmental organizations (NGOs) or trade unions prior to joint activities and/or partnerships with companies. The background of analyzing corporate social responsibilities and performances of companies is to take well-thought-out decisions to engage in partnerships, or other forms of cooperation and dialogues with companies.

A Quick Scan provides a brief overview of a company's Corporate Social Responsibility (CSR) policies and how it relates to the company's performance in practice. Sources of information are mentioned in footnotes throughout the report. The main sources are media and company information databases, reports from civil society organizations, input from SOMO's global network of civil society organisations, and sources available via the Internet.

This Quick Scan consists of the following elements:

Context Analysis

In order to understand a company's CSR policies, implementation systems and actual performance, it is important to provide information on the background of the company (i.e. history, main markets and products) and the sector in which it operates. After a brief company profile, the Quick Scan presents an overview of specific CSR issues and the most important CSR initiatives of the relevant sector(s).

CSR Policy and Implementation Analysis

The policy analysis examines the CSR initiatives the company commits to as well as the company's own communications about its CSR policies. The company's formulated standards are assessed in relation to the CSR Frame of Reference of the Dutch CSR Platform and other CSR standards widely accepted among non-governmental organizations (NGOs) and trade unions.¹ Existing sector specific CSR initiatives are also taken into account. As part of the analysis, the implementation of the company's CSR policies is briefly analyzed. What management systems are in place? Are there any internal monitoring procedures? Are stakeholders involved in decision-making processes? How transparent is the company's management? How does the company report on its progress regarding CSR? Is there an independent verification mechanism?

Company Reputation and Negative Publicity

This section analyses the reputation of the company on the basis of media publicity. Has the company been the focus of campaigns from environmental organizations, human rights organizations, or consumer organizations? Has there been any evidence of negative publicity, legal or regulatory violations? Has the company received media attention with regard to violations of CSR standards or its own code of conduct? Has the company undertaken controversial activities that have not been in accordance with its self-proclaimed social responsibility? To answer these questions, the internet and media databases of national and international press, including local newspapers from countries in Africa, Latin America and South East Asia are used.

¹ MVO Platform website (Dutch CSR Platform), <www.mvo-platform.nl> (Feb 2007).

Conclusions and Discussion

The final section of this report presents conclusions and a discussion of the CSR policies and performance of the company. Is the company active in high-risk activities or regions from a CSR perspective? To what extent has the company been involved in controversial activities and how does it relate or contradict its own CSR policy? What is the image of the company from a social and environmental perspective? What is the overall conclusion on the Company's CSR performance?

In this Quick Scan, not only the CSR policies and practices of Burger King International are analyzed, but a specific focus is also given to Burger King B.V., the company's Dutch subsidiary. In addition, the commissioner of the report explicitly requested information of the sourcing and supply chain of Burger King B.V., with a particular interest in the supply chain of tomatoes. The Quick Scan has been commissioned by Oxfam Novib.

The Quick Scan has not been sent to the Burger King for comments and correction of potential factual mistakes

For more information, please contact SOMO (Centre for Research on Multinational Corporations):

Tel. +31 (0)20 6391291

Fax +31 (0)20 6391391

E-mail: info@somo.nl

Website: www.somo.nl

2 Company Profile: Burger King Holdings

2.1 Corporate Profile

Burger King Holdings, a publicly owned company, is the third largest global chain of fast food restaurants, after McDonald's and Yum! Brands, who owns Pizza Hut, KFC and Taco Bell. Currently, it operates in 69 countries with 11.300 outlets of which more than 90 percent are owned and operated by independent franchisees.² In 2007, the company registered net earnings of €109.8 million. Its most renowned product is The Whopper, a large hamburger.

Table 1: Corporate Overview³

	Headquarters	Netherlands
Name	Burger King Holdings, Inc	Burger King B.V.
Business Address	5505 Blue Lagoon Drive, Miami, Florida	Schorpioenstraat 282, 3067KW Rotterdam
Telephone	+001 305-378-3000	010-2863700
Internet	www.bk.com	www.burgerking.nl
Company Type	Public (NYSE: BKC)	
Revenue	€1.657.9 million*	€ 38.1 million**
Net Income	€ 109.8 million*	€ - 1.1 million **
Employees	39.000	1.195
Chairman	Brian Thomas Swette	Thomas Carl Berger
CEO	John Chidsey	Joos Hellert

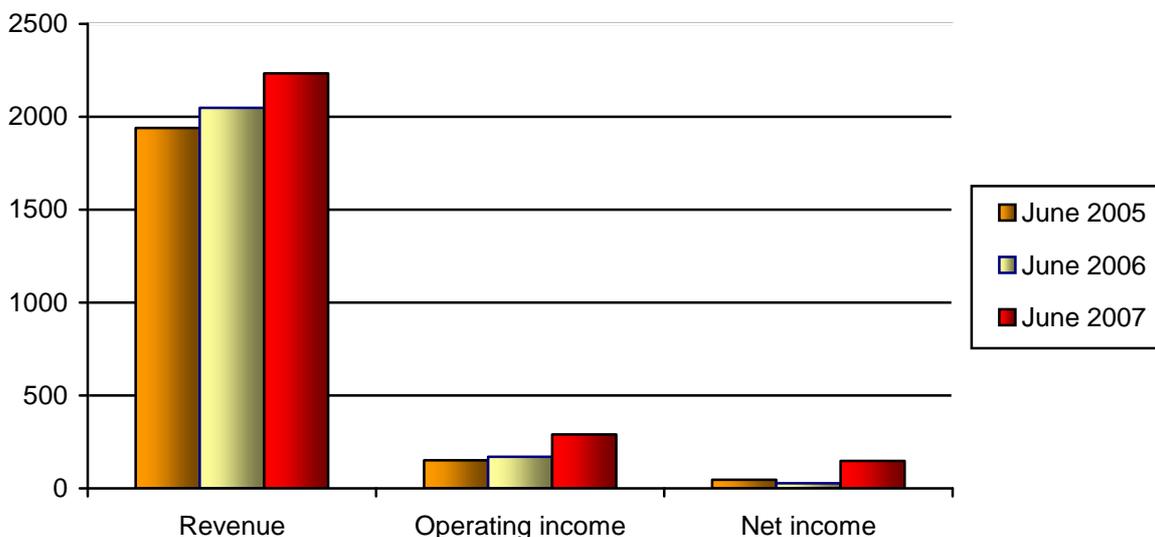
* As of June 2007 ** As of June 2006

Burger King Holdings generates revenues from three sources: sales at company restaurants; royalties and franchise fees paid by franchisees; and property income from franchise restaurants that lease or sublease property from the company. In the graph below, the development of the most important financial indicators is displayed.

² Burger King Holding, Corporate website, www.bk.com, (April, 2008)

³ Hoover's website: Burger King Overview: http://www.hoovers.com/burger-king/--ID_54531--/free-co-factsheet.xhtml, (April, 2008)

Figure 1: Burger King Holdings annual income statements⁴



(All amounts in millions of \$)

As of 2004, Burger King implemented a number of cost cutting measures, due to disappointing financial results. These include an increased emphasis on drive-thru's, a scheduling system to improve employee efficiency, and the closure of several restaurants performing weakly. According to the company, financial results have improved due to these measures.⁵

2.2 Burger King Holdings' corporate history

In 1954, Burger King Corporation was founded by James McLamore and David Edgerton in Miami, a year before the first McDonald's was opened in Chicago. The original concept was built on the idea to attract the burgeoning numbers of postwar baby boom families with reasonably-priced, broiled burgers served quickly. Five years later, they expanded into a nationwide chain. In 1967, when the two partners sold their company to the food conglomerate Pillsbury, Burger King had become the third largest fast-food chain in the country and was on its way to second place, after McDonald's.

During the 1970s, Burger King began to focus on international expansion. Although Burger King's international operations never became as profitable as anticipated, within a decade the company was represented in 30 foreign countries. In 1986 Pillsbury became part of Grand Metropolitan food and retailing businesses, a British conglomerate. In Burger King, Grand Metropolitan got a somewhat troubled financial company but whose 5,500 restaurants in all 50 states and 30 foreign countries gave it a strong global presence. In 1997, Grand Metropolitan merged with Guinness to create Diageo. As stated above, Diageo decided, in 2002, to sell the company in 2002, to Texas Pacific Group, Bain Capital and Goldman Sachs Capital Partners for \$1.5 billion. In the years thereafter, the majority owners sold a substantial part of its shares, though still owning somewhat more than 30 percent.

⁴ Ibid

⁵ Burger King, Annual report 2007, <http://www.allhailtheking.bk.com/ar07/index.html> , (April 2008)

2.3 Burger King Holdings ownership and corporation structure⁶

In December 2002, Diageo Plc., the largest global beer, wine and spirits multinational, sold Burger King Corporation (BKC) to Burger King Acquisition Corporation (BKAC) for \$1.5 billion. BKAC was established as an acquisition vehicle by a private equity funds controlled by TPG Capital, the Goldman Sachs Capital Funds and Bain Capital Partners, set up for the sole purpose of acquiring BKC. BKAC was merged into BKC upon completion of the transaction and in 2006 the stock was listed on the New York Stock Exchange. November last year, the majority owning private equity firm decided to reduce their ownership from 58 percent to approximately 40 percent.⁷

Currently, Burger King Holdings is the parent company of Burger King Corporation (outside the US) and Burger King Brands (inside the US). The company operates in three business segments: the United States and Canada; Europe, the Middle East, Africa and Asia Pacific, or EMEA/APAC; and Latin America.

Table 2: Financial figures per segment

As of June 2007	The United States and Canada	EMEA/APAC		Latin America
Total revenue (of total)	65 %	30 %		5 %
Income (of total)	69 %	19 %		12 %
		EMEA	APAC	
Company restaurants	897	320	9	77
Franchise restaurants	6591	1928	635	232

2.3.1 United States and Canada

All of the executive management, finance, marketing, legal and operations support functions of Burger King United States and Canada are conducted from its global headquarters in Miami, Florida. In 2007, the company itself operated 897 restaurants in the United States and Canada, representing 12% of total U.S. and Canada fast food restaurants. A small number of restaurants are owned through joint venture between Burger King and an independent third party, while there were 6.591 franchise restaurants, owned by 815 franchise operators. The three largest franchisers were Carrols Corporation, Heartland Food Corp. and Strategic Restaurants Corp.

2.3.2 Europe, the Middle East and Africa/Asia Pacific (EMEA/APAC)

All Burger King's EMEA/APAC operations are managed from restaurant support centers located in Zug (Switzerland) Madrid, London, and Munich (for EMEA) and Singapore and Shanghai (for APAC).

After the US and Canada, EMEA is the second largest geographic area, measured by number of restaurants. In this region, the company had 2,248 restaurants in 29 countries and territories, including 320 company restaurants located in the United Kingdom, Germany, Spain and The Netherlands. For the fiscal year 2007, total system sales in EMEA were approximately \$2.8 billion.

⁶ Unless otherwise stated most of the data in this section draws on information from the 10 K Sec Form, Burger King's 10K Sec Form, 07/09/07, www.bk.com (April, 2008)

⁷ Dich Wray, Burger King Financial Overview November 2007, Executive connection, Issue 85 November <http://www.dickwray.com/DWenews/85-Nov07enews/85-Finover.html>, (April 2008)

Table 3: Top 4 EMEA countries per number of restaurants

Rank	Country	Company Restaurant Count
1	Germany	157
2	United Kingdom	96
3	Spain	43
4	Netherlands	24
Total		320

In 2007, Burger King had 644 restaurants in 13 APAC countries and territories, including China, Malaysia, Thailand, Australia, Philippines, Singapore, New Zealand, South Korea, Indonesia, and Japan. In 2007, total sales in APAC was approximately \$742 million. Australia is the largest market in APAC, with 309 restaurants, all of which are franchised and operated under *Hungry Jack's*, a brand in Australia and New Zealand.

2.3.3 Latin America

In Latin America, Burger King had 903 restaurants in 25 countries and territories, with total sales of approximately \$861 million in 2007. Burger King is market leader in 16 of the 25 markets in which it is present. In this respect Mexico is the largest market with a total of 349 restaurants, of which the company operates 77 itself. According to the company itself, the Mexican restaurants had the highest company restaurant margins worldwide, due to a favorable real estate and labour environment.

2.3.4 The Netherlands⁸

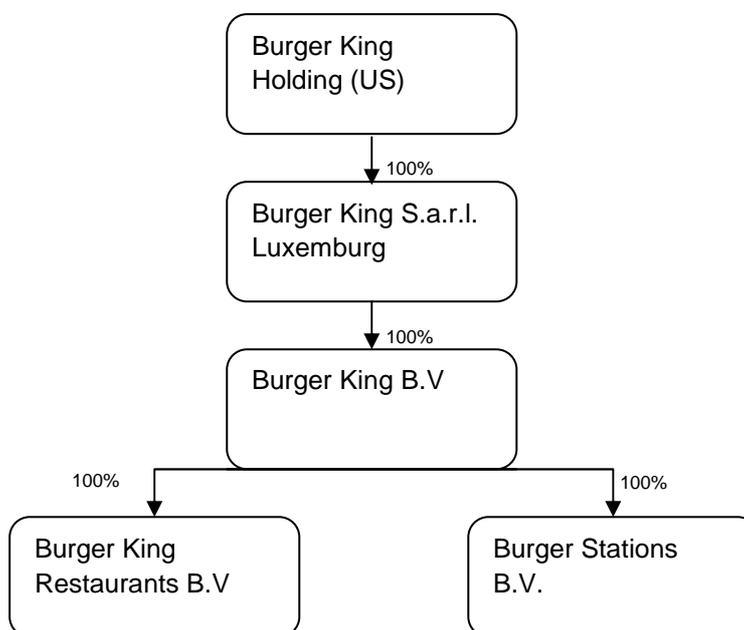
In the Netherlands, Burger King B.V. operates under limited liability and has a fairly simple structure (see Figure 2). Since 2006, its sole shareholder is Burger King S.a.r.l., located in Luxemburg but the ultimate parent company is Burger King Holdings in the US. As of June 2006 Burger King B.V. owns and operates 23 restaurants directly while 27 are franchised, including 18 railway restaurants operated currently by Servex.

The main activity of the Burger King B.V. is to hold investment in companies and to provide management services to Burger King franchise restaurants. Burger King B.V. fully owns all Burger King Restaurants B.V whose principal activity is the operation of the 100% owned Burger King restaurants.

In January 2005, the company sold its share in the joint venture Citoyen C.V. to the other partner, NS Stations. A subsidiary of NS Stations which is Serves has become a franchisee for Burger King B.V and will operate the restaurants on the train stations. These restaurants are administrated by Burger Station B.V, also a 100% subsidiary of Burger King B.V.

⁸ All information in this section draws on the Financial Report 2006 of Burger King B.V, (2008), publicly available at the Dutch Camber of Commerce, www.kvk.nl (April 2008)

Figure 2: Burger King's business structure in The Netherlands



The net turnover for 2006 was € 38.1 million, while the company made an operating loss of € 600.000, after charging for the impairment loss on fixed assets of € 700.000.

Table 4: Burger King B.V.'s financial figures

Financial statement Burger King B.V. 2004-2006	2006	2005	2004
Net turnover	38.118.695	36.317.835	33.584.554
Operating loss	- 569.526	- 2.389.596	- 2.337.253
NET loss	-1.029.274	-3.236.941	- 4.448.344
Employees	1.195	1.117	914

In the coming years, the company plans to further develop and operate new Burger King Restaurants in the Netherlands. Investments are expected to be financed by loans from the parent company.

As is a common practice in the fast food sector, the Dutch subsidiary uses various employee reward mechanisms.

2.4 Market presence

Burger King operates in the fast food hamburger restaurant (FFHR) category, a sub-segment of the \$59 billion quick-service-restaurant (QSR, or Fast Food Industry) segment of the restaurant industry⁹. In this report, the terms quick-service-restaurant and fast food restaurant are used interchangeably. This industry is heavily competitive with active players ranging from local operators to national and international corporations. Burger King's prime competitors in the FFHR category are McDonalds and

⁹ Wikiinvest, Burger King Holdings, [http://www.wikiinvest.com/stock/Burger_King_Holdings_\(BKC\)](http://www.wikiinvest.com/stock/Burger_King_Holdings_(BKC)), (April, 2008)

Wendy's in the in the QSR industry Yum! Brands as well. In the Fortune 500 list of largest companies in terms of revenues. Burger King ranks 842, well behind McDonalds (108), Wendy's (562) and Yum Brands (262).¹⁰

Table 5: The largest players in the quick service restaurant industry, 2007

Company	Restaurants	Revenues	Operating Income	Avg Sales per Restaurant	Profit Margin	Operating Margin
Burger King	11,283	\$2.3 B	\$290 M	\$1.2 M	6.6%	13%
McDonald's	31,046	\$21.6 B	\$4.4 B	\$1.8 M	13.3%	20.6%
Wendy's	6,673	\$2.4 B	\$42 M	\$1.4 M	1.5%	1.7%
Yum! Brands	34,595	\$9.6 B	\$1.3 B	\$982,000	8.6%	13.2%

2.5 Purchasing activities

In the United States, Burger King works with an exclusive purchasing agent, Restaurant Services, Inc., in order to improve its purchasing power.

*"RSI is the purchasing agent for the Burger King system in the United States and negotiates the purchase terms for most equipment, food, beverages (other than branded soft drinks) and other products such as promotional toys and paper products used in our restaurants. RSI is also authorized to purchase and manage distribution services on behalf of the company restaurants and franchisees who appoint RSI as their agent for these purposes. As of June 30, 2007, RSI was appointed the distribution manager for approximately 93% of the restaurants in the United States. A subsidiary of RSI is also purchasing food and paper products for our company and franchise restaurants in Canada under a contract with us. As of June 30, 2007, four distributors service approximately 85% of the U.S. system restaurants and the loss of any one of these distributors would likely adversely affect our business."*¹¹

In the international regions there is currently no designated purchasing agent. However, the company states that it is working closely with its franchisees to implement programs that leverage its global purchasing power and to negotiate lower product costs and savings for Burger King Restaurants outside of the United States and Canada.

2.6 Burger King Suppliers in the Netherlands

Only limited information was found regarding the sourcing of ingredients by Burger King B.V. For a few of these ingredients used in the Burger King products, indirect sources were identified.

First of all, a news report indicated that Burger King now sources all of its pork from the UK and Ireland.¹² This is reported in the context of the campaign of Wakker Dier, a Dutch animal welfare NGO. This NGO targeted Burger King for sourcing pork from pigs who were castrated without anaesthesia. As a direct response to this criticism, Burger King announced to source its pork from the

¹⁰ CNN Money, Fortune 500 Burger King Profile, <http://money.cnn.com/magazines/fortune/fortune500/2007/snapshots/4220.html>, (April, 2008)

¹¹ Burger King's 10K Sec Form, 07/09/07, www.bk.com (April, 2008)

¹² "Burger King stopt met castratiebig", De Telegraaf, Stadseditie, 27-11-07, p.30.

UK and Ireland from now on, as the risk of such practices occurring is very limited in these regions. However, it is unclear what exact companies Burger King sources its pork from, and therefore no information was found about labour conditions in this supply chain.

At least part of Burger King's potatoes are sourced from the Dutch/American joint venture Lamb Weston Meijer, which produces approximately 25% of Dutch potato end-products. In a news report where this company is profiled, Burger King is mentioned as one of its most important customers. In another report, an employee of Partner Logistics, the operator of the cold-storage warehouse, is quoted saying that McDonalds and Burger King restaurants around the world are supplied from The Netherlands.¹³ Labour conditions at the factories of Lamb Weston Meijer, three in total including headquarters, seem to be acceptable, as the company agreed to a salary hike of 1.25% for all its employees in 2005, as a result of collective bargaining by Dutch labour union FNV.¹⁴ This indicates that employees have collective agreements, and that the company is willing to engage with labour unions.

With regards to the sourcing of tomatoes used in Burger King hamburgers, it has proven to be impossible to identify individual producers through desk research. It seems that Burger King, as well as all of its competitors, source their tomatoes from wholesale auctions, which makes it difficult to identify what farms their tomatoes come from, as reported by a union representative.¹⁵ The auctioning process does not only introduce additional middlemen in the chain, but also creates a situation where tomatoes from different sources are mixed before being sold. The only company found to be supplying fast food restaurants with lettuce and tomatoes is Van Gorp Greenfood, a processing company that supplies McDonalds.¹⁶

Finally, it is likely that Burger King sources meat from animals that are fed with soy originating from the Amazon, although it is not proven. Brazil is the world's number two soy exporter¹⁷ and soy meal is widely used as a source of protein in feed. Burger King was approached for information by Greenpeace, in the context of their report on the destruction of the Amazon, and issued the following statement, published in Greenpeace's report: *"Unfortunately we do not have the resource to answer specific questions, although you should be able to obtain further information from your local library"*¹⁸

¹³ Peter de Brie, "Partner Logistics ijskoud de grootste", BN/DeStem, Sec. Economie, 07-11-03.

¹⁴ <http://www.levensloopcalculator.nl/nieuws/2004/07/07-eerste-cao-met-structurele-loonsverhoging-in-2005-bij-patafabriek/index.xml>

¹⁵ Ravage Digitaal website, "Arbeiders halen overwinning op fastfoodbedrijf", 04-11-05, <http://www.ravedigitaal.org/index.htm?2005/nummer14/fastfood.htm-mainFrame> (22-04-08).

¹⁶ Weekblad Groenten & Fruit website, "Sla wint terrein bij McDonalds", 16-12-03, http://www.weekbladgroentenenfruit.nl/artikelen/id4709-41639/sla_wint_terrein_bij_fastfoodgigant_mcdonalds.html (22-04-08).

¹⁷ Reuters, Brazil gov't to fund paved Amazon soy export road, 21 Nov 2006, <http://www.alertnet.org/thenews/newsdesk/N21420382.htm> (23-04-08).

¹⁸ Greenpeace, *Eating up the Amazon*, April 2006, <http://www.greenpeace.org/raw/content/international/press/reports/eating-up-the-amazon.pdf> (22-04-08). The comment about the library was interpreted as a 'patronizing' response by Greenpeace. Greenpeace was contacted for further information, but were unable to provide the relevant information on such a short notice.

3 CSR Sector Analysis

This chapter describes a number of issues in the sector that received media or NGO attention. Examples are given of campaigns against individual companies other than Burger King (which are described in more detail in Chapter 5), for those instances where the issue is relevant for the sector as a whole. As the fast food industry has been a popular target for a variety of civil society organisations and campaigns, this overview should be regarded as a selection of issues, rather than a comprehensive overview.

3.1 Consumer health

The detrimental effects of over-consumption of fast food on human health are well documented and widely known. A regular intake of fast food products contributes to obesity, an increasingly common illness in the western world. The increasingly large portions, and the high energy density of many of the products sold at fast food restaurants play a role in this. A longitudinal study into the effects of fast foods intake on body weight has shown that there is a direct link between the two.¹⁹ According to various sources, obesity has reached epidemic proportions in the United States and is also becoming more prevalent in Europe.²⁰ The prevalence of obesity in young people in the United States has tripled over the last two decades, a trend many experts ascribe to fast food intake.

A number of illnesses have been linked to overweight and obesity. According to the Centre for Disease Control, these include: “*increased risk for hypertension and stroke, type 2 diabetes, coronary heart disease and congestive heart failure, various cancers (e.g., breast, prostate, and colon), and such psychological disorders as depression and low self-esteem*”.²¹ In the documentary *Supersize Me*, Morgan Spurlock, the filmmaker and main subject of the film, was diagnosed with near-fatal liver damage after eating at McDonalds exclusively for thirty days.

There have been several attempts to hold the fast food industry accountable for such health effects on their customers. The most famous of these is the court case brought forward by two minors who charged McDonalds for their obesity, due to the fact that they misrepresented the health risks associated with eating fast food regularly.²² However, this case was eventually dismissed.

In the USA, these health issues are exacerbated in poor neighbourhoods, where fast food restaurants are more prevalent. Several scholars have expressed their concerns about the social effects of the poor diet due to this prevalence of fast food restaurants. Some even go as far as saying that *targeted marketing, infiltration into schools, government subsidies, and federal food policy each play a significant role in denying inner-city people of color access to healthy food*.²³ Other health hazards include the use of acrylamide in French fries, which increases the chance of cancer.²⁴ Both the Food

¹⁹ Diet And Health: Fast Food Health Risk..., Pediatric Alert, January 2005, p.11-12.

²⁰ Fast Food, Obesity, and Tort Reform: An Examination of Industry Responsibility for Public Health, RONALD ADAMS, Business and Society Review 110:3 297–320, 2005.

²¹ Centers for Disease Control, “Overweight and Obesity: Health Consequences”, September 2002 <http://www.cdc.gov/nccdphp/dnpa/obesity/consequences.htm> (15-04-08).

²² For an overview of the case, see <http://www.publichealthlaw.net/Reader/docs/Pelman.pdf>.

²³ Fast Food: Oppression Through Poor Nutrition Andrea Freeman California Law Review yr:2007 vol:95 iss:6 pg:2221.

²⁴ <http://www.foodfacts.info/blog/2005/08/controversy-french-fries-acrylamide.html>

and Drugs Administration in the USA and the World Health Organisation have expressed concerns about acrylamide in food items.²⁵

3.2 Marketing practices

Related to the detrimental health effects of over-consumption of fast food is the controversy surrounding the companies' marketing practices geared towards children. Children are an interesting target group for fast food companies, as they represent a large potential customer base with a lot of money to spend directly as well as via their parents.

Various marketing deals, in which popular children's television characters are linked with advertisements for fast food brands have come under increasing criticism. PBS, the American public television station received criticism from child advocates for allowing the Teletubbies to be used in Burger King and McDonald's ads.²⁶ The BBC has decided to no longer allow any of the characters from its television shows to be used for advertisement purposes.²⁷

Market research in The Netherlands has shown that a majority of consumers would be in favour of a ban of fast food advertisements geared towards children.²⁸ More than 50% of the respondents agreed with that statement. In The Netherlands, the issue of child geared advertisements has been on the political agenda for several years now. In 1999, questions were asked in parliament about the possibilities of a complete ban, but ministers refused to pass such a law.²⁹

The World Health Organisation is also calling for more specific and stringent legislation regarding six forms of marketing of food to children; television advertising, in-school marketing, sponsorship, product placement, internet marketing and sales promotions.³⁰

Another issue is the marketing practices of fast food companies in developing countries, and their contribution to the nutrition transition. The aggressive expansion drift and marketing practices that are geared towards changing traditional eating habits, seem to link to the increase of food-related illnesses throughout the world.³¹

3.3 Labour issues

In Europe and the United States, the majority of workers in the fast food industry are either young people or economic migrants that might be educated but either have problems with the language

²⁵ CorpWatch website, "US: Want Cancer With That?", 01-06-04, <http://www.corpwatch.org/article.php?id=11351> (23-04-08).

²⁶ Media Awareness Network website, Marketing and Consumerism, "Special Issues for Young Children", no date, http://www.media-awareness.ca/english/parents/marketing/issues_kids_marketing.cfm (23-04-08).

²⁷ David Barboza, "Fast Food Industry Zeroes in on Children", International Herald Tribune, 08-05-03, <http://www.rense.com/general39/fast.htm> (23-04-08).

²⁸ Adfoblog website, "Nederlander wil verbod op junkfoodreclame", 11-01-07, <http://blog.adformatie.nl/index.php/entries/nederlander-wil-verbod-op-junkfoodreclame/> (23-04-08).

²⁹ Nieuwsbank website, "Beantwoorde kamervragen over televisiereclame voor kinderen", 12-12-99, <http://www.nieuwsbank.nl/inp/1999/12/1212M005.htm>, (23-04-08).

³⁰ Marketing Food to Children: the Global Regulatory Environment WORLD HEALTH ORGANIZATION by Dr Corinna Hawkes, Geneva, 2004.

³¹ Hawkes C. (2002) Marketing activities of global soft drink and fast food companies in emerging markets: a review. In: Globalization, diets and noncommunicable diseases. Geneva, World Health Organization, <http://www.who.int/hpr/NPH/docs/globalization.diet.and.ncds.pdf>.

barrier or with recognition of their qualifications.³² Research into the labour conditions of McDonald's workers in Western countries, as well as in Russia and China, shows a number of overlapping issues that are likely to be present throughout the fast food industry.

First of all, wages are notoriously low, which leads to a very high labour turnover percentage (between 100-300% for McDonalds).³³ This means that the average length of employment ranges between four months and a year. Employees rarely get beyond the basic starting wage, and benefits are rarely achieved. In the cases that lower level employees do receive benefits, these tend to be minimal and strikingly insignificant in comparison to benefits received by higher management employees. As stated in an article by Royley: "*Since McDonald's is the market leader in most countries, it arguably depresses wages for the whole sector.*"³⁴ In 2007, it was reported that several US-based fast food chains were under criticism by the Chinese state union for failing to pay minimum wages (\$0.97 an hour) to its employees, mostly university students working part time without written contracts.³⁵

The second major criticism that McDonalds received from Royley is regarding its anti-union behaviour in a list of countries. In several instances, employees have initiated steps to create labour unions, in attempts to improve their working conditions.³⁶ Through means of legal proceedings, removal of union leaders from its workforce, interference by management with union rights, and outright intimidation and harassment. In The Netherlands, Royley reports that McDonalds' relation with unions are '*less openly antagonistic*', but that unions have still found it impossible to establish representatives in the outlets. FNV Horecabond, the Dutch catering union, has protested the general collective agreement for catering workers, targeting McDonald's specifically in some of its actions.³⁷

Other identified labour issues include 'off-the-clock' work, unpaid overtime, bonded labour of immigrant employees, who are dependent of the labour contract for their work permits, health and safety issues, and failure of complaint mechanisms.³⁸ All of these issues are worse in developing countries, for example in meat processing factories in Russia and the toy production sites in China where products are produced that are included in promotional give-aways. Several of these issues are known in the production phase of the food sold at the outlets, such as the case of the tomato pickers in the United States, which is described in more detail in Chapter 5.

3.4 Environmental damage

There are three environmental issues that the fast food industry has widely been targeted for, although they are likely not the only negative impacts that the industry has on the environment. The three issues are the intensive energy use of the sector, the creation of large amounts of waste, and the destruction of the Amazon.

³² Realism or idealism? Corporate social responsibility and the employee stakeholder in the global fast-food industry Tony Royley Business Ethics: A European Review; Jan2005, Vol. 14 Issue 1, p42-55.

³³ Ibid.

³⁴ Ibid. p.46.

³⁵ Corpwatch website, "CHINA: China union says U.S. fast food chains broke wage law", April 2007, <http://www.corpwatch.org/article.php?id=14441> (16-04-07).

³⁶ Realism or idealism? Corporate social responsibility and the employee stakeholder in the global fast-food industry Tony Royley Business Ethics: A European Review; Jan2005, Vol. 14 Issue 1, p42-55.

³⁷ Zibb website, "Acties bij McDonald's aangekondigd", 24-04-06, <http://www.zibb.nl/10154790/Personneelszaken-nieuwsbericht/actiesbijmcdonaldsaangekondigd.htm> (23-04-08).

³⁸ Realism or idealism? Corporate social responsibility and the employee stakeholder in the global fast-food industry Tony Royley Business Ethics: A European Review; Jan2005, Vol. 14 Issue 1, p42-55.

Greenpeace has campaigned extensively against the destruction of the Amazon and the cutting of tropical forests to make way for large agriculture. One of the major crops produced by large agriculture in and around the Amazon is soy, which for a large part is used as animal feed in the United States and Europe. The cows, chickens and pigs that are fed this soy end up in fast food products, among other things. Besides the clear negative impact that the destruction of the Amazon has on the global climate and biodiversity, there are also issues of displacement of indigenous people, and the use of bonded labour at the soy plantations located deep in the jungle. Please refer to the website of Greenpeace International for further details about this issue.³⁹

Another environmental challenge to the industry is the large amount of energy needed to produce the products, and the creation of carbon emissions in the process, contributing to global warming. This is exemplified by calculations of the global footprint of a cheeseburger. According to a 2000 report by Swedish and Swiss researchers, it takes between 7.3 and 20 MegaJoules of energy to create one hamburger, including the bread, lettuce, tomatoes and onions.⁴⁰ Further calculations on the basis of average annual cheeseburger consumption of the American public shows total carbon emissions of between 37 and 75 kilograms per person from the consumption of fast food alone.⁴¹ Carbon emissions are widely acknowledged as one of the main contributors to global warming,

The fast food industry is also faced with the mounting task of dealing with the waste produced by its products and its packaging. According to an academic article, most of the waste generated from packaging (93%) is recoverable, but only 29% is actually recovered.⁴² Most of the waste ends up in landfills rather than being recycled. Clearly, there are several major issues surrounding landfills. For one, there is less and less landfill space available, making it increasingly harder to dispose of large quantities of waste. Secondly, landfills generate significant amounts of CO₂ emissions, contributing to global warming and create pollution of nearby water streams.⁴³ While the environmental damage of landfills can be harmful to current generations, the increase in waste could potentially have detrimental effects for future generations.

3.5 Lobby activities

It is hard to pinpoint the political influence of large fast food companies on both a national and international level. There is no doubt however, that the industry does try to influence political agenda's and decision-making. For example, companies like Yum! Brands and McDonalds are fervent promoters of free trade. Evidence of this lies in the fact that Yum! Brands, the operator of Taco Bell, KFC and Pizza Hut, has taken a leading role in the Food Trade Alliance, a lobby group promoting free global trade in food at the WTO.⁴⁴ According to one Food Trade Alliance representative: "*We support efforts to lower barriers to trade in processed foods and commodities, ultimately lowering the price of our ingredients worldwide.*"⁴⁵ The alliance has hired two Public Relations firm and a law firm

³⁹ Greenpeace International website, What We Do, Protect Ancient Forests, "Threats and Solutions", no date, <http://www.greenpeace.org/international/campaigns/forests/amazon/threats-and-solutions>, (23-04-08).

⁴⁰ Annika Carlsson-Kanyama & Mireille Faist, Energy Use in the Food Sector: A data survey, 2000, <http://www.infra.kth.se/fms/pdf/energyuse.pdf> (17-04-08).

⁴¹ Open the future website, "The Footprint of a Cheeseburger (Updated!) (Updated Again!)", December 2006, http://openthefuture.com/2006/12/the_footprint_of_a_cheeseburge.html (17-04-08).

⁴² T. Aarnio and A. Hämäläinen (2008) *Challenges in packaging waste management in the fast food industry* Resources, Conservation and Recycling Volume 52, Issue 4, Pages 612-621.

⁴³ See, for example, http://www.landfill-site.com/html/landfills_environmental_prob.html

⁴⁴ See the Food Trade Alliance website, <http://www.foodtrade.org/>.

⁴⁵ Scott Kilman and Steven Gray, Fast Food Seeks Influence in WTO, Washington Post, April 2005, on Global Policy Forum website, <http://www.globalpolicy.org/soecon/bwi-wto/wto/2005/0419fastfood.htm>, (17-04-08).

specializing in trade issues. This allows the backers, the large fast food companies, to stay behind the scenes but still assets ample influence. Clearly, the interests of the farmers supplying the fast food restaurants nor those of the consumers are represented by this group, and their interests might be in direct conflict.

3.6 Trans fats

Another criticism that the fast food industry has received is that it uses trans fats in its cooking oils.⁴⁶ Trans fats are 'monounsaturated fatty acids' that raise cholesterol. In turn, this leads to an increased risk of heart attacks and heart failure. From January 1st, 2006, the FDA requires all products in the United States to label any trans fats in the nutrition chart. This has led to a number of companies phasing out all use of trans fats. Both McDonald's and Burger King have announced to do so as well, and both companies expect to not use any trans fats by the end of 2008.⁴⁷⁴⁸ For Burger King, this move came only after the company was pressured by legal charges by the Centre for Science in the Public Interest.⁴⁹

3.7 Animal welfare

The fast food industry has been a popular target of animal rights groups, such as the People for the Ethical Treatment of Animals (PETA) in the United States. This group has sued the KFC Corporation to call for improvement of the treatment of its chickens.⁵⁰ According to one news report, approximately 700 million chickens are slaughtered every year to supply the meat for KFC's products. According to a PETA representative: "*the birds raised and killed for the defendants' operations suffer great pain and injuries in massive numbers*", and that KFC is misleading its customers by providing false and incomplete information on its website. In a variety of campaigns, the PETA has also gone after McDonalds, Burger King and Wendy's, all of which have adopted animal welfare guidelines in response.⁵¹

The industry has responded to these criticism through a number of announced measures, mostly related to the chicken industry, for example by sourcing free roaming eggs.⁵²

⁴⁶ For example, see the Centre for Science in the Public Interest website, <http://www.cspinet.org/transfat/takeaction.html>.

⁴⁷ Burger King Dethrones Trans Fats SEPTEMBER 2007 : TUETS UNIVERSITY HEALTH & NUTRITION LETTER.

⁴⁸ Update: Battling Trans Fat TUETS UNIVERSITY HEALTH & NUTRITION LETTER <healthletter.tufts.edu> : APRIL 2007.

⁴⁹ Burger King gets hit with a big fat lawsuit. Intini, John Maclean's; 6/4/2007, Vol. 120 Issue 21, p38-38, 1/3p.

⁵⁰ E. Becker, "Animal Rights Group to Sue Fast-Food Chain", New York Times, July 7, 2003,

<http://query.nytimes.com/gst/fullpage.html?res=9401E7D7173DF934A35754C0A9659C8B63&sec=travel> (17-04-08).

⁵¹ Although it should be noted that some representatives deny the link between the guidelines and PETA's campaigns. Capital Research Centre, Political Radicalism and Animal Rights: People For The Ethical Treatment of Animals, January 2003, <http://www.capitalresearch.org/pubs/pdf/x3762033950.pdf> (17-04-08).

⁵² See for example, http://www.hsus.org/farm/news/ournews/burger_king.html

4 CSR initiatives in the Sector

There appears to be an overall absence of fast food companies in the members' list of the large, corporate driven CSR initiatives. Whereas conglomerates in other sectors, that are of similar size to the market leaders in the fast food sector, are eager to join such initiatives, none of the large fast food companies have subscribed to them. Initiatives where fast food companies are absent include the UN Global Compact, the Business Social Compliance Initiative (BSCI), the Ethical Trading Initiative (ETI), the Roundtable for Responsible Soy, Fairtrade and Organic.

There are a number of smaller CSR initiatives that deal with specific issues, that some of the fast food companies have subscribed to. This chapter gives an overview of a number of these initiatives.

4.1 Sustainable Agriculture Initiative Platform

The Sustainable Agriculture Initiative Platform (SAI Platform) was created by the food industry to communicate worldwide about sustainable agriculture and support its development. The only fast food company that is a member is McDonalds.⁵³ Burger King is not a member. The SAI Platform's work consists of facilitating working groups composed of active member companies, and is aimed at developing sustainable agricultural practices. The SAI Platform's working groups' activities revolve around three main themes:

- ❑ Development of documents: Mission Statement, Principles and Practices, and Indicators for sustainability
- ❑ Stakeholder consultation
- ❑ Pilot testing and roll-out under the responsibility of companies.

Each working group focuses on a different product category, such as palm-oil, coffee, cereals, potatoes & vegetables and fruits. Case studies by various leading food companies have mainly focused on agricultural production and, to some extent, primary processing. Most of these case studies have focused more on improving production from a product quality perspective (training in Good Agricultural Practices, GAP) and less on social and trade related issues. However, training of this kind can increase income for producers, because it improves their chances of inclusion in international trade and/or in the supply chains of these companies. Nevertheless, GAP is not about minimising environmental impact, as is the case in organic production, which can be considered more sustainable from an environmental perspective.

4.2 EU Platform on Diet, Physical Activity and Health

The EU Platform on Diet, Physical Activity and Health was launched on March 15, 2005 and brings together a broad range of stakeholders, including a number of business associations. These include the Confederation of Food and Drink Industries of the EU (CIAA), , the European Consumers Organisation (BEUC) and the European Modern Restaurant Association (EMRA).⁵⁴ All of the large fast

⁵³ Sustainable Agriculture Initiative website, About Us, "Members", no date, <http://www.saiplatform.org/about-us/members/default.htm> (17-04-08).

⁵⁴ EUROPA website, Rapid, Press Releases, "Questions and Answers on the EU Platform on Diet ,

food companies, including Burger King, are members of the EMRA.⁵⁵ The aim of the Platform is to reverse the current trend of increasing overweight and obesity in Europe, especially among children and adolescents. Its purpose is to provide a platform from which all interested actors can present and discuss their plans for action, and where the outcomes of performance are reviewed in order to be able to determine Best Practices.

The Platform defines a number of points of action, including:

- ❑ consumer information
- ❑ education
- ❑ support for physical activity
- ❑ marketing and advertising
- ❑ the composition of foods, including the availability of healthy food options and smaller size portions.

The Commission has decided to highlight some of the outcomes of the EU platform by means of the following commitments:

- ❑ The 9 soft drinks companies in UNESDA who have committed not to advertise to children under 12 and have set up a system of independent consultants to monitor the implementation of this commitment;
- ❑ McDonald's for their commitment to providing nutritional information on packaging throughout Europe;
- ❑ Unilever for their commitment to reformulate products;
- ❑ Kraft for their commitment not to market certain products directly to children unless they meet a certain nutritional profile.

4.3 Concerned Children's Advertisers

The Concerned Children's Advertisers (CCA) is a Canadian campaign that broadcasts social messages and advertisements, in order to promote awareness on issues such as drug abuse prevention, child abuse prevention, child safety, self-esteem, media literacy, healthy active living and bullying prevention.⁵⁶ It also deals with responsible advertisement of the member companies. The CCA has a seat in the Children's Committee of Advertising Standards Canada, the body that upholds the code for advertisements to children. This committee is also designed to review any complaint regarding improper advertisements geared towards children.

The CCA is clearly a business initiative, with no members from government, trade unions or NGOs. It also seems to be dealing with broader, societal issues than just the advertisement policies of the member companies themselves. McDonalds is the only fast food company that is a member of the CCA. Burger King is not mentioned in the member's list.

Physical Activity and Health, and Its Commitments," November 9th 2006, <http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/06/418&format=HTML&aged=0&language=EN&guiLanguage=en> (29-11-06).

⁵⁵ European Modern Restaurant Association website, <http://www.emrarestaurants.com/> (23-04-08).

⁵⁶ Concerned Children's Advertisers website, About Us, "What we do", no date, http://cca-kids.ca/about_what/index.html (17-04-08).

4.4 Childrens Advertising Review Unit

The Children's Advertising Review Unit (CARU) is a subgroup of the Council of Better Business Bureaus (CBBB) that works in voluntary cooperation with companies advertising to children to ensure that their messages are truthful.⁵⁷ It is basically a self-regulatory initiative of the advertisement industry. The initiative, established in 1974, has developed a set of self-regulatory guidelines for children's advertising. When a breach of these guidelines occurs, CARU will attempt to seek change through voluntary cooperation of the advertising company. The initiative stresses the right of the companies to target their messages to children, and seems to oppose any restrictions on this. The initiative seems to lack any of the quality criteria as formulated in the CSR Frame of Reference. There is no multi-stakeholder approach and has no form of punitive measures whatsoever. Both Burger King and McDonalds are present in the list of supporters of CARU.⁵⁸

The Children's Food and Beverage Advertising Initiative (CFBAI) seems to complement CARU, in as much that CARU deals with how advertisements are targeted towards children, and CFBAI deals with what can be advertised to children.⁵⁹ The members of CFBAI, including both McDonalds and Burger King, commit themselves to devote half of their advertisements geared to children to the promotion of good nutrition and healthy lifestyles. Additionally all eight member companies ensure that 100% of the products advertised to children meet their nutritional standards. Three companies, not including either Burger King or McDonald's, have ceased all advertisements primarily aimed to children.

4.5 The Paper Working Group

McDonald's is one of the 11 member companies of the Paper Working Group, a group that aims for the promotion of environmentally more friendly paper products.⁶⁰ Burger King is not. The initiative is US-based, and it is unclear to what extent its operations take place internationally. The initiative has formulated the following goals for itself;

- ❑ Efficient use and conservation of raw materials
- ❑ Minimization of waste
- ❑ Conservation of natural systems
- ❑ Clean production
- ❑ Community and human well-being
- ❑ Economic viability of environmentally preferable paper
- ❑ Credible reporting and verification

The initiative has developed a tool to evaluate companies' performance related to the environmental effects of the paper they use, called the Environmental Paper Assessment Tool (EPAT). This tool assesses the source, manufacturing process and transportation of paper products, including the paper wraps of fast food items.⁶¹

⁵⁷ Children's Advertising Review Unit website, no date, <http://www.caru.org/index.asp> (17-04-08).

⁵⁸ Children's Advertising Review Unit website, "Supporters", no date, <http://www.caru.org/support/supporters.asp> (23-04-08).

⁵⁹ Better Business Bureau, "Children's Food and Beverage Advertising Initiative & Children's Advertising Review Unit", no date, <http://www.us.bbb.org/wwwroot/storage/16/documents/ForBusinesses/Children's%20F%20&%20B%20Initiative/caru-initiative%20pdf.pdf> (17-04-08).

⁶⁰ Metafore website, "Paper Working Group", no date, http://www.metafore.org/index.php?p=Paper_Working_Group&s=562 (17-04-08).

⁶¹ EPAT website, "Environmental Paper Assessment Tool©", no date, <https://www.epat.org/EPATHome.aspx?request=119> (17-04-08).

4.6 The Sustainable Packaging Coalition

The Sustainable Packaging Coalition is an industry working group that deals with the responsible sourcing of packaging materials, based in the United States.⁶² It aims for packaging that is effective and safe, made with renewable energy and sustainable raw materials, is recyclable and meets performance and cost criteria. The initiative works towards these aims by providing a forum for discussion, information sharing and education among its members. The initiative does not seem to put any minimum criteria on its members, nor are other stakeholders involved. McDonalds is the only fast food company that is mentioned in the initiative's member list, while Burger King is not a member.

4.7 Refrigerants, Naturally coalition

The Refrigerants, Naturally! Coalition is an international coalition of six companies, including McDonalds, Greenpeace and the United Nations Environmental Program (UNEP) to combat climate change by replacing hazardous refrigerants by natural ones in the member companies' cooling equipment.⁶³ The six companies have committed themselves to:

- ❑ Publicly commit to the objectives of the initiative,
- ❑ Develop prospective timetables to move their operation towards these goals and periodically share their progress with members,
- ❑ Make a substantial effort or investment to progressively replace fluorocarbons with natural refrigerants. This may include R&D, testing, financial investment, staff time or public engagement,
- ❑ Share technical information about alternative refrigeration between the partners of the initiative via regular meetings, special events/workshops, and bilateral exchanges,
- ❑ Share data and results with external stakeholders, such as their wider supply chain, their industry peer groups, government decision makers, and the public.

Burger King has not committed itself to this initiative.

⁶² Sustainable Packaging Initiative website, "About The SPC", no date, http://www.sustainablepackaging.org/about_vision.asp (17-04-08).

⁶³ Refrigerants, Naturally! Website, "Home", no date, <http://www.refrigerantsnaturally.com/> (17-04-08).

5 Burger King's CSR Policies

Although the Miami based fast food chain is involved in a variety of philanthropic and charitable activities, the real practice of corporate social responsibility at Burger King appears to be very minimal. For example, its first CSR report will be published in the fall of 2008 only. Some ad-hoc and fragmented CSR information is available in news releases on the company's website. Due to this approach, this section might overlook some of the initiatives Burger King is involved in. Additionally, it is sometimes unclear what the exact scope of the policies are, do they apply to all global subsidiaries or only the American affiliates.

5.1 CSR policies and practices

Burger King Holdings has a very inconspicuous approach to CSR. The company is not a member of the Global Compact nor does it refer or adhere to any cross or multi sector CSR initiative in its policy document. There is no CSR reporting and the available documents do not relate to any international standards such as human rights or ILO conventions.

5.2 Guiding Principles

Burger King's Business practices are guided by so-called Go Forward plan and the Code of Business Ethics and Conduct. To start with the latter, in 2004 a management team put together a strategic plan to elevate the company out of its financial misery. The plan contained four principles: Grow Profitably (market); Fund the Future (finance); Fire up the Guest (product); and Working Together (people). The Code of Business Ethics must be seen as the successor of the 2004 plan. Burger King aligns to formula 'Doing What's Right', meaning that "*that everything we do must be done with the highest standards of ethics, honesty and integrity.*"⁶⁴ The Code of Conduct applies to all global subsidiaries and their employees of the Burger King Holding.

As far as CSR related subjects, Burger King commits itself in the code to encourage diversity among employees, franchisers, business sources, community involvement and sponsorships and prevent discrimination within the company. Additionally, remarks are made on business integrity, financial accountability and compliance with local laws and regulations.

5.3 Sourcing

Burger King does not have a suppliers' code available on its website. Regarding supply chain responsibility, the company is especially focused on suppliers' diversity. In the US, Burger King works with a purchasing agent, Restaurant Services, Inc. Together they look for suppliers who: produce high quality goods and services; sell their products at the best practical cost; deliver their goods on time, every time; and are appropriately certified as minority or woman-owned business enterprises.⁶⁵ No

⁶⁴ Burger King, Code of Business Ethics and Conduct, http://media.corporate-ir.net/media_files/irol/87/87140/BKEng_Code.pdf (April, 2008)

⁶⁵ Burger King's corporate website, Supply and Diversity Statement, <http://www.burgerking.com/companyinfo/-diversity/supplier.aspx>, (April, 2008)

further reference is made to policies that promote and implement responsible business practices throughout the chain apart from animal welfare promotion policies (see paragraph below).

5.4 Animal welfare

Last year Burger King implemented new policies with regard to 'animal welfare' aimed at reducing its original support for the most horrible abuses at factory farms.⁶⁶ After extensive lobbying of several NGO's Burger King came to the following decisions:⁶⁷

- ❑ It has begun purchasing 2% of its eggs from producers that do not confine laying hens in battery cages. It will more than double the percentage of cage-free eggs it's using to 2% by the end of the year.
- ❑ It has implemented a purchasing preference for cage-free eggs. Such a preference is intended to favor producers that convert away from battery-cage confinement systems.
- ❑ It has started purchasing 10% of its pork from producers that do not confine breeding pigs in gestation crates, which are too small to allow even ordinary movement. The volume of pork purchases coming from gestation crate-free producers will double to 20% by the end of the year.
- ❑ It has also implemented a purchasing preference for pork from producers that do not confine breeding sows in gestation crates.
- ❑ It has implemented a preference for producers that use controlled atmosphere killing of chickens used for meat. This has been shown to cause significantly less suffering than the conventional method of slaughter used by most of the nation's poultry slaughterers.

Julio Ramirez, executive vice president, global operations, Burger King announced that:
*"Our corporate conscience drives our commitment to animal welfare (..) for almost a decade, we have used our purchasing power to encourage positive steps in animal agriculture. We are proud to set an example for the restaurant industry and support the production of cage free animal products."*⁶⁸

Some advocates of animal welfare hope(d) that the initiative puts pressure on other fast food chains and companies to adopt similar practices. March 2008, Burger King announced that the company met its calendar 2007 US objectives on purchasing 2% eggs from chickens raised in a cage free environment issue and its objectives for the U.S. system's purchase of pork products from gestation stall free operations.⁶⁹

As stated in the chapter 1, Burger King in the Netherland recently announced that it will not be serving bacon from pigs castrated without an anaesthetic from the beginning of 2008. Dutch animal rights activist group, Stichting Wakker Dier, has been campaigning for a long time in the Netherlands against this practice.⁷⁰

⁶⁶ Burger King, Corporate website, Investor's relations, <http://investor.bk.com/phoenix.zhtml?c=87140&p=irol-newsArticle&ID=1122295&highlight=>, (April, 2008)

⁶⁷ Factory Farming Campaign, Burger King Sets Precedent in Fast Food Sector, March 2007, http://www.hsus.org/farm/news/ournews/burger_king.html, (April, 2008)

⁶⁸ Msn Money, BURGER KING(R) System Achieves 2007 Animal Welfare Goals, March 2008, <http://news.moneycentral.msn.com/ticker/article.aspx?Feed=BW&Date=20080327&ID=8391791&Symbol=BKC>, (April 2008)

⁶⁹ Chain Leader, System Achieves 2007 Animal Welfare Goals; Company Announces 2008 Objectives, March 2008, <http://www.chainleader.com/articleXML/LN765966352.html>, (April 2008)

⁷⁰ Website Wakker Dier, Burger King handelt "fast" na protest Wakker Dier, November 2007, <http://www.aphin.ca/asrp/November292007.pdf>

5.5 Advertising

In September 2007, Burger King announced that it joined the Council of Better Business Bureaus Children's Food and Beverage Advertising Initiative (see chapter 3). BKC stated that it want to restrict advertisements targeted at children under 12 that uses third-party licensed characters to Kids Meals that meet its Nutrition Guidelines, refrain from advertising in elementary schools and from product placement in media primarily aimed at children under 12, promote Kids Meals that meet its Nutrition Guidelines as set forth on its web site and promote healthy lifestyles and healthy dietary choices in its advertising.⁷¹

In the UK, Burger King announced that it will refrain from television advertisements during children's programming.⁷² The company made this decision in the context of growing awareness about the increasing problem of overweight and obese children.

5.6 Phasing out trans fatty acids

June 2006, Burger King has spoken out the commitment to phase out all use of trans fatty acids by 2008, According to one spokesperson, no unhealthy trans fats, that contribute to cardiovascular diseases more than other types of fat, will be used in Burger King's cooking oils, if oil supply holds on.⁷³ "We have found oils that will work and the only reason we haven't been specific on the date (to switch), unlike our competitors, is there is not a lot of supply", John Chidsey CEO of Burger King said in during the opening of a New Restaurant in Japan.⁷⁴

5.7 Environment

According to the company, Burger King's greatest effort regarding the environmental has been the introduction of the Return on Capital, a new highly efficient restaurant design that reduces energy costs.⁷⁵ The carbon foot print has further been reduced with the rollout of the Duke Flexible Batch Broiler. *"Gas consumption and cost with the Duke FBB have been reduced 52 percent compared to the broilers they replaced, while the consumption and cost of electricity has been reduced almost 90 percent. The increased efficiency of the Duke FBB also translates to less potentially harmful waste being emitted from its vents. And because the Duke FBB releases less heat than other models, less of the heat needs to be vented from the restaurant. Not only do these features reduce the cost of energy for the operator of the store, but they also decrease the amount of energy consumed at the restaurant."*⁷⁶ If these measures or maybe other policies or initiatives apply to Burger King as a whole or only those located in specific regions is unclear.

⁷¹ Burger King, Corporate Website, 2008, <http://www.bk.com/companyinfo/content/news/detail.aspx?id=910>, (April 2008)

⁷² "Burger King stopt met reclame voor kinderen ", Apeldoornse Courant, 15-11-06.

⁷³ Vincent Andriessen, "Ongezond vette hamburger in de ban", Het Financieele Dagblad, 09-06-07, p.1.

⁷⁴ Reuters, Burger King Sees Fastfood Trans-Fat Free by End-2008, June 2007, <http://www.flex-news-food.com/pages/9178/Burger-King/Trans-fat/burger-king-fastfood-trans-fat-free-end-2008.html>, (april, 2008)

⁷⁵ Burger King, Corporate Website, 2008, http://burgerking.com/companyinfo/csr_roc.aspx, (April 2008)

⁷⁶ Ibid

Philanthropy

As seem to be an indispensable part of the fast food chain industry, Burger King has several charitable programs in place. The HAVE IT YOUR WAY Foundation is a public charity that aims at supporting organizations that alleviate hunger, prevent disease and support youth programs.⁷⁷ The McLamora Foundation, aligned to Burger King, provides scholarships to students. Since 2000, the program has awarded more than 11.000 scholarships throughout the US, Canada and Puerto Rico. Additionally, Burger King and its franchises support various organization that support juvenile cancer research.⁷⁸

5.8 Omissions in Burger Kings CSR policy

It appears that Burger King has not seriously made any effort to incorporate CSR structurally in its overall business activities. While the recent policies, including modest but clear and transplant targets, regarding the reduction of animal suffering in its chain are promising, the overall integration of policies to reduce the social, ecological and economic consequences of its business operations remain strikingly weak, not to say negligible. Moreover the adoption of more tangible CSR policies and practices are directly triggered by external factors such as campaign group pressure and there is little or no trace of intrinsically motivated CSR. As such it is no surprise that there is no CSR supplier's code or external monitoring or verification system of the policies. The plan to publish a CSR report in the fall of 2008 might be good first step, but much immediate effort is needed to give it any real content.

⁷⁷ Burger King, Corporate Website, 2008, <http://www.burgerking.com/companyinfo/community/hiwffoundation.aspx>, (April 2008)

⁷⁸ Burger King, Corporate Website, 2008 <http://www.burgerking.com/companyinfo/corpcorrib.aspx>, (April 2008)

6 Negative Publicity; Burger King in the Media

The following chapter is an overview of news report about the activities of Burger King, with a specific focus on known issues and incidents in Burger King's own operations and those of its suppliers. These controversies should be seen as complementary to the issues in the sector, described in Chapter 2, that are all relevant for Burger King.

6.1 Labour issues

Farmworker Abuse in the US

Since the end of the 1990s, the Coalition of Immokalee Workers (CIW), a community-based worker organization whose members are largely Latino, Haitian, and Mayan Indian immigrants working in low-wage jobs, are campaigning against slave-like working conditions in the tomato farm industry.⁷⁹ The farm workers 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. During a typical day each migrant picks, carries and unloads two tons of tomatoes.⁸⁰

In 2001, the CIW launched its first farm worker boycott of Taco Bell, urging the company to take responsibility for human rights abuses in the fields where its produce is grown and picked. As stated on their website:

*"The fast-food industry as a whole -- including industry giants such as McDonald's, Burger King, Subway, and Wendy's -- purchases a tremendous volume of fruits and vegetables, leveraging its buying power to demand the lowest possible prices from its suppliers. Through this unprecedented market power, the fast-food industry exerts a powerful downward pressure on wages and working conditions in its suppliers' operations."*⁸¹

In March 2005, Yum! Brands, the owner of Taco Bell, agreed to the CIW's demands to raise the price paid for a pound of tomatoes with one penny, and incorporate a code of conduct to monitor workers complaints and avoid abuses in the field. Two years later, in April 2007, McDonalds reached an accord with the CIW that met the same standards set in the Taco Bell agreement and also committed McDonalds to *"collaborate with the CIW in developing an industry-wide third party mechanism for monitoring conditions in the fields and investigating abuses"*.⁸²

Currently, the CIW is pursuing actions against Burger King. The company has announced a unique plan to address the labour problems at the farms, which shows the company's failure to commit to the concept of supply chain responsibility. In a statement to the press, Burger King declared:

"We reached our decision for several reasons. Burger King Corporation and its purchasing agent, RSI, do not have a direct relationship with any tomato grower or its employees, as is the case with some of

⁷⁹ Website of the Coalition of Immokalee Workers, <http://www.ciw-online.org/about.html>, (April 2008)

⁸⁰ Eric Schlosser, Penny Foolish, New York Times, November 2007, http://www.nytimes.com/2007/11/29/opinion/29schlosser.html?_r=1&oref=slogin (April, 2008)

⁸¹ Ibid

⁸² Website of the Coalition of Immokalee Workers, McDonald's agreement, http://www.ciw-online.org/CIW_McDs_Agreement.html (April, 2008)

the other large chain restaurants. Instead, we purchase tomatoes -- based on best market price -- from tomato re-packing companies. It is these re-packing companies that have a relationship with the actual growers who employ the CIW. As a result, we do not identify the specific growers, tomatoes or workers who pick the tomatoes that are used in our restaurants.

*"We have spoken to CIW representatives about our interest in recruiting interested Immokalee workers into the Burger King system. We have offered to send Burger King Corporation recruiters to the area to speak with the CIW and with workers themselves about permanent, full-time employment at Burger King restaurants. Burger King Corporation offers ongoing professional training and advancement opportunities around the country for both entry-level and skilled employee jobs, and we are hopeful the CIW will accept our offer"*⁸³

In response to Burger King's announcement, Lucas Benitez of the CIW ironically stated;

*"Burger King's plan to eradicate farmworker poverty is so simple as to be almost magical. Send a crack team of Burger King trainers into Immokalee, retrain thousands of farmworkers to be Burger King restaurant employees, and *poof* farmworker poverty disappears..."*⁸⁴

On April 16th, 2008, the US senate held a hearing into the slave-like and sweatshop conditions in Florida's agricultural fields.⁸⁵ The hearing is to support the current petition campaign to end slave-like and sweatshop conditions in the fields. The CIW has planned a large protest action on the April 28th at the headquarters of Burger King in Miami where signatories will be delivered.

In a further development of the case, the CIW and the Student/Farmworker Alliance, an ally of the CIW, have accused Burger King of spying on and infiltrating in their organisations. According to a local news report, the two NGOs were vilified online and in emails that could be traced back to Burger King's headquarters.⁸⁶ On top of that, a professional infiltration company named Diplomatic Tactical Services, managed to infiltrate in one of the alliance's conference calls. The company is based in the same Florida town as Burger King's headquarters. Although no link between Burger King and Diplomatic Tactical Services could be proven, a spokesperson of the Student/Farmworker Alliance did express his suspicions: *"Why would a private investigation/intelligence firm, which just happens to be based in the Miami area, suddenly one day out of its own volition decide to try to infiltrate the Student/Farmworker Alliance?"*⁸⁷

May 2008, Burger King resolved the dispute with Coalition of Immokalee Workers by clising the same deal as Taco Bell and McDonalds. Burger King is bound to pay 1.5 cents more per pound of tomatoes it buys from Florida growers, with a penny of that given to workers. The rest will go to growers to help cover any additional payroll taxes and administrative costs.⁸⁸

⁸³ Website of the Coalition of Immokalee Workers, BK response http://www.ciw-online.org/CIW_BK_response.html (April 2008)

⁸⁴ Name Newswire, Statement From Burger King, <http://press.namct.com/content/view/7362/151/>, (April 2008)

⁸⁵ Website of the Coalition of Immokalee Workers, Senate hearing, http://www.ciw-online.org/Senate_hearing.html

⁸⁶ News.press.com, Tomato pickers feeling spied on, April 2008, [http://www.news-](http://www.news-press.com/apps/pbcs.dll/article?AID=/20080412/NEWS01/80412019/1075&referrer=FRONTPAGECAROUSEL)

[press.com/apps/pbcs.dll/article?AID=/20080412/NEWS01/80412019/1075&referrer=FRONTPAGECAROUSEL](http://www.news-press.com/apps/pbcs.dll/article?AID=/20080412/NEWS01/80412019/1075&referrer=FRONTPAGECAROUSEL) (April, 2008)

⁸⁷ Democracy Now, Did Burger King Target and Spy, April 2008,

http://www.democracynow.org/2008/4/14/did_burger_king_target_and_spy, (April, 2008)

⁸⁸ CIW website www.ciw-online.org

Burger King sued in Korea for exploiting children

In 2004, the People's Solidarity for Participatory Democracy (PSPD) took a number of fast-food chains including Burger King (the others being McDonald's, Lotteria and Popeyes) to the Korean court.⁸⁹ The PSPD claimed that the franchise enterprises did not provide their teenage employees overtime payments or the mandatory one day off per week. Spokesmen of McDonald's and Burger King insisted the franchises paid owed wages in May that year after a warning from the Korean Labor Ministry. A survey conducted by the Ministry of Labor and released in May 2004 said more than 200,000 teenage workers were exploited by employers the previous year and 20.5% worked more than seven hours a day, the limit set by the Labor Standard Act. The survey, which polled 188 McDonald's and 108 Burger King franchises nationwide, said 4,812 employees at McDonald's and 2,142 at Burger King did not receive weekly paychecks and paid holiday allowances. Additionally, some 7,300 young employees worked late night hours. After franchises closed about 11 p.m., minors were required to continue sweeping and cleaning, the report said.⁹⁰

The exclusion of Roma from employment

In 2007, the European Roma Rights Centre conducted research into the employment policies of companies in a number of Central European countries.⁹¹ Results showed that many companies in five surveyed countries (Bulgaria, the Czech Republic, Hungary, Romania and Slovakia) have an exclusion policy regarding the employment of Roma. The research was based on interviews with 402 working age Romani and 43 employers. In Hungary, the survey focused on McDonald's and Burger King, who both employed more than 500 people. Both companies claimed to have equality clauses in their employment policies, but neither had monitoring policies in place in Hungary dealing with this policy. Both companies were, however, able to give the precise number of Roma employees; 4 at McDonald's and 6 at Burger King.

FNV Horeca strike

In 2002, the Dutch union for catering workers, FNV Horeca, held a protest outside of a Burger King franchise in Haarlemmermeer, to call for a salary hike of 3% for Burger King employees.⁹² As part of the protest, approximately 120 union members blocked the entrance of the restaurant and refused all customers entry. This was part of a larger protest day, where similar blockades were put up at five other restaurants. The conflict between the union and the employees mostly centred around the fact that the previous collective agreement had ended, and the issue of who was entitled to the salary hike. According to the employer federation, only those employees that earned wages in accordance with the previous collective agreement were entitled, while FNV Horeca claimed that employees who earn more than that level should also benefit.

The same union had previously been in conflict with Burger King over the company's policy to withdraw register deficits from employee salaries.⁹³ According to FNV Horeca, this was an illegal arrangement.

⁸⁹ CWA TCA Canada, At the global table, August 2004, <http://www.caw.ca/whatwedo/internationalssolidarity/pdf/attheglobaltablefinal-04-1.pdf>, (april 2008)

⁹⁰ Ibid

⁹¹ The European Roma Rights Centre, The glass Box, February 2007, <http://www.errc.org/db/02/14/m00000214.pdf> (April 2008)

⁹² Yvonne Doorduyn, "Hongeren in het zicht van Burger King ; 'Ze kunnen me niet zomaar mijn vrijheid ontnemen'", de Volkskrant, Sec. Economie, 05-11-02, p.19.

⁹³ Klumpers, "Vakbond in actie tegen inhouden loon Burger King", Algemeen Nederlands Persbureau ANP, Sec. Economie, 18-12-98.

6.2 Sexual harassment claims

Burger King has been at the end of a number of sexual harassment claims in the United States:

- ❑ In December 2004, Burger King was forced to pay \$400,000 by the U.S. Equal Employment Opportunity Commission (EEOC) to seven female employees as a settlement of a sexual harassment lawsuit.⁹⁴ The seven girls, all of high school age, had filed several complaints against their manager, but none were followed up. Eventually, the company dismissed the manager, but promoted one of the assistant managers who refused to take up the complaint. In addition, Burger King was forced to offer remedial relief, including extensive training and policy revisions.
- ❑ The EEOC filed a 'pattern-and-practice' claim against Burger King for creating a sexually hostile working environment.⁹⁵ The claim was founded on statements by 511 female employees, who all claimed to have been directly sexually harassed, or subject to a sexually hostile work environment. However, the judge in the case ruled that the 333 cases that held up were not sufficient to support the 'pattern-and-practice' claim of the company that employs 90,835 women.
- ❑ In February 2005 the EEOC filed a lawsuit against Burger King on behalf of a 16 year-old former employee who claimed she was fired after refusing the store manager's repeated requests for sex.⁹⁶ According to the lawsuit, the teenager started working at a Milwaukee Burger King in January 2003 and refused the store manager's requests. In September 2003, she was fired after planning to complain about the harassment to managers who were scheduled to visit the restaurant. According to the lawyer, the manager who fired Merriweather is in his mid-30s and still works at the restaurant.

6.3 Health and safety

In the summer of 2005, a public prosecutor in California has filed suit against nine producers of French fries and potato chips, amongst them Burger King.⁹⁷ The aim is to require the companies to warn consumers that some of their food products contain acrylamide, a chemical identified by the state as causing cancer. Others companies include McDonald's, KFC, Frito Lay, H.J. Heinz, Proctor & Gamble and Wendy's. Acrylamide has long been known to exist in industrial products. Since 1990, the chemical has been on the US Proposition 65 list of carcinogens. Prior to 2002, however, acrylamide was not known to be present in food. But in early 2002, scientists in Sweden made the startling finding that certain starchy foods cooked in high heat contain acrylamide. Since the 2002 discovery, the World Health Organization, the U.S. Food and Drug Administration (FDA) and California Office of Environmental Health Hazard Assessment (OEHHA) have studied the issue. OEHHA has gathered data and published a report which includes estimates of acrylamide levels for 40 foods. Given that assessment, it is estimated that consumers of French fries receive up to 125 times the amount of acrylamide that requires a warning under current US regulations, while consumers of potato chips

⁹⁴ The U.S. Equal Employment Opportunity Commission website, "BURGER KING FRANCHISE PAYS \$400,000 FOR ALLEGED SEXUAL HARASSMENT OF TEENS", December 2006, <http://www.eeoc.gov/press/12-6-04b.html> (21-04-08).

⁹⁵ Law.com website, "EEOC Charges Dismissed Against Burger King Owner", 22-04-05, <http://www.law.com/jsp/article.jsp?id=1114074313109> (23-04-08).

⁹⁶ Co-op America, Burger King Profile, last updated 31/03/08, <http://www.coopamerica.org/programs/rs/profile.cfm?id=197>, (April, 2008)

⁹⁷ R. Reiterman, US: KFC to tell customers of chemical in potatoes, The Los Angeles Times, April 2007, <http://www.corpwatch.org/article.php?id=14468>, (April 2008)

receive as much as 75 times the level requiring a warning.⁹⁸ Burger King is still in negotiations with the Attorney.

Settlement in grease filter explosion

In February 2005, Burger King was forced to pay part of a \$4 million settlement to a former employee who was burned severely after a grease filter exploded at a restaurant in West Seneca, NY.⁹⁹ The woman suffered burns from the 350 degree oil that sprayed her after the grease machine exploded. According to the lawyer, Burger King should be held responsible since the machine was defective and proper training and safety procedures were not in place.

Broiler explosion

In April 2001, an explosion of a Burger King broiler resulted in a large fire at Schiphol airport.¹⁰⁰ Two explosions preceded the fire, of which the latter made the roof of the restaurant and an adjacent office building collapse. According to an employee statement, the restaurant manager told the employees that it was safe to continue using the broiler after the first explosion. The fire resulted in hundreds of people stranded at the airport, although no-one was injured.

Dirty Restaurants

The investigative news television show Dateline investigated 10 different fast food chains in the United States on their cleanliness.¹⁰¹ One hundred restaurants of each of the ten chains were tested, totalling a sample of 1,000 restaurants. The investigation found a total of 1,755 critical violations, ranging from employees not washing their hands to dead rodents in the areas where food was prepared. Ranking the fast food chains on the number of critical violations, Burger King came out worst. A total of 241 violations were identified, including fourteen different ones at one single restaurant. These violations included employees not washing their hands, uncovered food in the fridge, grime and debris found on an ice chute and on the drink machine at the drive-through window. One employee was found scooping ice cream with his bare hands.

In a response to the broadcast of the investigation, Burger King stated: "*We are extremely disappointed by the findings...we want to assure our guests we will quickly investigate...and take immediate actions.*"¹⁰²

Frogs found in Burger King salad

Two newspapers have reported independent incidents in The Netherlands where consumers were shocked to find a frog in the salads bought at a Burger King franchise. A 21 year old student found a living frog in her salad in a franchise in The Hague.¹⁰³ She has filed a complaint at the Dutch Food and Goods Administration (Voedsel en Waren Autoriteit). Burger King issued a statement claiming that its supplier delivers the salad in air-tight containers and that Burger King employees unpack these and put the in the serving containers. An older newspaper issue published a letter of a customer of a Burger King highway franchise, who found a dead frog in her salad.¹⁰⁴ In this instance, Burger King

⁹⁸ OEHHA, Acrylamide and Proposition 65 Questions and Answers, May 2005, www.oehha.ca.gov/prop65/acrylamideqa.html, (April, 2008)

⁹⁹ Co-op America, Burger King Profile, last updated 31/03/08, <http://www.coopamerica.org/programs/rs/profile.cfm?id=197>, (April, 2008)

¹⁰⁰ "Chaos Schiphol na hamburgerbrand", De Telegraaf, 09-04-01.

¹⁰¹ Dateline NBC website, Consumer Alert, "Dirty dining? 'Dateline' hidden cameras investigate cleanliness of America's top 10 fast food chains", no date, <http://www.msnbc.msn.com/id/3473728/> (23-04-08).

¹⁰² Ibid.

¹⁰³ Coen Springelkamp, "Kikker in salade Burger King", De Telegraaf, 03-06-06, p.3.

¹⁰⁴ "King Kikker", NRC Handelsblad, Sec. Leven, 12-02-05, p.50.

sent an apologetic letter to this customer, in which they shifted the blame to an unidentified supplier. Unsatisfied with this response, the customer decided to go public with the photographs she took. It is unclear how Burger King reacted to this report.

Customers ill after Burger King visit

In February 2006, a Burger King franchise in Amsterdam had to temporarily close its doors after two customers had fell ill after eating at the restaurant.¹⁰⁵ It was unclear whether the customers were affected by the food, or by air conditions within the restaurant.

6.4 Social and competition issues

Involvement in a 'pricing war' with McDonalds

Burger King has announced that it will market a 1-dollar-cheeseburger in some of its US restaurants, in an attempt to position itself in McDonald's market segment.¹⁰⁶ The Burger King cheeseburger will be 30% larger than the McDonald's counterpart. Although not mentioned in the news report, it is highly likely that such a 'price war' has negative consequences to the suppliers of both companies, who will feel intensified pressure to lower production costs.

Advertisements

In 2005, Burger King NL was forced to discontinue an advertisement campaign that showed the Ronald McDonald character, the mascot of McDonald's, secretly buying a hamburger in a Burger King restaurant.¹⁰⁷ In addition to a television ad, Burger King has also initiated a competition where prizes could be won by taking picture of Ronald McDonald in a Burger King restaurant. Burger King was sued by McDonalds for improper use of its mascot, and was forced to withdraw its campaign.

Boycott by Arab countries

In 2000, a Palestinian minister called for an Arab-wide boycott of Burger King, due to the refusal of the Israeli subsidiary to close one of its restaurants in a Jewish settlement. Burger King headquarters had committed to the closure after protests from various Palestinian and Islamic groups, but failed to live up to these commitments due to the unwillingness of the Israeli franchiser. The news report is an old, it seems that the restaurant in question has since closed its doors.¹⁰⁸

6.5 Environmental issues

Climate

In June 2007, Burger King received a score of zero in a scorecard survey by Climate Counts, on the company's commitment to fight climate change.¹⁰⁹ According to the scorecard report, Burger King had not shown any commitment to the four categories used. These were; the measurement of the company's environmental footprint; the company's efforts to reduce its global warming pollution; the explicit support of progressive climate legislation; and the public disclosure of the company's climate protection efforts. The companies were assigned a score to each of the categories on the basis of a

¹⁰⁵ "Bezoekers onwel in Burger King", De Gelderlander, 13-02-06.

¹⁰⁶ "Smullen van prijsoorlog McDonald's en Burger King; Hamburgerstrijd", Dagblad De Pers, 22-11-07.

¹⁰⁷ "McDonald's boos over reclame Burger King", Rotterdams Dagblad, Sec. Binnenland, 12-01-05.

¹⁰⁸ Michele Chabin, "Through Settlers' Eyes", May 2006, CNEWA Canada, <http://www.cnewacanada.ca/mag-article-bodypg-ca.aspx?articleID=3224> (23-04-08).

¹⁰⁹ Climate Counts, *Company Scorecard Reports; Consumers and Companies Together Fighting to Stop Climate Change*, June 2007, <http://www.climatecounts.org/pdf/CCScorecardReport-App6-07.pdf> (23-04-08).

total of 22 indicators. Burger King's score of zero indicated a lack of commitment to each of these 22 indicators.

Hazardous waste dumping

Burger King was fined a total of \$210,000 as a settlement of a lawsuit regarding the abandonment of a restaurant in Sacramento County, CA. Burger King has illegally maintained the site of an abandoned drive-through restaurant, and left the site open and filled with solid waste and hazardous materials.¹¹⁰

¹¹⁰ Co-op America website, Responsible Shopper, "Profile: Burger King", no date, <http://www.coopamerica.org/programs/rs/profile.cfm?id=197> (23-04-08).

7 Conclusions & Risk Assessment

This Quick Scan aimed to identify critical CSR issues in the key sectors where Burger King is operational and offer an assessment of Burger King's CSR profile, with a particular focus on its activities in the Netherlands, where possible.

7.1 Issues and omissions

An analysis of (the absence of) Burger King's CSR policies in relation to the frame of reference used by the Dutch CSR Platform and those CSR standards accepted by other non-governmental organizations and trade unions, indicates that the company's approach is a meagre example of the promise of CSR to alter the negative social and environmental effects of the food industry, or more specifically, quick service restaurants. The fact that the whole fast food industry lags behind as compared to, for example, the food processing industry in setting up and implementing sector policies, standards and initiatives cannot be used as an excuse. Nonetheless, Burger King even appears to straggle behind its main competitor McDonalds, whose CSR report offers at least some transparency in, the homilies of, its CSR programs and implementations efforts.

Codes of Conduct and (Multi) Sector Based Initiatives

Burger King formulated some guidelines, set out in the Code of Business Ethics and Conduct, which states that the company aligns to "*the highest standards of ethics, honesty and integrity.*" Unfortunately, the code does not explain how these values are operationalised in its day-to-day business operations. Burger King has chosen not to strengthen such a promising statement by linking it to international conventions such as the ILO Conventions, the Universal Declaration of Human Rights, the UN Convention on the Rights of a Child or the OECD Guidelines on Multinational Enterprises. In fact, the company does not support any multi sector CSR scheme which refers to these internationally recognized standards.

Recently Burger King joined the Council of Better Business Bureau's Children's Food and Beverage Advertising Initiative. As can be read in chapter 3, this is a self-regulatory programme which doesn't nearly meet the quality criteria as formulated in the CSR Frame of Reference. At best, for a company as Burger King, with a fairly immature CSR agenda, this step might be the start of a renewed approach in which sector or product level agreements are made with the entire industry, in consultation with relevant stakeholders, and covering broader issues than advertisement alone.

As far as supply chain responsibility goes, Burger King does not have a suppliers' code available. However, recent initiatives in the United States and the Netherlands with regard to animal welfare do indicate that the company is aware of the concept. This is affirmed by the fact that the company has a diversity program in place for suppliers. Strangely enough, Burger King refuses to apply the same principles when it comes to workers in the tomato picking industry, as illustrated by the recent campaign of the CIW. An acceptable supply chain approach would take care of multiple tiers in the supply chain. This Quick Scan has only limitedly approached the supply chain of Burger King. For example, Coca Cola, a huge supplier, has not been taken into account but could have covered many pages of this report with its negative corporate scandals of the last years.

Burger King's approach to the environment is almost humorous, if current the global climate and environmental situation wasn't as worrisome. The Return on Capital approach, which seems to have more economic than environmental benefits, and its energy saving Duke Flexible Batch Broiler are not adequate to conclude that Burger King meets its environmental responsibility. The company also fails to make any reference to specific or general environmental standards. The future environmental reporting of Burger King should make reference to annual environmental objectives, targets and goals combined with a public monitoring procedure to verify whether the company lives up to its commitment, not forgetting that environmental responsibility stretches further than merely the issue of energy reduction.

Implementation, Monitoring and Verification

Burger King does not make any public statements regarding internal tools of monitoring, verifying or assessing its written or unwritten policies or commitments. There is no explicitly defined corporate policy to ensure compliance throughout the value chain with the company's Code of Business Ethics and no clearly defined self monitoring procedure. When the first CSR report will be published in half a year, hopefully the company also puts efforts in a monitoring and evaluation mechanism.

Transparency and Reporting

Burger King is inherently unclear about its internal operations. There is no CSR report and only selected positive news regarding CSR is posted on the corporate website. There is no publicly available information regarding its complaints procedure for reporting violations of Burger King's Code of Conduct or complaints about the company itself.

7.2 Risks and Opportunities

As can be read in chapter 5, Burger King Holdings can be associated with many of the critical CSR issues related to the fast food industry. However, in the Netherlands no specific and clear examples of controversial practices were found. On the other hand, the company does not provide any information on either the Dutch or global level, as to show that it has an overall understanding of the social and environmental impacts of its operations. One may wonder why a company that is for many years, if not decades, beleaguered by NGOs and consumer campaigns over numerous issues, has not tried to at least implement some (public) notion as to why this might be the case.

Low profit margins and severe price competition in the sector may be held as an excuse. Selling a cheeseburger for less than one dollar might raise question about the extent to which social and environmental cost are internalised. Unfortunately, competition seems to exclusively centre on the prices for ham- and cheeseburgers. Without championing McDonald's as a the best-in-class CSR actor, Burger King could compete with its major rival on its CSR practices, in addition to the pricelist of its products. McDonalds has a corporate responsibility blog in which CSR workers of the company discuss their work and their vision on the performance of their company regarding social and environmental issues. Recently, a senior Manager Corporate Social Responsibility, gave some free (!) CSR guidelines, which might be valuable for Burger King:

*"It's not what you say. It's what you do; lead with actions, not words; take responsibility for your actions & be accountable for your lack thereof; consider the consequences of your actions before, and after, you act; stay committed to continuously; improving yourself; you never learn anything by talking; listen, and you will learn; be a leader, rather than a follower."*¹¹¹

¹¹¹ McDonalds Corporate Responsibility Blog, <http://csr.blogs.mcdonalds.com/>, (April, 2008)

One advantage of an immature CSR policy might be that it gives the opportunity to start with a clean sheet. Many of the controversial issues mentioned in chapter 2 and 5 can be tackled through the advice mentioned above, amongst other tactics.

7.3 Burger King in The Netherlands

The vague content and limited scope of Burger King's CSR policies creates a vacuum where national subsidiaries, such as Burger King B.V., seem to have the space to develop their own approach to some of the issues. While Burger King did implement some policies on animal welfare in The Netherlands, this seems to be an incidental move, and does not constitute a comprehensive approach to CSR. It also seems that Burger King B.V. only decided to make this move, after being specifically targeted by the animal welfare NGO Wakker Dier. It can therefore be concluded that, while there might be some possibilities for doing so, Burger King has not taken the initiative to improve its CSR practice and develop a more sustainable business approach.

This scan has only found only limited information about the supply chain of Burger King in The Netherlands. The company does not provide any information itself, nor has there been any structural research into this. The only information that was found was incidental, and is too incomplete to give a comprehensive overview of Burger King's purchasing practices. While there are indications that there are issues with some of the commodities that Burger King purchases, such as soy or tomatoes, no direct relation could be established linking Burger King in The Netherlands with any of these issues.

Further research into Burger King's supply chain would require an alternative approach, with more focus on direct sources, such as Burger King itself and growers and producers of commodities such as tomatoes.

8 Annex 1: List of International Subsidiaries

Entity Name	Jurisdiction
Administracion de Comidas Rapias, S.A. de C.V.	Mexico
B.K. Services, Ltd.	Delaware
BK Acquisition, Inc.	Delaware
BK Asiapac, Pte. Ltd.	Singapore
BK Card Company, Inc.	Florida
BK Grundstücksverwaltungs Beteiligungs GmbH	Germany
BK Grundstücksverwaltungs GmbH & Co. KG	Germany
Burger King (Gibraltar) Ltd.	Gibraltar
Burger King (Hong Kong) Limited	Hong Kong
Burger King (Luxembourg) S.a r.l	Luxembourg
Burger King (Shanghai) Commercial Consulting Co. Ltd.	Hong Kong
Burger King (Shanghai) Restaurant Company Ltd.	Hong Kong
Burger King (United Kingdom) Ltd.	United Kingdom
Burger King AB	Sweden
Burger King Asia Pacific Pte. Ltd.	Singapore
Burger King Australia Pty Limited	Australia
Burger King B.V	Netherlands
Burger King Beteiligungs GmbH	Germany
Burger King Brands, Inc.	Delaware
Burger King Canada Acquisitions, Inc.	Canada
Burger King Corporation	Florida
Burger King de Puerto Rico, Inc.	Puerto Rico
Burger King do Brasil Assessoria a Restaurantes Ltda.	Brazil
Burger King Espana S.L.U.	Spain
Burger King Europe GmbH	Switzerland
Burger King France Holdings S.A.S	France
Burger King GmbH Berlin	Germany
Burger King GmbH Munchen	Germany
Burger King Interamerica, Inc.	Florida
Burger King Italia, S.r.L	Italy
Burger King Korea Ltd	Korea
Burger King Mexicana, S.A. de C.V.	Mexico
Burger King Restaurants B.V	Netherlands
Burger King Restaurants K.B	Sweden
Burger King Restaurants of Canada Inc.	Canada
Burger King Schweiz GmbH	Switzerland
Burger King Sweden K.B	Sweden
Burger King Sweden, Inc.	Florida
Burger King UK Pension Plan Trustee Company Limited	United Kingdom
Burger Station B.V	Netherlands
Burger King Ltd.	United Kingdom
Citoyen Holding B.V.	Netherlands
Distron Transportation Systems, Inc.	Florida
Empire Catering Company Limited	United Kingdom
Empire International Restaurants Limited	United Kingdom

F.P.M.I. Food Services, Inc.	Canada
Golden Egg Franchises Limited	United Kingdom
Hayescrest Limited	United Kingdom
Huckleberry's Limited	United Kingdom
Inmuebles el Presidente, S.A. de C.V.	Mexico
Inmuebles Genial, S.A. de C.V.	Mexico
J C Baker & Herbert Bale Limited	United Kingdom
Mid-America Aviation, Inc.	Oregon
Mini Meals Limited	United Kingdom
Montrap Limited	United Kingdom
Montrass Limited	United Kingdom
Moxie's, Inc.	Louisiana
QZ, Inc.	Florida
Servicios de Burger King, S.A. de C.V.	Mexico
The Melodie Corporation	New Mexico
TPC Number Four, Inc.	Delaware
TPC Number Six, Inc.	Texas
TQW Company	Texas

9 Annex 2: Burger King Restaurants in the Netherlands

Burger King Restaurants in the Netherlands	
Burger King Restaurant A13 DELFGAUW	Rijksstraatweg 20, 2645BS Delfgauw
Burger King Restaurant KERKRADE	Roda J.C. Ring 2 A, 6466NH Kerkrade
Burger King Restaurant ZUIDPLEIN	Zuidplein Hoog 534 -542, 3083BM Rotterdam
Burger King Restaurant A4	Rijksweg A4 1, 2132MA Hoofddorp
Burger King Restaurant SPUISTRAAT	Spuistraat 72, 2511BE 's-Gravenhage
Burger King Restaurant OOSTERHOF	Watermanweg 333, 3067GA Rotterdam
Burger King Restaurant SCHEVENINGEN	Gevers Deynootweg 660, 2586BT 's-Gravenhage
Burger King Restaurant NIEUWENDIJK	Nieuwendijk 216 -218, 1012MX Amsterdam
Burger King Restaurant ROTTERDAM II	Lijnbaan 100, 3012ER Rotterdam
Burger King Restaurant LEIDSEPLEIN	Leidseplein 7, 1017PR Amsterdam
Burger King Restaurant LIJNBAAN	Lijnbaan 52 A, 3012EP Rotterdam
Burger King Restaurant SCHIPHOL	Aankomstpassage 15, 1118AX Luchthaven Schiphol
Burger King Restaurant REGULIERSBREESTRAAT	Reguliersbreestraat 15 -17, 1017CL Amsterdam
Burger King Restaurant EKKERSRIJT	Ekkersrijt 4019, 5692DB Son
Burger King Restaurant A13 WEST	Rijksweg A13 202, 2629HA Delft
Burger King Restaurant SCHIEDAM	s-Gravelandseweg 414, 3125BK Schiedam
Burger King Restaurant WESTCORNER	Isolatorweg 25, 1014AS Amsterdam
Burger King Restaurant LEYWEG	Leyweg 918 D, 2545GV 's-Gravenhage
Burger King Restaurant PENSMARKT	Pensmarkt 7 9-11, 5211JS 's-Hertogenbosch
Burger King Restaurant Almere STADSHART	Forum 18, 1315TH Almere

Burger King ZOETERMEER	Burg van Leeuwenpassage 34, 2711JV Zoetermeer
Burger King HOOFDORP	Marktlaan 176, 2132DM Hoofddorp
	Tafelbergweg 4, 1105BN Amsterdam Zuidoost
Burger King WORMERLAND	Leeghwaterweg 3, 1456NB Wijdewormer