

## **Environmental Governance and Sustainable Business Development: Case Of Nestle El Jadida**

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### **Abstract :**

Environmental governance is not hot topic for the seekers in management science and environment. The implementation of this Governance in the Enterprise Allows Guarantee Process unsustainable and efficient of value creation accordance with of all parties - internal and external stakeholder and meet règlementslegaux, statutes and the internal Ethical Principles.

Environmental Governance is the One Major concerns of company directors. For practicing, those are many in adopting organizational measures recommended by the overall policy of the company.

We interested us in this article to environmental practices and the role assigned to the direction of flow analyzer environmental governance in the making Nestlé El Jadida by the analysis of its environmental policy based on the environmental management system ISO 14001 standards according.

**Keywords:** Environment, Environment Govrnance,sustainable development,factory Nestlé El Jadida, ISO 14001.

### **I - Introduction:**

In recent years, and because of the multiple and profound dysfunctions observed in companies, corporate governance is the subject of renewed interest evident among a multitude of actors, both public and private. Deep institutional reforms were initiated in most Western countries, and more recently in North Africa, to establish new rules of "good governance".This institutional momentum was carrying a conceptual renewal of governance.

Organizations today are expected to evolve towards a more open interest of the various stakeholders of the company governance profile. Governance that highlights the ethical dimension and responsibility towards future generations and partners of the organization, a resonant vision of sustainable development.

### **II - Theoretical background of the study:**

Corporate governance is defined as a set of institutional arrangements structuring the

distribution of power in the company ( Charreaux , 1996 and 1997 ; Turnbull , 1997; Gomez , 1997; Oman and Blume, 2005) , in order to create sustainable value for the shareholders' interests ( Norburn , 1992) and all stakeholders, setting objectives while ensuring that they are pursued ( Pigé 2010). From this definition, it is clear that corporate governance is the set of formal and informal arrangements to coordinate the relations of power between the different stakeholders, and monitor leaders in order to create and distribute fairly the value.

According to the Organisation for Economic Co-operation and Development (OECD), "Corporate governance refers to the relationship between a company's management, its board, its shareholders and other stakeholders. It also provides the structure through which the objectives are defined a business as well as the means to achieve them and to ensure monitoring results. Corporate governance should encourage the board and management to

, the implementation of governance pursue objectives that are in the interests of the Company and its shareholders and should facilitate effective monitoring of results. "

Thus in the company ensures effective and sustainable value creation process complies with all internal and external parties involved, and in compliance with legal regulations, internal regulations and principles ethical.

### **II - 1 - Environmental Governance:**

Environmental governance of enterprises is the environmental pillar of a broader concept called corporate social responsibility, which is the application of the principles of sustainable development businesses.

Environmental corporate governance takes into account the management of a company impacts, risks, it is used to evaluate its actions and opportunities for action in the environmental field. It involves taking into account some fundamental aspects of industrial development, which are:

- Environmental values : vision, mission, principles;
- The environmental policy strategy, goals, objectives;
- Environmental Outlook: responsibility, leadership, training, communication;
- The environmental process: management systems, initiatives, internal control, monitoring and review, stakeholder dialogue, transparency, information and environmental assessment;

- Environmental action: use of basic indicators of actions, benchmarking, eco-efficiency, reputation, tolerance, bonds, economic development.

In practice, companies are looking to develop their compliance industrial sites compared to the ISO 14001 environmental standard. Some studies , such as White and Klernan (2004) show a correlation between good corporate governance, environmental and financial returns. This correlation is, according to the authors, most important in areas where the environmental impact is higher, which is probably due to greater sensitivity of public opinion to environmental orientation of the company concerned. Aspects affecting the environment, which have a direct relationship with the productive and economic activities are listed and fought as part of environmental governance. These toxic emissions, reduction of biodiversity, emissions and waste, emission risks, historical corporate responsibility and climate change.

### **II – 2 - Environmental Governance and Sustainable Development:**

Despite the fact that sustainable development is a relatively new design, it is at the heart of many policy initiatives and even corporate strategies. Moreover, the last Summit held in June 2012 in Rio de Janeiro and on the next major issues of humanity demonstrates the imperative to "identify ways that could lead to a sustainable future - a future holder of advantage employment, non - polluting energy sources, greater security and a decent standard of living for all" (United Nations, 2012).

In his chapter on the sustainability of the firm, Desrochers (2012) argues that: "[...] The company shall, in addition to incorporating strategies in the operationalization of business, integrating social and environmental aspects in the process decision-making, while ensuring transparency through a code of ethics "( Desroches, 2012).

Thus, governance is essential for reflection and proper implementation of sustainable development issues, companies to adopt more transparent, effective and meet the expectations of different stakeholders are expected modes of governance: shareholders, employees, customers.

Environmental governance is a new form of participatory democracy. It requires coordination, cooperation and partnership between all stakeholders in sustainable development. As shown in Figure 1, the governance and

management practices, nodal elements of sustainable development, will undoubtedly reach the rehabilitation of the role of the firm, leading to a rebalancing of the three dimensions.

**Figure 1: The concept of sustainable development**



Source: Cadieux, J., Craig, F., Valiquette, L. et Préfontaine, J (2012). *BNQ 21000*. Communication présentée à la 7<sup>ème</sup> édition de la Conférence sur le Développement durable et la responsabilité sociale d'UNISFÈRA Montréal 26 avril

A sustainable approach reconciles three major objectives: environmental protection, social equity and economic capacity (Jounot, 2004). The intersection of these three spheres leads to a space-time sustainability. Time, on the one hand, it allows the needs of future space and secondly generation, since it supports the principle of equity (Beckman, 2004).

Indeed, Morocco is also part of the same policy of sustainable development by moving towards specific occupations and requiring its companies and citizens to compete long term. The company can become a social actor engaged and can not just be a simple economic agent generator of wealth. Can get involved and commit to better position them in relation to sustainable development, which requires him to produce and sell the best economic conditions all keeping a good image of his behavior says ethics ensuring that its products are socially, humanly and environmentally correct.

**II - 3 Objective of the study:**

The theoretical study has shown that environmental governance involves taking into account some fundamental aspects of industrial development, which are:

- The environmental policy strategy, goals, objectives;

- The environmental process: environmental management systems

The objective of the study is to analyze the environmental governance in the factory Nestle El Jadida by the analysis of its environmental policy based on the Environmental Management System according to ISO 14001 standards.

**II - 4 Methodological Approach:**

For data collection, we made visits to the company and conducted a series of interviews with leaders and relevant departments, based on an interview adapted to the nature of the information sought guide. We also used the annual reports of the Company and its Quality Manual. The guide questions can advance gradually to finally arrive at concrete and specific questions related to the operation of the Company and its policy of environmental management.

**III - Presentation of the study area :**

Nestle Company operates in the food industry, it mainly produces dairy and nutritional products, has chosen to settle in Doukkala because of its agricultural vocation.

**Table 1: Overview of the Nestlé factory in El Jadida Morocco**

Industry	food
Launch Date of the project	1992
Date of entry in business	December 1992
legalStatus	Société Anonyme (SA)
Investment	675 MDH
Share capital	313.866.000
Effective	246 employees
Area	6 Ha
Address	B.P 123 - Industrial Zone, El Jadida 24000
Head office	Casa Nearshbore Park Shore 10, No. 401-402-502, 1100 Bd AL Quds, 20-270 SidiMaarouf, Casablanca. Morocco
Certification	ISO 14001 Standards Nestle, OHSAS 18001

**IV - Environmental Governance: The Making of Nestlé -El Jadida:**

It is useful to remember that the concept of corporate governance endorsed a set of mechanisms that constrain the actions of leaders

and define their managerial discretion. Its Core objectives are:

- Improving corporate transparency and financial information;
- Risk management;
- Strict rules of ethics;
- Strong system of internal controls; the independent auditors;
- Internal audit function independent and competent.

In this context, the respect and protection of the environment, as well as the quality, hygiene, health and safety are among the priority concerns of the Executive Board of Nestlé and is one of the missions standing of each collaborator and

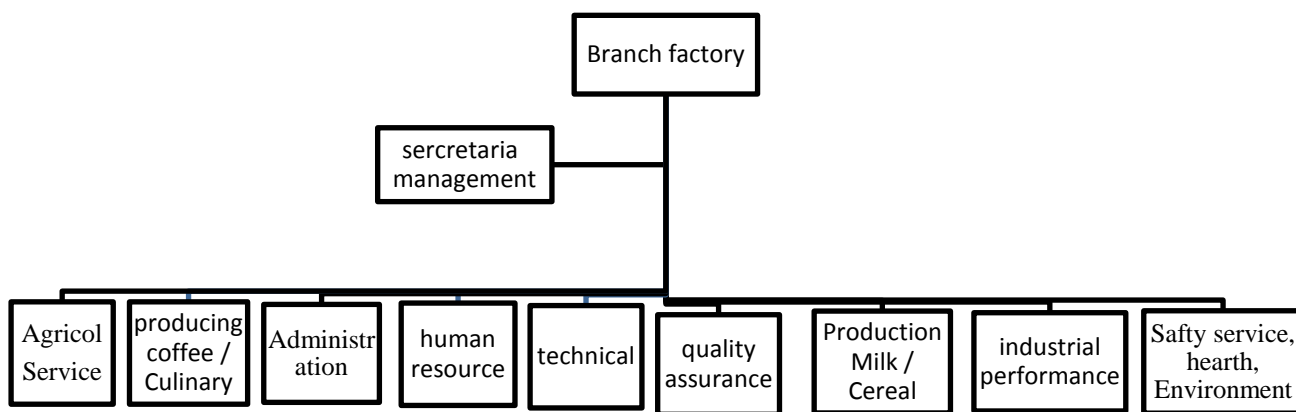
contributor to this end the factory develops well studied for the organization and management of work in various forms policies.

Thus, good governance of the Fabrique, presupposes a well-structured organizational and environmental policy -based management system according to international standards.

**IV - 1 Organization of the company:**

El Jadida factory Nestlé works with a traditional hierarchical organization like rake. New departments and services emanate directly from the Branch name:

**Figure 1: Factory Nestlé El Jadida**



**IV - 2 Departments and Services of the factory:**

**A- The services of the factory:**

A - 1 Service Safety, Health and Environment (SHE): The service's main tasks are the implementation, monitoring, maintenance and improvement of management systems of Health, Safety at Work and the Environment company, including the implementation and maintenance of ISO 14001, OHSAS 18001, and standards including NEMS Nestlé (Nestlé Environmental Management System) and NSMS (Nestlé Safety Management System); and other principles: Support through the development and implementation of specific tools and initiatives SHEFabrique;

- Monitor and report on performance to improve decision -making about the SHE system and to integrate them into business decisions ;

- Ensure compliance with the principles of society, policies and requirements of the SHE system, including NEMS and NSMS
- Establish , maintain and revise the strategy of SHE management of the site and monitor the proper functioning of the system;
- Regularly review programs of self and propose new methods for recording or improve performance.

A - 2 Agricultural Service: Since the company uses fresh milk as raw material, a service was set up to oversee producers and help them improve their production.

This service is responsible for the establishment of partnership relations between the factory and the local farmers. Nestlé organizes for dairy cooperatives responsible for training sessions on best practices for livestock, milk production and control methods in favor of milk collection centers receptionists fresh milk.

**B - Departments of the factory:**



B - 1 Technical Department: Ensuring the technical maintenance of the plant, the production and distribution of hot and cold air, in addition to wastewater treatment.

This department consists of four services that through their cooperation to reduce energy losses and optimize water usage. These are the following services:

- Maintenance Management;
- Industrial Services (Utilities , production and monitoring of energy consumption ...)
- Service electricity, automation
- Design and construction of new projects.

B - 2 Production Department Café / Culinary:

B - 2 - 1 unit coffe: The coffee unit is specialized in the processing of green coffee in instant coffee "NESCAFE CLASSIC ", and the packaging of the powder.

This unit has a high-level laboratory with sophisticated equipment as well as for production machines. Taste tests are carried out twice a day to ensure the good quality coffee.

B-2-2 unit Culinary: The Culinary unit manufactures dehydrated soups, tablets and granules.

The ingredients that go into the creation of these products require ongoing monitoring and vigilance in order to obtain a safe product that poses no threat to consumer safety.

In addition, all raw materials are paid only if they are accompanied by a certificate of food from the vendor, and are the subject of many analyzes in the laboratory Quality Assurance.

This laboratory is equipped with high-technology equipment and ensure the provision of accurate results.

B - 3 Production department Milk / Cereal:The department includes powdered milk and cereals. The production process involves a well monitored very complicated process because Nestlé is the quality on all levels, and always tries to keep a good level of hygiene.

The milk is collected by tankers centers active collection. The milk is then checked upon receipt, samples are then taken to the laboratory for analysis "milk." If the milk is in compliance with quality standards established by NESTLE, it is routed to the storage tanks.

The milk is then pasteurized and standardized, the following step is to spray the powder processing, in order to integrate the manufacturing process milks, milk food (Cerelac ) and any other product that contains milk composition .

B - 4 Quality Assurance Department: The quality assurance unit is responsible for the practical implementation of appropriate quality systems to ensure that all raw and auxiliary materials used and that all products leaving the factory conform to standards quality and food safety requirements, as well as packaging received, and utilities (condensate water..) .

Quality control laboratory organizes and conducts the analytical tests which include physical and chemical analyzes, sensory and microbiological.

B- 5 Human Resources Department:The department is responsible for personnel management of the company; he is the coordinator between the various departments of the factory.

B- 6 Supply Chain Department:It plays an important role in society, it consists of several services: Buy, Programming, and General Store.

B-7 Administration Department:This department's primary mission is the development of cost of goods manufactured. It coordinates with the Nestlé headquarters in Casablanca.

This organization of services and departments allows the realization of commitments El Jadida Nestlé factory in the context of its environmental policy.

#### **IV - 3 Environmental Policy the Nestlé factory - El Jadida:**

In an effort to demonstrate environmental and to ensure a healthy and safe environment commitment , the Nestlé factory -El Jadida track its environmental policy represents new commitments to environmental sustainability, to improve the environmental performance of all products throughout the value chain based on the environmental management system according to the guidelines of the ISO 14001 standard.

The 09 commitments and actions taken by the Nestlé factory -El Jadida to achieve are highlighted as follows:

**Commitment 1:** Respect addition to the requirements of ISO 14001 and Nestlé instructions, laws and local regulations, and other regulations that Nestlé adheres relation to its environmental aspects;

**Action:** For the implementation of its environmental policy, Nestlé deploys a system of Environmental Management according to the requirements of the ISO 14001 standard Nestlé instructions based on the following principles:

- Compliance with local laws and regulations promulgated, and other regulations, which adheres to Nestlé in relation to its environmental aspects;
- Improving the overall environmental performance continuously;
- Pollution prevention and management measures required to minimize the impact on the environment

El Jadida Nestlé factory is engaged in the process of certification of its EMS under ISO 14001 V 2004. In January 2011, the efforts of the company and led it manages to certify its environmental management system according to ISO 14001 for the whole factory in El Jadida, periods certifications, January 2011 / January 2012 / March 2013 / June 2014.

**Commitment 2:** Develop the most effective for liquid and gaseous effluents of society conform to standards technologies and practices;

**Action:**

- Establishment of a treatment of industrial liquid waste in accordance with Moroccan law 10-95,
- Optimization and monitoring of combustion systems in the factory

**Commitment 3:** Optimizing the energy consumption of buildings and processes and , to the extent possible, promote the use of renewable resources where this is economically viable.

**Action:**

- Energy:
  - Monitoring of energy consumption and implementation of corrective and preventive action plans.
  - Installation of an energy-saving system for boilers.
- Water:
  - Change Process water treatment by others that consume less and are more efficient,
  - Recycling of water production.

**Commitment 4:** Reducing and enhancing the quantities of waste and encouraging initiatives for recycling and energy conversion, finally using recyclable materials where technically feasible;

**Action: Solid waste management:**

- Waste from coffee production, culinary, milk, cereal, the central laboratory, social and administrative offices, canteen, are collected at the dump of the general store and transported according to their nature or

by the subcontractor or the landfill site CET , or in some cases to the supplier.

- The grounds: powered by coffee production is transported directly from the storage silo to a composting center.
- Waste from the technical department: are collected at the local dump.
- Hazardous waste: The Company is currently discussing the terms of disposal of such waste by the return of packaging chemicals suppliers. This case is currently being processed at the purchasing department to negotiate with suppliers.

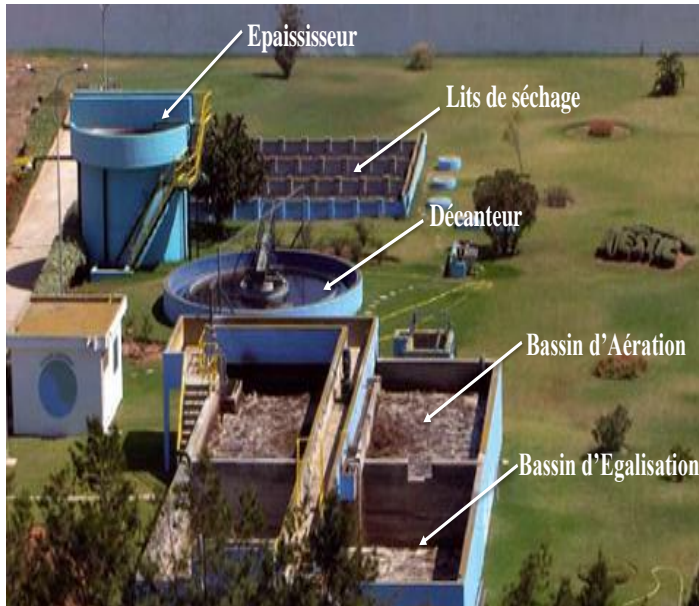
**Commitment 5:** Protecting the soil and groundwater of any damage or pollution from our operation.

**Action:** The site has its own processing unit and treatment of liquid industrial effluents. Wastewater from the factory ment gravity flow in a neutralization basin located at the premises of the factory and is then pumped through an underground pipe to the WWTP. The wastewater treatment plant consists of:

- Equalization basin: The equalization tank to stabilize the flow of liquid effluents before they pass to the aeration basin. It also helps to neutralize the pH waving water with a floating aerator.
- Aeration: This basin allows the development of bacteria. Firstly supplied water to be treated and secondly by oxygen of the air intakes. Bacteria suspended in the pool water, are in constant contact with the pollutants that they eat and the oxygen necessary for their assimilation.
- Decanter: This book allows the separation of treated water sludge. The separation is done naturally by gravity settling after a defined residence time. The decanter also has a scraper for separating suspensions whose density is less than that of water.
- Station sludge recirculation: To maintain a constant and adequate supply of bacteria in the aeration basin, a large part of the extracted sludge from the clarifier is returned to the aeration basin. A small portion of the sludge corresponding to the increase of the stock over a given period, is removed from the circuit of the aeration tank and led to the thickener: This portion of the sludge is "excess sludge."

- Thickener: The thickness allows concentrating the sludge, separating the liquid phase and the solid phase. The water will be recycled to the aeration tank through a pump, the concentrated sludge is transferred to the drying bed.
- Drying beds: These devices are used to dry the sludge before their transfer to the landfill site.

**Figure 2: purification station clean waste water to the factory**



**Commitment 6:** Maintain a realistic balance between the economic, technological and environmental considerations in product development, packaging, processes and services;

**Action:**

- Use recycled paper in tertiary packaging
- Making the choice of machines with low power consumption suitable for new processes.

**Commitment 7:** Provide awareness sessions and training to protect the environment for employees;

**Action:** Single Nestlé El Jadida sessions environmental awareness are cascaded to all staff , contractors and third parties operating the site for or on behalf of the factory including staff and subcontractors working at the site, during the session of integrating new hires.

The objectives of the training are listed as follows:

- Assist staff to understand their role in minimizing the environmental impacts of their activities achieved by the change in their behavior;

- Present the operation of the EMS, including environmental policy, the new procedures and the annual environmental action plan in 2014 ;
- Expand the role of each employee for the entire EMS or on a given operation;
- Clarify a particularly important point related to the environment, for example the inclusion of a new regulatory requirement , or to explain the inclusion of one or more significant impacts identified in the environmental analysis;
- Tell generally on issues related to the environment at each department.

The entire staffs are concerned:

- Operator: Scrap , distorted or contaminated products , water and energy consumption;
- Technicians: Waste maintenance, water and energy consumption;
- Managers: the water and energy consumption (sanitary water,...).

And staffs are trained on the impacts that may be caused by environment because of their activities.

**Commitment 8:** Having an open dialogue with suppliers, customers, consumers and interested parties regarding the products and activities in conjunction with the environmental aspects parts dialogue.

**Action:**

All actions that are intended only to collect milk of exceptional quality, and thus offer the best products to consumers:

- Partnership with local farmers, which gives Nestlé the means to provide high quality raw materials.
- Financial and technical support for the benefit of its suppliers of fresh milk.
- Device to bond with creditor banks to obtain loans at preferential rates. The contracted loans are intended to upgrade the stables or the acquisition of farm equipment or cooling milk. Another form of interest-free loan allows milk producers to source cattle feed through the involvement of Nestlé funds.
- Nestlé also provides milk producers of advanced equipment, such as milk cooling equipment, storage equipment, and equipment collection centers.



- Encouragement of good breeders, by billing the price of milk depending on the quality (premium).
- Loans to farmers for the purchase of imported heifers
- Meetings of training and outreach to involve local producers quality standards of Nestlé.
- Sessions are taught technical training to farmers. These sessions involve including dairy cows, the milking hygiene.

**Commitment 9:** Protecting the environment is everyone's business. Each employee, associate, or person working on behalf of Nestlé to ensure the principles of environmental protection, including the objectives, compliance procedures, and adherence to guidelines for programs continuous improvement of environmental aspects.

**Action:** Since its launch in April 2009, the Creating Shared Value Creating Shared Value or (CSV) is the heart of the integration of the business in its environment.

- Creating Shared Value is the expression of the conviction of the company to create long-term value for the shareholders.
- For direct contributions to the business, the most striking example in the region is that thanks to the policy of Nestlé, farmers were able to maintain their herds despite the different periods of drought experienced in the country. With the support of the company, they have not sacrificed their cattle and they were able to keep this source of income, and on the other hand the company has been able to keep and develop the production of milk. This is a concrete example of win-win relationship, and that is "creating shared value".

Nestlé policy provides a framework for the establishment of realistic and achievable goals. It is implemented, maintained, communicated to all persons working for or on behalf of Nestlé site Nestle and available to interested parties on public demand.

## **V - DISCUSSION:**

In the context of environmental governance, factory Nestlé El Jadida Established technologies and effective practices to ensure optimization of water and energy consumption, and minimize the

production of waste, solid and gaseous society liquid effluents :

- Improved resource efficiency;
- Improving the environmental performance of all packaging;
- Evaluation and optimization of environmental impact of all products;

Through this approach, the Nestlé factory El Jadida is environmental sustainability and sustainable development of the region:

- Use of local agricultural products meeting the requirements Nestlé ;
- Optimization of energy consumption processes and buildings, to the extent possible and the use of renewable resources;
- Reduction, recovery of the amounts of waste generated by the recycling and energy conversion, use of recycled materials.
- Integration of Environmental Sustainability in products ,
- Awareness and training in environmental protection for employees in relation to environmental matters;
- Deploying all the resources necessary to achieve realistic goals for environmental protection and sustainable development.

## **VI - Conclusion:**

Nestlé is declared a friendly business environment through its practices. Principles of Business Conduct Nestlé and its environmental policy commit the company to respect and comply with laws and regulations concerning the environment. At the Nestlé factory El Jadida, Environmental Governance then means a collective decision-making behavior involving all stakeholders in a partnership approach to planning and a more integrated management of resources and consideration of environmental impacts and planned social change.

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